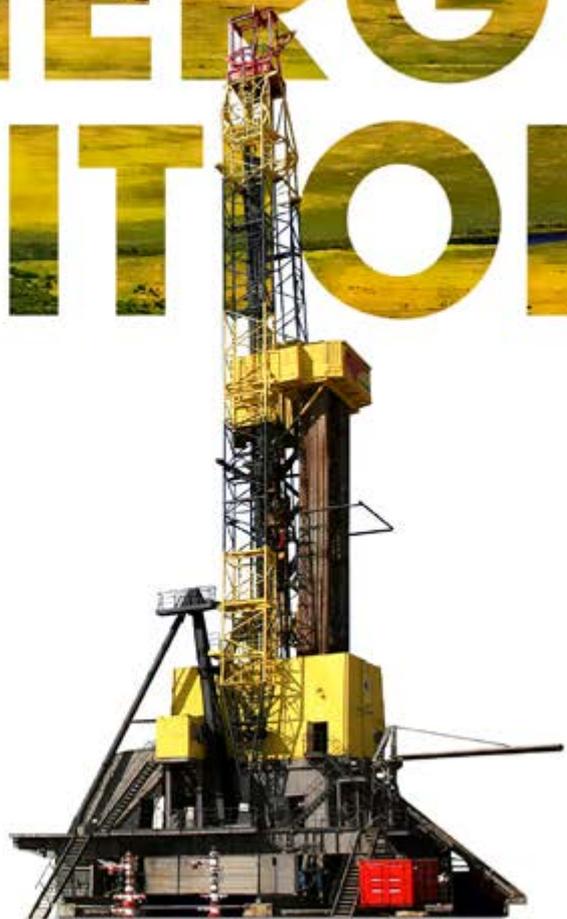




**ROSNEFT**

# SPEARHEADING THE ENERGY TRANSITION

ANNUAL REPORT  
**2021**





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## MESSAGE FROM THE CEO AND CHAIRMAN OF THE MANAGEMENT BOARD



### Igor SECHIN

Chief Executive Officer and Chairman of the Management Board

#### DEAR SHAREHOLDERS AND INVESTORS,

In the reporting year's challenging market environment, Rosneft was able to promptly react to and successfully tackle the external challenges.

This helped us maintain leadership in hydrocarbon production and keep operating production expenses per barrel at a low level.

However, unlike other players, we have not been scaling down investment in field development and continued with our new high-potential projects to ensure energy security in Russia. We are confident that their massive resource base will be key to making up for declining production at brownfields in Western Siberia to meet fast-growing energy demand.

Our promising projects boast low production costs per barrel and a minimal carbon footprint, which is 75% lower compared to other major greenfields.

We expect that this will be fully reflected in Rosneft's equity valuation as the projects move forward. Further to our efforts to improve operating and financial performance, implement major oil and gas projects, and upgrade and expand our refineries, this will drive the Company's share price growth in the years to come.

We pay special attention to environmental safety and always look to minimise our environmental impact. The Board of Directors has approved the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy,

which seeks to reduce our carbon footprint amid further improvements in operating and financial performance. Our status as a responsible energy supplier and one of Russia's energy transition leaders is evidenced by our emission cut targets in the Strategy.

We have also developed an Environmental Development Concept. It complements the Carbon Management Plan for the period until 2035 as a key component of our long-term environmental agenda.

Our efforts in this realm have been praised internationally, with a number of global ESG rating providers placing Rosneft above its local industry peers. Rosneft became the only Russian oil and gas company announced as Global Compact LEAD in the area of sustainable development due to ongoing commitment to the United Nations Global Compact and its Ten Principles for responsible business.

In many regions of operation, from Eastern Siberia and the Russian Far East to the Volga Region and the Krasnodar Territory, Rosneft has been running large-scale social projects to reshape towns and settlements by providing access to modern healthcare, educational, sports, well-being, and utility services.

I am proud and happy to say that our team has risen to the challenges brought on by COVID-19.

Rosneft takes all necessary steps to protect its employees. We raced against the clock to arrange vaccine supplies and make sure all storage conditions were met. Some deliveries to remote and hard-to-reach locations across our footprint involved helicopters. We set up the logistics and facilitated smooth operation of medical teams and vaccination facilities, which helped us achieve herd immunity within the shortest time possible.

Employees are still tested regularly and revaccinated, while also strictly following health protocols.

Rosneft is progressing towards the goals and targets set by its strategy. The robust performance of our team and focus on major projects boost the Company's financial strength and enable us to meet all commitments on shareholder returns, making Rosneft an industry leader and reliable energy producer and supplier.

# COVID-19 MEASURES

## WE CARE FOR OUR PEOPLE



**Ad-hoc remote working introduced** for staff not involved in ensuring continuous production



**COVID-19 vaccination and revaccination** among employees, with strong herd immunity achieved within the Company



**Providing employees with PPE and disinfectants:** over 100 million pieces of personal protective equipment and 12 million litres of disinfectants and sanitisers



**Routine testing** (more than 1.3 million tests administered)<sup>1</sup>



**Strict compliance with sanitary and hygienic requirements**

<sup>1</sup> Since the onset of the pandemic.

## WE ENSURE BUSINESS CONTINUITY



All Group Subsidiaries developed plans of priority response measures to ensure business continuity and implemented a set of initiatives to ensure production stability and prevent the spread of COVID-19



At the peak of the epidemic, over 270 observation facilities with more than 13,000 beds and over 200 isolation wards with 3,000 beds were arranged

## WE CARE FOR OUR CUSTOMERS



**The Company ensured uninterrupted operation of its filling stations, while also maintaining high customer service standards.** We took all the necessary measures to protect the health of our staff and customers at the filling stations:

- shops were systematically inspected to ensure there were enough sanitisers and health products;
- shops and cafés at Rosneft filling stations operated in compliance with the guidance on preventive and protective measures issued by the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor). The priority remains to maintain social distance and minimise contact when communicating with retail customers and suppliers;
- Rosneft kept developing services allowing customers to pay for fuel and complementary goods from inside the car via mobile apps (Yandex.Fuel, Yandex.Navigator, Yandex.Maps).

## Caring for our people is our top priority

Health, life and workplace safety of our employees have always been our highest priority.

Well aware of the life and health risks posed by COVID-19 and the production risks that come with anti-epidemic measures and restrictions, we took active steps to protect our staff and contractors and ensure continuous operation of our production facilities.

The Company continues with medical and anti-epidemic measures, which include providing employees with personal protective equipment, regular disinfection of premises and workplaces, special arrangements for shift workers (pre-shift observation, isolation facilities for those with symptoms at the field), testing employees for COVID-19, and daily monitoring of employee morbidity rates and overall changes in the epidemiological situation across the regions of operation.

In March 2021, Rosneft launched a large-scale COVID-19 vaccination programme for employees by engaging mobile medical teams across the Company's operations, procuring the needed

vaccine doses, and creating all other conditions required for the vaccination, including direct arrangements at production sites and in shift camps. Our particular focus was on raising awareness among the Company's employees about COVID-19 prevention, including efforts to promote vaccination uptake.

These measures helped promptly achieve a high level of herd immunity among the Company's personnel, which reached 95% at Rosneft and 90% across the Group Subsidiaries. To maintain and strengthen the achieved immunity against the novel coronavirus infection in line with the relevant recommendations of the Russian Ministry of Health, the Company launched a revaccination programme for employees, which kicked off in September 2021.

Our comprehensive approach to epidemic prevention and response based on continuous status monitoring and control gives us ability to react

promptly to new threats, including the pandemic, by protecting our employees' lives and health while ensuring the continuity of Rosneft's operations.

### HERD IMMUNITY

95%

of Rosneft employees

90%

of Group Subsidiaries employees



# ROSNEFT OPERATIONS

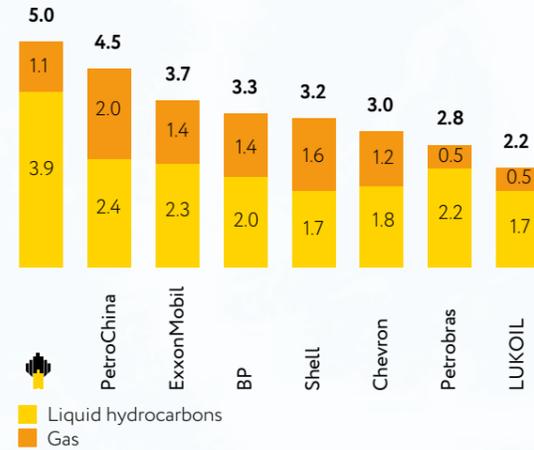


Average hydrocarbon production growth in 2011–2021, %



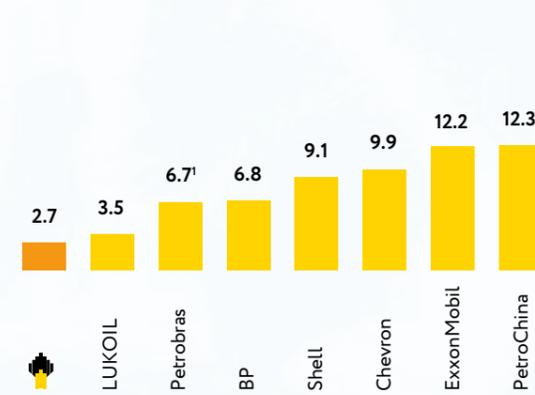
Sources: company reports; Wood Mackenzie (Gazprom).

Hydrocarbons production in 2021, mmbœ per day



Source: company reports for 2021

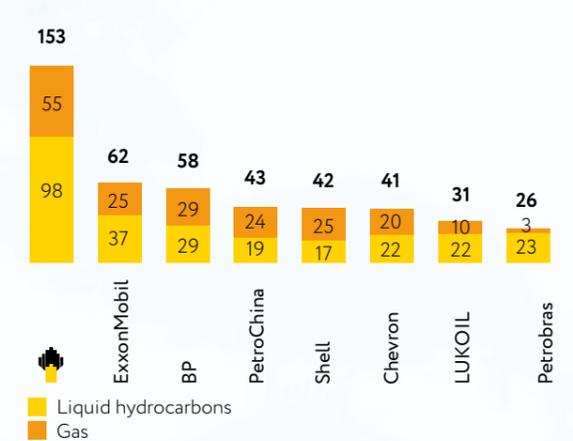
Hydrocarbon production costs in 2021, USD per boe



Source: company reports for 2021.

<sup>1</sup> Petrobras data covers Brazil only.

Hydrocarbon reserves, bboe<sup>1</sup> as at 1 January 2022



<sup>1</sup> Data on Rosneft is provided according to the Russian resource classification system (AB1C1+B2C2) as at 1 January 2022, data on other companies is based on Wood Mackenzie's appraisal and includes commercial and sub-commercial reserves.

# ROSNEFT-2030: RELIABLE ENERGY AND GLOBAL ENERGY TRANSITION

A NEW STRATEGY OF A RESPONSIBLE COMPANY AND THE INDUSTRY'S LEADER

Rosneft-2022

Rosneft-2030



Enhancing profitability



**HIGHER EFFICIENCY**



Ensuring delivery



**OPERATIONAL LEADERSHIP**



Transforming culture and technological capabilities



**LOWER CARBON FOOTPRINT**

# STRATEGIC OBJECTIVES AND PRIORITIES



Retaining leadership in terms of unit production costs

Increasing production by 330 mtoe

Increasing gas share in total output by 25%



Higher dividends and returns



Prompt implementation of circular economy principles

Biodiversity conservation

Drive towards zero fatalities (FAR) and zero accidents (PSER-1)

100% waste disposal and remediation of heritage lands



# CARBON NEUTRALITY

## 2025

**5%**  
reduction of absolute  
GHG emissions

## 2030

**<0.2%**  
methane  
emissions intensity

**0**  
routine flaring of associated  
petroleum gas

**<20** kg of CO<sub>2</sub> eq. per boe  
specific  
GHG emissions  
in Upstream

## 2035

**>25%**  
reduction  
of absolute GHG  
emissions

## 2050

**CARBON  
NEUTRALITY**

# LONG-TERM DEVELOPMENT PROGRAMME AND PROGRESS REPORT

Originally developed in 2014<sup>1</sup>, the Long-Term Development Programme (the Programme) is subject to annual updates<sup>2</sup>.

In 2021, we revised the Programme, taking into account the Company's performance, action plans to achieve certain strategic goals, and updated initiatives drafted pursuant to the Russian Government's directives<sup>3</sup>. The updated Programme was approved by the Company's Board of Directors (Minutes No. 16 dated 20 December 2021).

The Programme details the Company's strategic focus areas, targets and goals for all business areas and corporate

functions. It also includes a list of key initiatives to achieve the Company's strategic goals.

The main priorities, key performance indicators (KPIs) and action plans under the current Innovation Development Programme, Import Substitution and Equipment Localisation Programme, and Energy Saving Programme take into account the Programme provisions and are integrated into the current version of the document. The performance indicators include an integrated KPI for innovations. Rosneft's Investment Programme aims to help the Company achieve its strategic objectives stipulated in the Strategy

and the Programme ([Investment Programme in 2021 section](#)) for key business areas.

We completed the Programme's key initiatives planned for core businesses and functional units in 2021. For the Programme outcomes in 2021, see the [Operating Results](#) section.

TSATR – Audit Services LLC<sup>4</sup>, an independent auditor, has completed its engagement and provided assurance about Rosneft's Programme Progress Report for 2021. The opinion was received on 21 April 2022.

<sup>1</sup> In accordance with Instruction of the President of the Russian Federation Vladimir Putin No. Pr-3086 dated 27 December 2013; approved by Rosneft's Board of Directors on 9 December 2014 (Minutes No. 12).

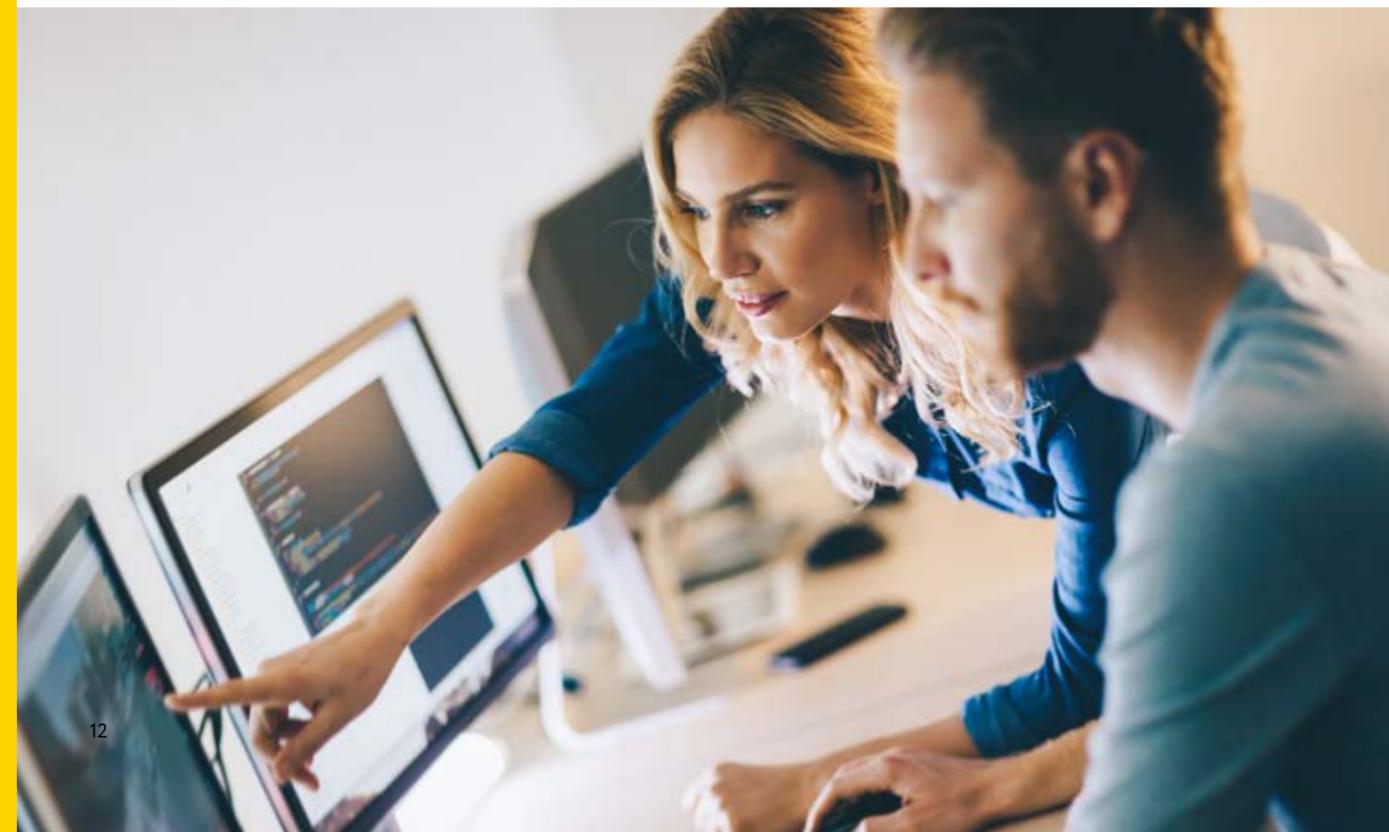
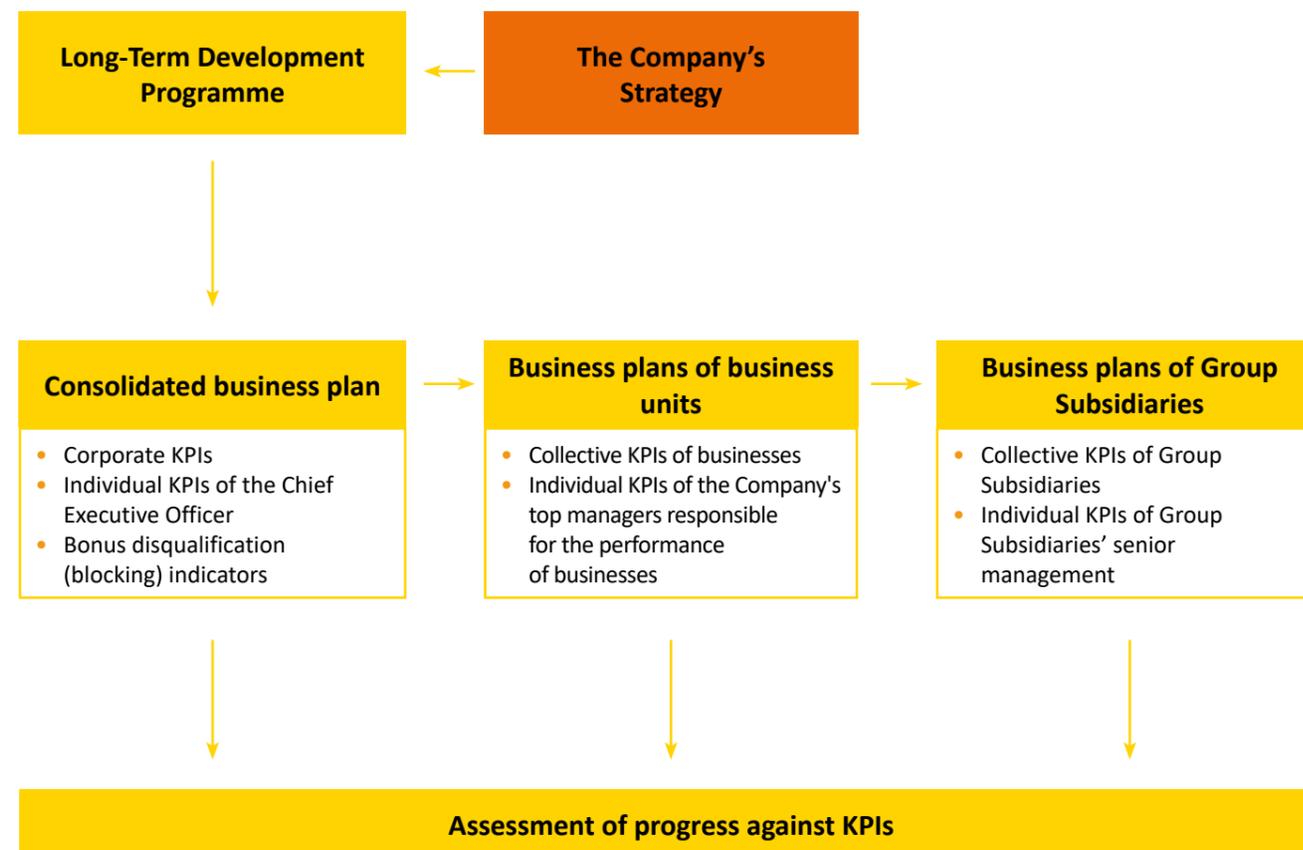
<sup>2</sup> In accordance with the Russian Government Directive No. 4955p-P13 dated 17 July 2014.

<sup>3</sup> No. 4955p-P13 dated 17 July 2014, No. 7558p-P13 dated 12 November 2014, No. 1346p-P13 dated 5 March 2015, No. 2303p-P13 dated 16 April 2015, No. 7389p-P13 dated 31 October 2014, No. 1472p-P13 dated 3 April 2016, No. 4531p-P13 dated 28 June 2016, No. 4750p-P13 dated 4 July 2016, No. 830p-P13 dated 6 February 2017, No. 276p-P13 dated 17 January 2019, No. 6739p-P13 dated 30 July 2020, and No. 3502p-P13 dated 15 April 2021.

<sup>4</sup> Part of the Ernst & Young (EY) global network.

# KPI STRUCTURE

The Company's KPI system seeks to decompose the Company's Development Strategy and its Long-Term Development Programme into specific KPIs, cascade them to all management levels, evaluate progress against targets, and create incentives for efficient management decision-making. A strong motivation tool for employees, KPIs ensure a step-by-step achievement of the Company's strategic goals.





The KPI system ensures:

- well-balanced integrated indicators motivating employees to achieve the Company's main goals;
- transparency, measurability, minimum sufficiency, and consistency of KPIs;
- a top-down approach to cascading and breaking down KPIs.

The KPI system is aimed at:

- delivering on the Company's Strategy and achieving the Programme's targets;
- consistently improving the Company's financial and operating (industry-specific) results;
- ensuring compliance with directives and instructions of federal executive bodies, including annual cost-cutting targets.

With both financial (economic) and operating (industry-specific) KPIs in place, the system breaks down relevant indicators into the following groups:

- corporate KPIs based on the key financial, economic, operating and industry-specific indicators from

the Company's consolidated business plan and business plans of its business units;

- individual KPIs based on individual strategic goals for each top executive.

Aside from that, for the purposes of motivating the Company's top management and employees to deliver on Rosneft's strategy and business plan, we introduced bonus disqualification (blocking) indicators. A failure to achieve targets under these indicators reduces the overall annual bonus amount in the reporting period.

KPIs, including targets for the senior management, are set by the Company's Board of Directors on an annual basis subject to preliminary discussion by the relevant committee.

Based on the current business plan, the 2021 KPIs for Rosneft's top managers were adopted by the Board of Directors on 15 March 2021 (Minutes No. 20 dated 17 March 2021).

Corporate KPIs and the individual KPIs of the CEO for 2021 include:

- return on average capital employed (ROACE);
- hydrocarbon production rate;
- accident rate;
- workforce productivity;
- cost reduction vs the previous reporting period on a comparable basis;
- financial leverage (net debt / EBITDA);
- integrated KPI for innovations;
- compliance ratio as regards instructions from Rosneft's Board of Directors.

The bonus disqualification (blocking) indicators for the Company's top managers and employees in 2021 included:

- financial leverage (net debt / EBITDA);
- workforce productivity;
- return on average capital employed (ROACE);
- hydrocarbon production rate;
- compliance ratio as regards instructions from the Company's management.

## KPI progress

To calculate annual bonuses for managers and employees, the Company analyses progress against KPIs following the review of the annual performance based on the management accounts and audited public financial statements.

The Company's Internal Audit Service annually assesses the performance against corporate and individual KPIs set for calculating annual bonuses for the management of the Company and Group Subsidiaries. The audit

results for top managers are subject to review by the Board of Directors' HR and Remuneration Committee.

Top manager assessment results are discussed by the HR and Remuneration Committee of the Board of Directors. The Board of Directors makes resolutions regarding annual bonus payments and their size depending on the management's progress against KPIs.

Target KPIs are normalised to reflect the factors beyond the management's control, such as FX volatility and global market prices, in accordance with the Regulations on the KPI Normalisation Procedure Related to Management Performance Review and Assessment in the Reporting Period to Calculate Annual Bonuses<sup>1</sup> and the Guidelines for KPI Normalisation Related to Performance Review against Business Plan<sup>2</sup>.

### Actual progress against Rosneft's operating and financial (economic) KPIs and the individual KPIs of Rosneft's CEO in 2020–2021

KPI	2021 ACTUAL	PROGRESS IN 2021 <sup>3</sup>	PROGRESS IN 2020
Hydrocarbon production, mmtoe	245.3	Above target	Above target
Workforce productivity, RUB mln per person	10.8	Above target	Above target
Return on average capital employed (ROACE), %	16.1	Above target	Above target
Financial leverage (net debt / EBITDA) <sup>4</sup>	1.3	Above target	Above target
Injury rate, %	98	Above target	Above target
Integrated KPI for innovations <sup>5</sup>	100	On target	On target

<sup>1</sup> The Regulations were approved (Minutes No. 27 dated 6 April 2015) and amended (Minutes No. 10 dated 27 September 2021) by Rosneft's Board of Directors.

<sup>2</sup> Approved by Order No. 730 dated 12 December 2019.

<sup>3</sup> The assessment is preliminary and can be updated once the KPI progress audit is completed.

<sup>4</sup> In RUB terms.

<sup>5</sup> Based on the management accounts.

# INVESTMENT PROGRAMME IN 2021

Rosneft's 2021 investment programme was approved as part of the 2021–2022 Business Plan at the Board of Directors on 17 December 2020 (Minutes No. 14 dated 21 December 2020).

In 2021, capex amounted to around RUB 1 trln in line with the Company's strategic target. A favourable macroeconomic environment, coupled with efficiently implemented initiatives, enabled Rosneft to ramp up investment activities aimed at unlocking the production potential of new greenfields, upgrading and expanding oil refineries, and reducing environmental footprint.

To select and prioritise projects, we leverage and enhance our portfolio management toolkit that enables a proactive response to external and internal developments and quick optimisation or reallocation of investments between different business segments. We evaluate projects and investment opportunities within our portfolio on the basis of project profitability by taking into account project risk assessments and the Company's financial capacity.

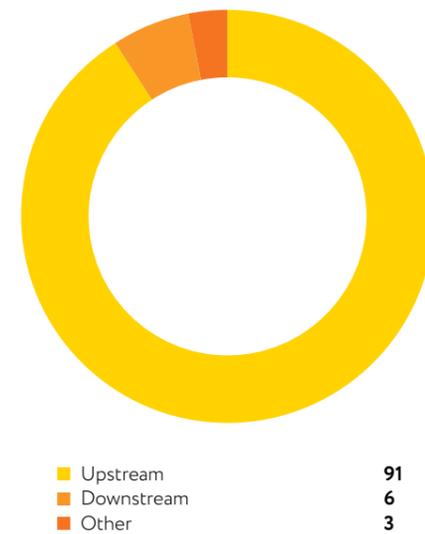
Our investment programme seeks to achieve key strategic goals, including an increase in business profitability, enhancing operational and investment efficiency, launching projects on time and on budget, and minimising the environmental footprint.

Around 98% of our investments are concentrated in Russia, with ca. 30% attributable to projects in Eastern Siberia and the Far East.

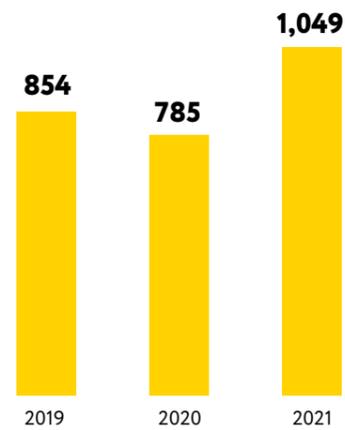
In 2021, Exploration and Production accounted for ca. 91% of our investments, including 4% spent on gas projects, with 6% invested in Refining, Commerce and Logistics.

≈ RUB 1.05 trln  
Capex in 2021

Investment programme breakdown, %



Capex, RUB bln



## Exploration and Production

In 2021, E&P capex totalled RUB 956 bln. These investments help us maintain and develop mature and new oil and gas assets to meet the strategic goals related to hydrocarbon production and reserve

replacement. In 2021, capital investments in mature onshore and offshore fields exceeded RUB 520 bln, or 50% of the Company's capex.

Capital investments in major and new oil and gas projects in Russia amounted to more than RUB 407 bln, or more than 35% of the Company's investment programme.

## Refining, Commerce and Logistics

In 2021, the Downstream capex totalled RUB 64 bln.

Investments focused on highly cost-effective projects to construct and upgrade production units and facilities at refineries, development of oil depots and refuelling

complexes at major Russian airports, growth of the catalyst and additive business, and further implementation of the programme for renovation of the retail network and occasional construction and reconstruction of filling facilities.

We expect these projects to give a boost to our refining margins, light product yield and the output of high-quality petroleum products, while also increasing sales through the retail and B2B channels.

## Investments to prevent environmental impact

Minimisation of the impact on climate and environment is a key strategic priority for Rosneft. To this end, the Company systematically implements

a range of initiatives and investment projects aimed at reducing APG flaring, increasing pipeline reliability, enhancing

waste and effluent management, and remediating land plots. In 2021, green investments amounted to ca. RUB 55 bln

# Investment process

Our investment process hinges on the following key principles:



Our investment activities help us ensure commitment to the following strategic priorities:

- sustainable business growth driven by investments in competitive and high value-added projects based on ongoing portfolio optimisation;
- increasing efficiency across all business streams through an in-depth analysis of investment needs,

efficient decision-making and project implementation, monitoring and control throughout the project life cycle;

- strengthening investment discipline by ensuring better project identification, classification, thorough project analysis and efficient decision-making process reliant on delegation of authority;

- honouring social responsibility principles regarding occupational safety and environmental protection;
- focus on the UN Sustainable Development Goals to help achieve progress in addressing global economic, social and environmental challenges, including those related to carbon management.

## Delegating: investment bodies and limitations

Limits of authority	Investment bodies
>USD 1,500 mln	Board of Directors
USD 500–1,500 mln	Management Board
USD 200–500 mln	Investment Committee
USD 0–200 mln	Dedicated committees
	Refining, Commerce and Logistics
	Exploration and Production
	Functional

Rosneft's investment governance process is integrated with all related processes, including strategic and business planning, budgeting, reporting and financial control, project management and corporate governance. It covers the following areas:

- **discipline and responsibility:** business projects are approved through decision-making delegation within the permitted limits as per the investment mandate following a regulated comprehensive project analysis process;
- **investment decision-making:** sound investment decisions, shorter periods of approval and review of investment

memoranda, responsibility of investment project owners and supervisors for compliance with timeliness, budget, efficiency and performance criteria;

- **monitoring and control:** regular and thorough project monitoring at all levels, change management process; IT-based control of investment decision availability when assuming financial obligations (the two-key principle) at all stages of project planning and implementation;
- **portfolio analysis:** building a balanced portfolio of the Company's projects and flexible management, relying on principles of comprehensive

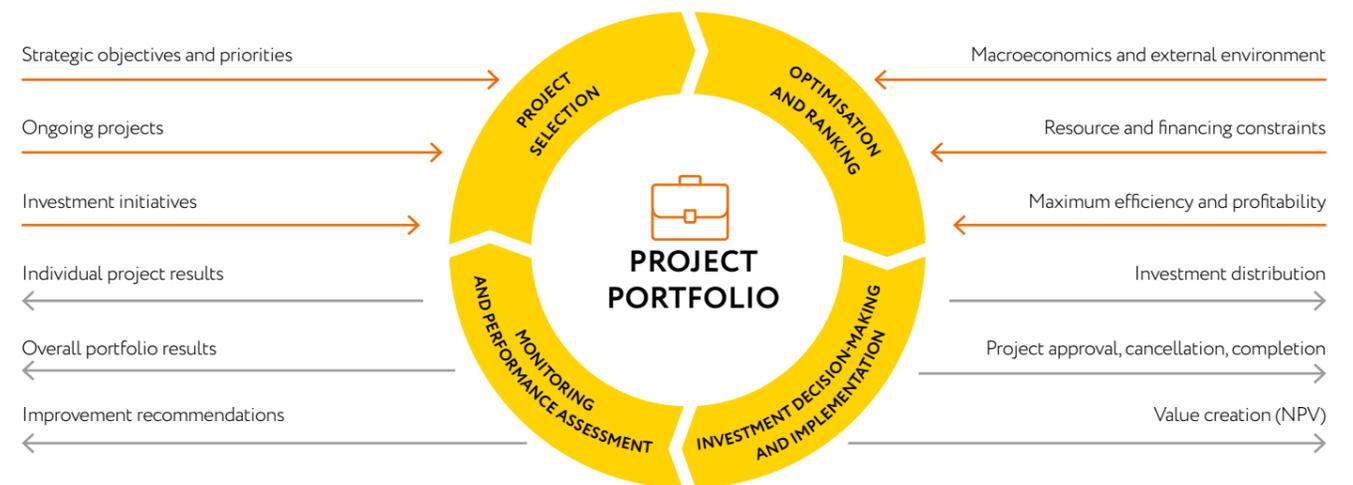
project ranking and optimisation based on a list of criteria depending on the Company's Development Strategy and current priorities, use of tools for portfolio scenario analysis;

- **IT tools:** automating investment project management, including the support of investment decision making, economic analysis and portfolio management.

### Portfolio optimisation criteria:

- economic efficiency;
- materiality;
- readiness for implementation;
- compliance with the strategy.

## Portfolio management

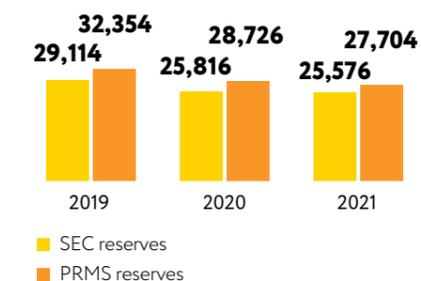


## KEY OPERATING AND FINANCIAL RESULTS

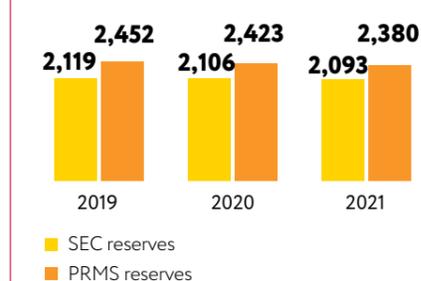
METRIC	2021	2020	CHANGE	2019
Proved SEC reserves of liquid hydrocarbons, mmt	3,458	3,489	-0.9%	3,935
Proved PRMS reserves of liquid hydrocarbons, mmt	3,752	3,891	-3.6%	4,383
Proved SEC reserves of marketable gas, bcm	2,093	2,106	-0.6%	2,119
Proved PRMS reserves of marketable gas, bcm	2,380	2,423	-1.8%	2,452
PRMS hydrocarbon reserves-to-production ratio, years	24	23	4.3%	23
Production of liquid hydrocarbons, mmt	192.1	204.5	-6.1%	230.2
Natural gas production, bcm	64.7	62.8	3.0%	67.0
Oil exports, mmt	108.4	115.5	-6.2%	149.4
Oil refining, mmt	106.1	104.0	2.1%	110.2
Petroleum product and petrochemicals output, mmt	103.3	101.4	1.9%	107.5
Petroleum product and petrochemicals exports, mmt	60.9	64.2	-5.3%	71.1

METRIC	2021	2020	CHANGE	2019
Revenues and equity share in profits of associates and joint ventures, RUB bln	8,761	5,757	52%	8,676
EBITDA, RUB bln	2,330	1,209	93%	2,105
EBITDA margin	26.1%	20.4%	5.7 p.p.	24.3%
Taxes and customs duties, RUB trln	3.8	2.4	56%	3.7
Net income <sup>1</sup> , RUB bln	883	132	569%	802
Net income margin	10.1%	2.3%	7.8 p.p.	9.2%
ROACE	16.1%	6.9%	9.2 p.p.	15.7%
ROAE	14.9%	3.0%	11.9 p.p.	14.3%
Capex, RUB bln	1,049	785	34%	854
Unit capex in exploration and production, USD/boe	7.6	5.5	38%	6.1
Unit opex in production, USD/boe	2.7	2.8	-4%	3.1
Free cash flow, RUB bln	1,044	425	146%	941
Dividend per share, RUB		6.94		33.41
Total accrued dividends, RUB bln		73.6		354.1

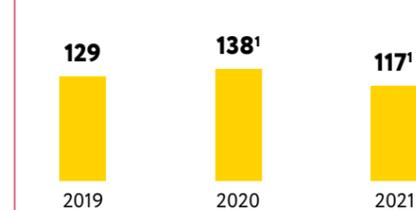
### Proved reserves of liquid hydrocarbons, mmb



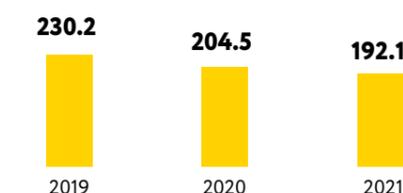
### Proved reserves of natural gas, bcm



### Oil and gas condensate reserve replacement ratio, SEC, %

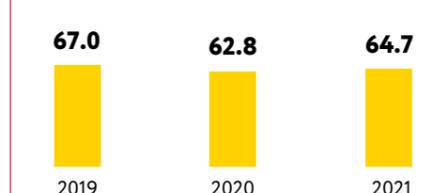


### Oil and gas condensate production, mmt



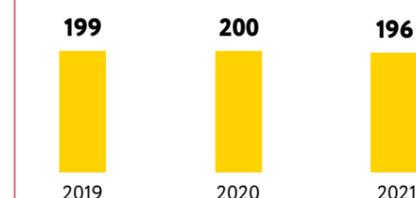
In 2021, the Company's liquid hydrocarbon production was 192.1 mmt following the disposal of a number of low-margin assets. Excluding assets disposed of in 2020, average daily output of liquid hydrocarbons increased by 1.5% year-on-year. At our existing assets at the year-end (excluding assets disposed of in 2020–2021), average daily output of liquid hydrocarbons rose by 2.3% year-on-year.

### Natural gas production, bcm



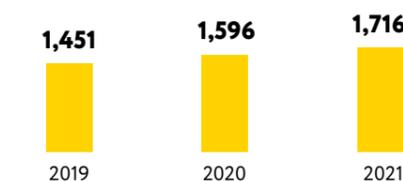
In 12M 2021, natural gas production totalled 64.75 bcm, up 3.1% year-on-year. Excluding assets disposed of in 2020, average daily natural gas production increased by 14.2% year-on-year. At our existing assets as at the year-end and excluding assets disposed of in 2020–2021, average daily output of natural gas grew by 15.9% year-on-year.

### Exploration and Production opex per barrel of produced oil equivalent, RUB



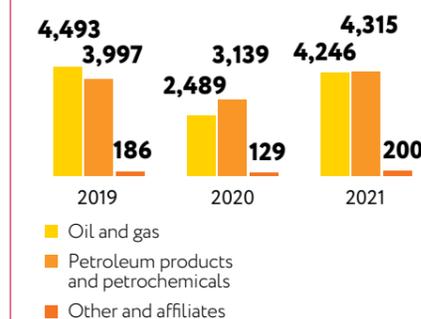
As a result of ongoing efficiency improvements and asset portfolio optimisation, unit operating expenses in hydrocarbon production were kept at a minimum level of RUB 196 per boe, down 2% vs 2020.

### Opex of Russian refineries per tonne of refined oil, RUB



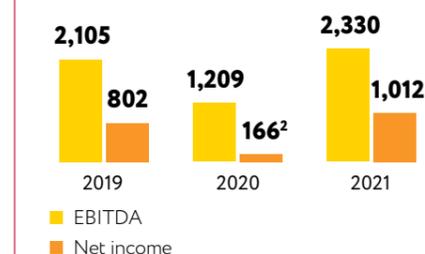
Operating expenses increased by 7.5% year-on-year to RUB 1,716 per tonne mainly due to higher tariffs of natural monopolies, wage indexation, and growth in scheduled maintenance costs.

### Revenue, RUB bln



In 2021, revenue increased by 52.2% year-on-year to RUB 8,761 bln on the back of rising global oil prices and a recovery of demand for crude oil and petroleum products in the global market to almost pre-crisis levels.

### EBITDA and net income, RUB bln



In 2021, EBITDA reached an all-time high mainly thanks to higher prices, a positive effect from the reverse excise tax, and stringent cost control. As a result of ongoing efficiency improvements and asset portfolio optimisation, unit operating expenses in hydrocarbon production were kept at a minimum level of USD 2.7 per boe, down 3.6% vs 2020.

Net income in 2021 rose to a record-breaking RUB 1,012 bln (USD 13.7 bln).

<sup>1</sup> Net income attributable to Rosneft shareholders.

<sup>1</sup> Including divestments across the relevant assets.

<sup>2</sup> Data has been revised.

# HEALTH, SAFETY, ENVIRONMENT, CLIMATE CHANGE

## Strategic HSE guidelines and targets

In December 2021, the Company's Board of Directors adopted Rosneft-2030: Reliable Energy and Global Energy Transition strategy. It envisages a breakthrough in the Company's health and safety management, prioritising the targets of zero FAR (fatal accident rate, including contractors) and zero PSER-1 (process safety events rate).

Rosneft-2030 Strategy also seeks to reduce the Company's carbon footprint and boost its operational and financial efficiency. Moreover, Rosneft aims to achieve net carbon neutrality by 2050 with respect

to Scope 1 and 2 emissions. To accomplish this goal, the Company plans to reduce emissions, leverage low-carbon energy generation techniques, develop energy-saving, carbon capture and storage technologies, and promote natural absorption.

In line with its strategy, the Company lays great emphasis on protecting the environment and biodiversity and fostering a circular economy. Rosneft also reaffirms its commitment to 100% waste disposal and remediation of heritage lands.

In 2021, Rosneft developed the List of 2035 Environmental Targets in line with the UN Sustainable Development Goals, national environmental goals of the Russian Federation through 2030, and the Company's Environmental Vision to 2035<sup>1</sup> previously adopted by the Strategy and Sustainable Development Committee. Achieving these targets will ensure compliance with the environmental goals of Rosneft-2030: Reliable Energy and Global Energy Transition strategy.

## HSE management system and principles

Resolutions adopted by the Board of Directors in 2018 ensure that Rosneft's operating and strategic priorities conform to the 17 UN Sustainable Development Goals, with five of them defined as key focus areas: Good Health and Well-Being, Affordable and Clean Energy, Decent Work and Economic Growth, Climate Action and Partnership for Sustainable Development.

The Company pursues its HSE objectives within the framework of the Integrated Health, Safety and Environment Management System (IMS).

The IMS is part of the Company's governance system. It is a set of processes, procedures, rules and resources used to implement the **Policy** and achieve HSE targets by efficiently managing risks and opportunities, monitoring compliance and improving performance in this area.

The IMS covers all operations of Rosneft and Group Subsidiaries, and is mandatory for all employees of the Company.

The Company's IMS takes into account the internal and external factors (context) impacting its ability to reach the HSE targets, stakeholder attitudes and implementation of the commitments and principles under **the Company's HSE Policy**.

Since 2006, the IMS has been attested for compliance with the relevant ISO (and/or GOST R ISO) standards on an annual basis by procuring relevant certificates.

The number of certified Group Subsidiaries is constantly increasing. In 2021, Rosneft's Moscow office and the Group Subsidiaries engaged an independent party to conduct an audit of the Company's IMS for compliance with the above-mentioned standards, including the Environmental Management Systems and Occupational Health and Safety Management Systems. The accredited certification authority confirmed the system's compliance with these standards, expanded the scope of certification, and increased the number of certified Group Subsidiaries from 66 to 76 under the Company general certificate.

The Company is actively developing its HSE control system, as stipulated by the Regulations on HSE Control. The supervisory procedures serve to audit the Group Subsidiaries for:

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

The control system functions at two levels:

- the Group Subsidiaries – self-assessment, self-control;
- dedicated business units of Rosneft – HSE Control Department, HSE Control Commission.

## Management in action

In 2021, the Company's HSE Committee held seven meetings. The top managers acting as its members considered a broad range of HSE issues, such as:

- managing preparedness for oil spill response and emergency rescue operations;
- improving aviation safety;
- reviewing performance of "safety barriers" based on HSE control procedures;
- analysing incident investigation reports;
- implementing HSE risk assessment tools in hazardous operations of the Group Subsidiaries;
- reviewing the list of environmental indicators under Rosneft's 2035 Environmental Vision;

- analysing the discharge of personal HSE obligations by CEOs in the Group Subsidiaries;
- reviewing the report on critical HSE risk management following the completion of the annual cycle in 2021;
- analysing achievement of HSE targets and reporting this achievement to the Board of Directors for consideration..

As part of the HSE Committee's target performance review, Vice Presidents within the Committee assisted with the implementation of the Group Subsidiaries' plans and programmes aimed at attaining the HSE goals set out in the Rosneft-2022 strategy.

The Company's HSE performance reports were reviewed discussed by the Strategy and Sustainable Development Committee and the Board of Directors.

Quarterly meetings of the Carbon Management Committee were held in line with the internal procedures. The agenda focused on progress against the Company's Carbon Management Plan for 2021.

<sup>1</sup> The Vision validity was extended from 2030 to 2035.



## Safe working environment

The Company's operations are based on the guidelines of the HSE Policy. They place an emphasis on health, life and workplace safety, and prioritise proactive action over reactive recovery and response measures.

In 2021, the Company focused on the implementation of programmes and action plans, and introduction of relevant initiatives to ensure the integrity of production facilities and prevent occupational injuries. Safe working conditions in hazardous operations, equipment reliability, road and aviation safety remain the key focus areas.

Health and safety expenses amounted to RUB 48.3 bln in 2021, covering activities required by the federal and corporate regulations, as well as additional initiatives and programmes.

### LEADERSHIP AND SAFETY CULTURE

The managers of Rosneft and Group Subsidiaries annually demonstrate their HSE leadership by undertaking

to convince employees by personal example that compliance with the HSE requirements is a must. The leadership guidelines are set by employee communications emphasising the value of employees' life and health. They are delivered by the CEO, Vice Presidents in charge of businesses units and the Vice President for Health, Safety and Environment.

The Golden Rules of Safety cover key operational safety requirements of the Company and are communicated on an ongoing basis. Given the COVID-19 restrictions, the Golden Rules training course was adapted to meet the needs of distance learning and make it available to all the Group Subsidiaries. In 2021, over 76 thousand employees were trained.

The Company sets great store by the quality of in-house HSE training and the education of internal trainers for the Group Subsidiaries' personnel. To boost the trainers' skills and qualifications, two conferences were held in 2021 to discuss Workshops for Internal HSE Trainers. They were attended by 70 internal trainers from 36 Group Subsidiaries.

The 8th Corporate Congress of Rosneft Ecologists was held in 2021. The participants included top management, leaders and environmental experts from more than 200 Group Subsidiaries, professionals from allied business units of the Company's Head Office, and Rosneft's foreign partners. Global energy transition and circular economy were key issues in the reports presented by the Company's experts and foreign partners. 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.

The event also focused on performance under the Rosneft-2022 strategy and the tools used to achieve strategic environmental goals. The Company maintains high volumes of green investments and shows considerable progress in reducing its impact on water bodies by curbing pollution discharges despite the global economic slowdown and waning demand for hydrocarbons.

One of the Congress highlights was the presentation of Rosneft's 2030 Environmental Vision and Carbon Management Plan for the period until 2035. The participants discussed approaches to these fundamental documents, the Company's long-term strategic goals in environmental and climate safety, and the ways to achieve them.

To raise awareness of the Company's climate action among its employees, Rosneft continued to stage its Carbon Management corporate courses in 2021. In the reporting year, the Company provided training to 66 of its executive officers from various business units of the Company's Head Office, as well as to 397 employees of Group Subsidiaries in Exploration and Production engaged in methane identification projects.

### CONTRACTOR RELATIONS

Contractor relationship management in the context of operational safety is a major part of the safety culture and a driver of the Company's sustainable development. The need to manage safety issues among contractors arises from the risk of adverse consequences

for the Company in case of unsafe operational practices employed by the contractors.

The main objectives of the contractor relationship management strategy in the realm of HSE are:

- to reduce injury rates among the contractor employees performing their contractual operations for the benefit of the Company on its premises and licence areas;
- to reduce accident rates and bring operational damages inflicted on the Company to zero;
- to provide for consistent fulfilment of the Company's production plans under the contract obligations in line with the Russian laws and Rosneft's internal HSE regulations.

In an attempt to nurture safety culture, in 2021 the Company developed and introduced the Contractor Leadership Declaration as an indispensable part of the contractor agreement. The document sets forth key areas and activities that the contractor's management undertakes to perform as part of its contractual dealings with the Company's businesses. The measures are primarily aimed at ensuring the greater involvement

of the contractor's management in the safety process, building more efficient communications and controlling occupational health and safety on the ground.

### RISK-ORIENTED APPROACH

The aim of HSE risk management is to introduce and maintain adequate and sufficient management actions regarding all identified risks that are:

- consistent with the level of the risk assessed;
- provided with the necessary resources allocated by priority;
- approved on the required management level of the Company.

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, with the findings being recorded in risk registers. These findings are a starting point in prioritising mitigation efforts

and defining the governance level to resolve on the risk management strategy.

A bow-tie diagram provides a visually simple representation of the risk and overview of the current state of proactive and reactive barriers. It also offers the opportunity to prioritise potential corrective actions for the drawbacks identified (weak or missing barriers). The advantages of this method serve to develop common diagrams with varying levels of detail for the most significant and frequent risks. The Company has already developed diagrams for fire, road, blowout, and pipeline leakage risks, specifying a set of proactive and reactive barriers (actions) for each type of accident. Based on these common solutions, Group Subsidiaries develop programmes for barrier creation/consolidation. For example, a risk-oriented approach was used to develop and implement fall and road accident prevention programmes.

Along with the proactiveness of a risk-oriented approach, which implies risk assessment, analysis, and management based on global and industry-specific practices and forecasting, the Company uses a risk-oriented barrier approach to investigating HSE incidents and planning remedial actions. The barrier approach to investigation:

- considerably expands the scope and efficiency of risk management;
- serves to identify gaps in the applicable preventive and reactive barriers stipulated

by design solutions and/or specifications in every case and plan specific remedial actions;

- is key to reducing occupational injury and accident rates.

Training courses were developed for heads and members of incident investigation commissions to enhance their competencies:

- a course titled "Procedure for the Internal Investigation of Incidents" is run at Gubkin Russian State University of Oil and Gas and internally by the Company's coaches;
- an internal training course titled "Using a Risk-Oriented Barrier Approach to Investigating Incidents, Learning Lessons, and Planning Remedial Actions" was developed;
- the following interactive multimedia (distance) learning courses are being developed: "Using a Barrier Approach in Investigating Incidents Internally" and "Using a Risk-Oriented Approach to Falling and Stumbling Prevention".

Our diverse learning formats cover as many employees involved in investigations as possible.

Since 2020, a risk-oriented approach has been used in carrying out comprehensive and targeted HSE audits. In 2021, 65 HSE audits were conducted at Group Subsidiaries (up 22% year-on-year), with inconsistencies and violations assessed based on the availability, lack, or inadequacy of safety barriers

in current and planned operations, and recommendations issued to eliminate these inconsistencies and violations.

Taking into account the Rosneft-2030 strategy, a risk-oriented approach remains a major aspect of the Company's health and safety efforts – from planning to auditing.

### PROCESS SAFETY

The Company complies with federal and corporate regulations on process safety. Operational functions and HSE units of Group Subsidiaries oversee both the planning and implementation of necessary actions (in developing operational programmes and business plans at the Group Subsidiaries), while Rosneft exercises centralised control.

The Company plays an active role in improving legislation on process and fire safety, including the large-scale revision on the federal level. In 2021, the Company reviewed and finalised consolidated comments on, and additions to 214 draft regulations of the Russian Federation.

Rosneft is a regular participant in industry-specific meetings and conferences held by Rostekhnadzor's R&D Council, the Ministry of Energy, and Industrial Safety Committee of the Russian Union of Industrialists and Entrepreneurs (including remote participation). The Company's representatives contribute actively to Rostekhnadzor's working groups

on revision of key federal standards and rules dealing with oil and gas industrial safety.

Since January 2019, the Company has been extensively using a PSE methodology to keep record of and categorise industrial incidents. The risk-oriented (barrier) approach is accompanied by target programmes developed and implemented to ensure integrity of operational facilities, which is achieved primarily by including target checks and audits in action plans aiming to establish/strengthen barriers where the incidents have revealed inconsistencies.

In 2021, the Company performed the following actions under a pipeline integrity programme titled "Pipeline Reliability Improvement in 2020–2025":

- revamp and repair of 1,400 km of oilfield pipelines;
- inhibition of more than 18,000 km of oilfield pipelines;
- in-line cleaning of 24,000 km of pipelines;
- diagnostics and safety reviews of 22,900 km of oilfield pipelines<sup>1</sup>.

Since 2015, the Company has been analysing the causes of technical accidents in Oil Refining and

Petrochemicals, identifying systemic failures of technical equipment. Based on the results of the analysis, the Company has developed nine integrity programmes aimed at improving the reliability of technical devices and equipment, earmarking RUB 1.23 bn for the implementation in 2021.

### ROAD TRAFFIC SAFETY

In 2021, under its 2020–2022 Road Safety plan, the Company implemented the following preventive measures to reduce road safety risks and prevent accidents:

- assessing the equipment of the Company's and contractors' vehicles using in-vehicle monitoring systems and video recorders;
- 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;
- running accident prevention campaigns "Safe road – 2021" and "We are for road safety – 2021" in the regions of operation,

in addition to a road safety campaign "Beware, Children!" held by the Company's employees and transportation contractors in cooperation with the traffic police at the beginning of the school year;

- monitoring road infrastructure and maintenance (de-icing agents (sand and salt mixture) in stock, timely cleaning and treatment of road surfaces, placement of traffic signs, condition of ice and winter roads, readiness of utility vehicles);
- auditing vehicle operation safety in active parts of the Company's licence areas;
- running the following training courses for drivers (machine or tractor operators):
  - What to Do If Your Vehicle or Machine Has Been Exposed to Electric Current,
  - How to Escape from Your Vehicle If It Has Started to Plunge into Icy Water,
  - How to Do an Emergency Stop at Night,
  - What to Do If Your Gasoline Truck's Tank Is on Fire;
- making on-site visits in cooperation with the traffic police and private security companies (involved mobile drug testing).

<sup>1</sup> Excluding well pad assets and divested assets as at 1 January 2022

## Environmental responsibility

### GREEN INVESTMENTS

The Company is implementing a number of initiatives and investment projects to improve its environmental performance, minimise its environmental footprint, and facilitate biodiversity conservation. In 2018–2021, green investments to reduce the flaring of associated petroleum gas (APG), improve pipeline reliability and wastewater treatment and waste management practices, and remediate contaminated land exceeded RUB 200 bln.

### NON-GREENHOUSE GAS EMISSIONS

In 2021, the Company reduced gross pollutant emissions by 12%, with some of this reduction resulting from the continued implementation of the Gas Investment Programme.

### WATER PROTECTION

One of the Company’s strategic priorities is to minimise the demand for fresh water in alignment with the United Nations Sustainable Development Goals. This is achieved through the implementation of infrastructure modernisation projects and the use of the best available technologies. In 2021, the Company continued to improve the quality of wastewater discharges through construction and renovation of treatment facilities. This was helped by the renovated facilities reaching their design capacity and existing ones being maintained to show the same efficiency as before.

### IMPROVEMENT OF THE EFFICIENCY OF OIL SPILL MANAGEMENT

Rosneft seeks to improve and systematise response procedures related to oil spills and other incidents. In 2021, these efforts yielded a concept of how to strengthen our oil spill response and emergency rescue operations by 2030. It provides for the following:

- 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.

### DRILLING WASTE AND OILY WASTE HANDLING

In 2021, the Company processed around 4.5 mmt of drilling waste, which enabled it to reduce the previously accumulated waste by 23%. In addition, over 1.1 mmt of oily waste was processed in 2021. Rosneft works continuously to improve its waste management practices and thus maintain the high rates of waste management it has already achieved.

### LAND REMEDIATION

The Company continued to implement measures for land protection and rehabilitation, including through establishment and development of ecological services (remediation units) at the key Group Subsidiaries. Over 470 hectares of oil-contaminated land were remediated in 2021 (more than 90% owing to the efforts of internal ecological services).



### BIODIVERSITY CONSERVATION

The Company pays special attention to activities aimed at biodiversity conservation. In December 2019, Rosneft and the Ministry of Natural Resources and Ecology of the Russian Federation signed the Cooperation Agreement for a national project ‘Ecology’, which focuses on deeper cooperation on biodiversity conservation. The goal of the project is to assess the current natural state and population dynamics of key species

in the marine and terrestrial ecosystems of the Arctic. These species are indicated in the Agreement and include wild reindeer, ivory gull, Atlantic walrus, and polar bear – all (except for the reindeer) listed in the Red Book of the Russian Federation.

Following up on the field work to study such species in 2020, further field studies were carried out in spring and summer 2021, focusing on polar bear and walrus populations on Alexandra Land, an island in Franz Josef Land, as well as the Orange Islands and Cape

Zhelaniya, part of the Novaya Zemlya archipelago. Reconnaissance and aerial surveys were conducted in wild reindeer habitats near the Kheta and Khatanga rivers, with their migration routes studied in the Taimyrsky Dolgano-Nenetsky and Evenki districts, Krasnoyarsk Territory. An office analysis of the findings and ivory gull biological specimens offered insights about eight ivory gull colonies in the Kara Sea. The actual cost of activities performed under the Agreement in 2021 was more than RUB 116 mln



## Carbon management – risk and opportunity management

The Company takes into account the importance and impact of carbon management risks (including risks associated with climate change) on its operations. Our commitment to sustainability principles was further highlighted in the new Rosneft-2030 Strategy, which provides for a reduction of the Company’s carbon footprint while boosting its operational and financial efficiency.

Rosneft plans to achieve carbon neutrality by 2050 through a number of strategic initiatives to reduce emissions. These initiatives imply:

- a more than 25% reduction in Scope 1 and 2 emissions by 2035 as compared to 2020;
- achievement of zero routine APG flaring in line with the World Bank’s Zero Routine Flaring by 2030 initiative;

- a reduction of methane intensity to below 0.2%;
- a gradual transition of the Company’s vehicles to low-carbon fuels;

These initiatives will contribute to the goals set by Russia’s Long-Term Development Strategy with Low Greenhouse Gas Emissions to 2050 and will help Russia fulfil its obligations under the Paris Climate Agreement and UN Sustainable Development Goals.

## CORPORATE GOVERNANCE

### Key corporate governance principles and improvements in 2021

Rosneft's leading market position, both domestically and globally, and its commitment to creating a long-term sustainable value make it of the utmost importance that our corporate governance framework ensures efficient communication and cooperation between the shareholders, Board members, top managers, employees, business partners, and local communities across the Company's footprint.

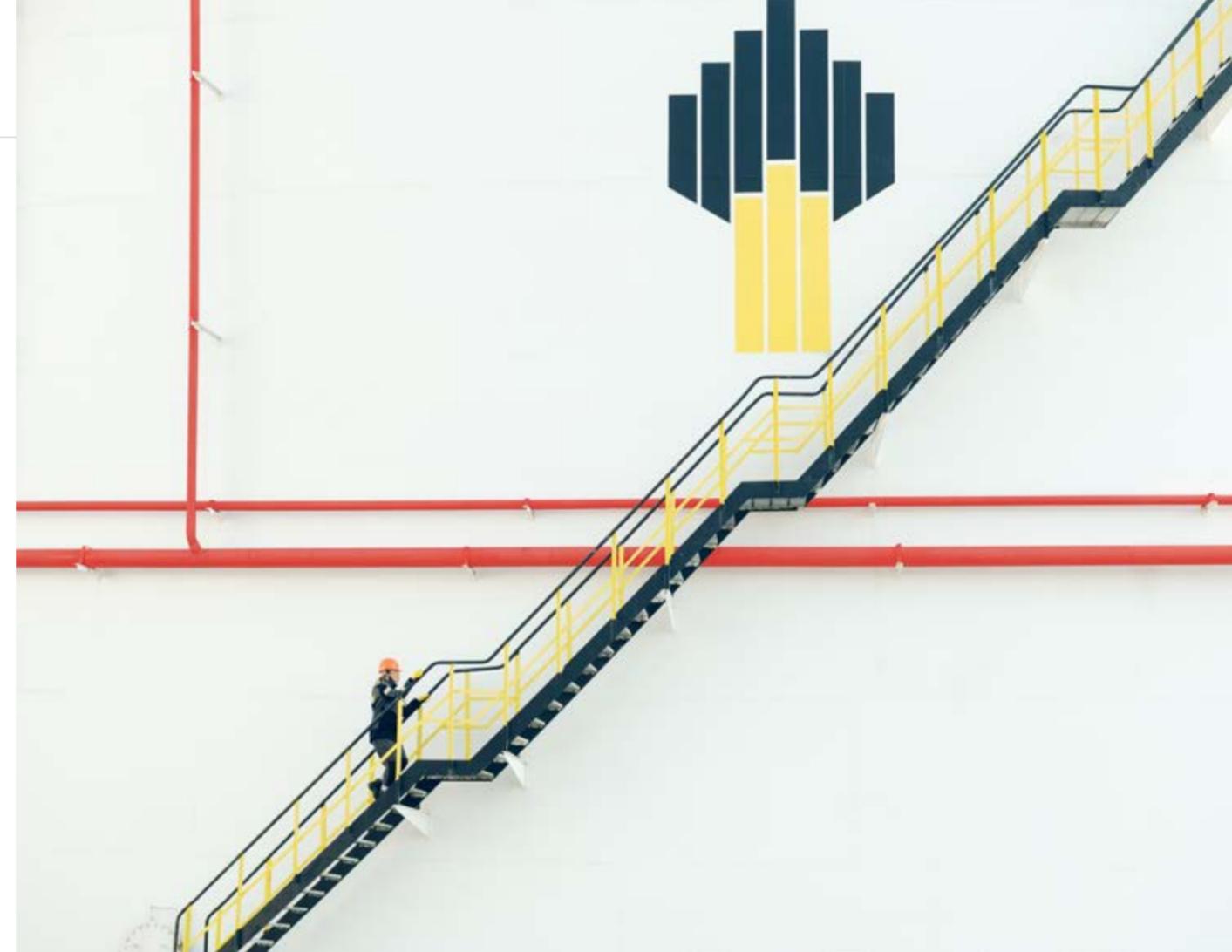
Our corporate governance framework seeks to drive the long-term sustainable growth of the Company's shareholder value.

Rosneft's corporate governance framework relies on the Corporate Governance Code developed in line with internationally recognised standards.

Adhering to high corporate governance standards is a strategic priority that powers the long-term sustainable growth of Rosneft's shareholder value.



Corporate Governance Code



### GUIDING PRINCIPLES FOR THE COMPANY'S GOVERNING BODIES

<p><b>Commitment to shareholders</b></p>	<p>Rosneft has adopted the world's best corporate governance practices, complies with the Bank of Russia's Corporate Governance Code to ensure the following:</p> <ul style="list-style-type: none"> <li>• equal rights and opportunities for, and equitable treatment of all shareholders;</li> <li>• professionalism and independence of the Board of Directors who act in the best interests of all shareholders;</li> <li>• efficiency of the Risk Management and Internal Control System (RM&amp;ICS);</li> <li>• timely disclosure of complete, valid and up-to-date information on the Company's activities that is most relevant to shareholders and investors for them to rely on in making informed decisions (references to Appendix 2 and the Corporate Governance Code).</li> </ul> <p>A substantial share of the Company's net income is distributed as dividends. In 2021, our shareholders received RUB 264.6 bln. We continue enhancing Shareholder's Personal Account, a powerful tool for shareholders to stay in contact with the Company</p>
<p><b>Innovation and global leadership</b></p>	<p>In the pursuit of continuous improvement and global leadership, we are developing and investing in cutting-edge technologies</p>

**Favourable environment for sustainable growth**

The Company cares for its employees, their families, and members of local communities across its footprint. We at Rosneft keep a clear focus on employee health, having adopted an integrated framework to respond to epidemic threats. Amid the pandemic, we supplied all production sites and offices with personal protective equipment and arranged for the regular testing of our employees and contractors for COVID-19. The Company takes care of the environment by introducing carbon management initiatives and implementing best waste management practices. Commitment to environmental safety is an integral part of our corporate culture. The Company supports scientific research, culture, and sports. Rosneft respects and honours human rights and freedoms in accordance with the Universal Declaration of Human Rights, Social Charter of the Russian Business, relevant generally accepted standards, and the laws of the Russian Federation and other countries where the Company operates.

**Partnership with non-governmental organisations and cooperation with state institutions**

The Company is a party to the UN Global Compact. For several years running, Rosneft has been one of Russia's largest taxpayers.

**Protection of shareholders and key stakeholders**

The Company implements best internal control and risk management practices, develops technologies for industrial safety and information security, and ensures product safety, protecting its customers and contractors.

**Rosneft maintains compliance with the Bank of Russia's Corporate Governance Code at a high level. For evaluation of compliance with the Bank of Russia's Code, see Appendix 3 to this Annual Report. The internal documents regulating corporate governance are available on the Company's official website.**



The Corporate Documents section of the Company's website

## Key Achievements in 2021

The Board of Directors approved the Rosneft-2030: Reliable Energy and Global Energy Transition strategy.

Rosneft was ranked first in the oil and gas industry and among Top 5 Russian companies by the independent European rating agency Rating-Agentur Expert

RA GmbH (RAEX-Europe), with its performance in corporate governance earning an especially high score.

The Board of Directors conducted its self-assessment and reviewed the results.

## Corporate governance plans for 2022

- Enhancing the Shareholder's Personal Account as part of digitalising communications with shareholders.
- External assessment of the Board of Directors' efficiency.
- Review of the corporate governance framework for compliance with the Rosneft-2030: Reliable

Energy and Global Energy Transition strategy as regards the climate agenda and reliable supplies of affordable and clean energy.



# Governance and control structure

The Company operates a two-tier management model where management functions are split between the Board of Directors and executive bodies.

## BOARD OF DIRECTORS

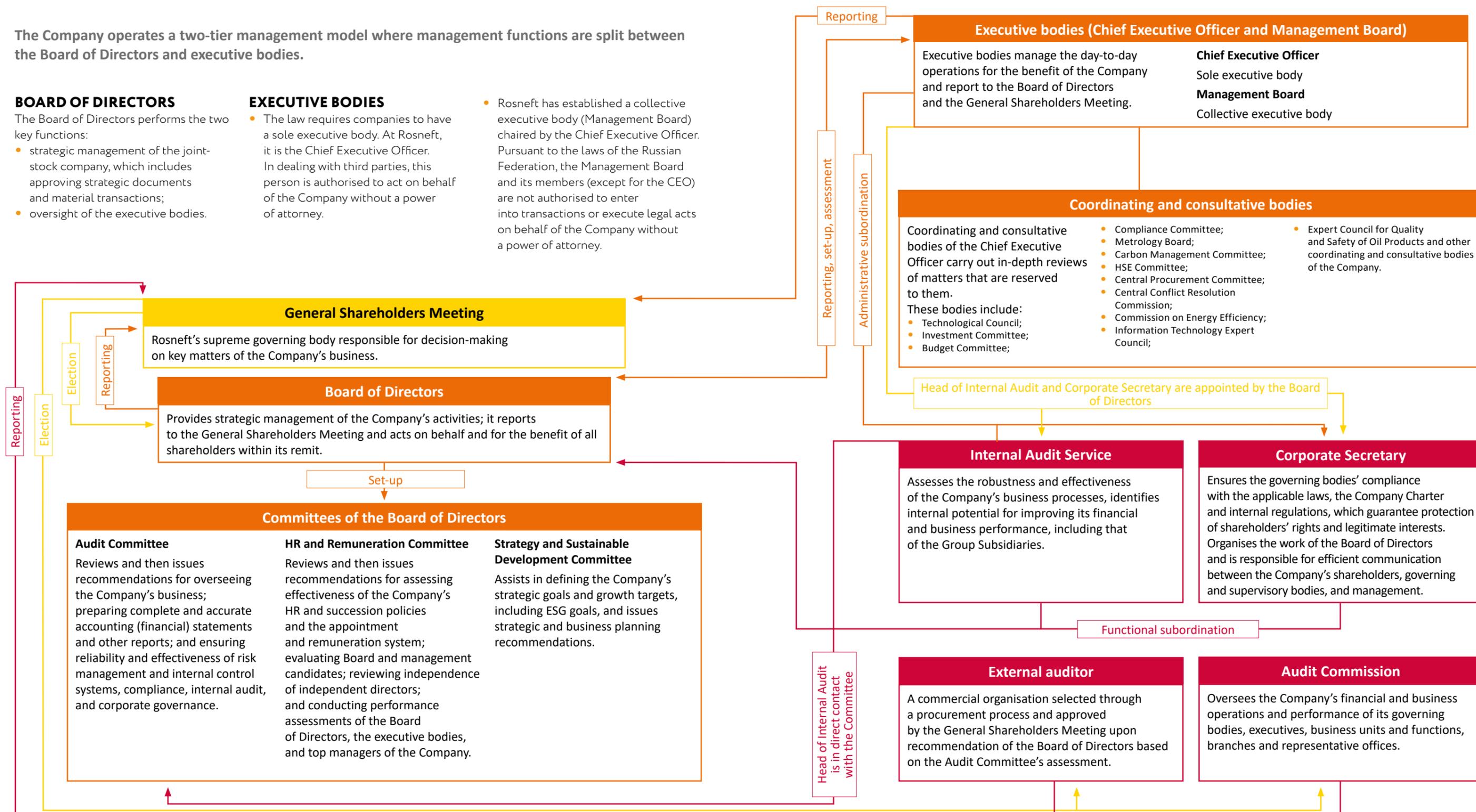
The Board of Directors performs the two key functions:

- strategic management of the joint-stock company, which includes approving strategic documents and material transactions;
- oversight of the executive bodies.

## EXECUTIVE BODIES

- The law requires companies to have a sole executive body. At Rosneft, it is the Chief Executive Officer. In dealing with third parties, this person is authorised to act on behalf of the Company without a power of attorney.

- Rosneft has established a collective executive body (Management Board) chaired by the Chief Executive Officer. Pursuant to the laws of the Russian Federation, the Management Board and its members (except for the CEO) are not authorised to enter into transactions or execute legal acts on behalf of the Company without a power of attorney.



## ANTI-CORRUPTION EFFORTS

**Rosneft works to maintain compliance with the requirements of the anti-corruption laws of the Russian Federation, including through a set of measures aimed at building an organisational structure and elements of corporate culture, and establishing rules and procedures to prevent corporate fraud and corruption.**

The effort was also aligned with the National Anti-Corruption Plan for 2021–2024 approved by Presidential Executive Order No. 478 dated 16 August 2021.

The new anti-corruption procedures were developed in accordance with the applicable international anti-corruption laws, Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008, the guidelines of the Russian Ministry of Labour and the Federal Agency for State Property Management, as well as International Anti-Corruption Standard ISO 37001:2016 “Anti-bribery management systems – Requirements with guidance for use”, and the ICC Guidelines on Conflicts of Interest in Enterprises.

All of the Company’s governing bodies contributed to these efforts within their remit.

1. Rosneft’s Board of Directors (the Audit Committee of the Board of Directors) approved strategic documents<sup>1</sup> and guiding principles, and regularly assesses the efficiency of such efforts; considered and approved<sup>2</sup> the results of a review of the anti-corruption risk management and internal control process.

2. Rosneft’s Chief Executive Officer ensures the implementation of the Company’s Policy on Combating Corporate Fraud and Involvement in Corruption Activities, and approves the relevant internal regulations.

In 2021, the Group implemented the following measures:

- updated the Company’s Regulations No. P3-11.03 R-0077 version 2.00 on Managing Conflicts of Interest, approved by the Rosneft’s Board of Directors (Minutes No. 5 dated 16 August 2021), enacted by Order No. 488 dated 28 September 2021;
- revised the Company’s Regulations No. P3-11.03 R-0220 version 1.00 on Coordinating Anti-Fraud and Anti-Corruption Processes, approved by Order No. 49 dated 7 February 2021;
- updated the Company’s Regulations No. P3-11.03 R-0025 version 4.00 on Reviewing Information Received Through the Security Hotline, approved by Order No. 97 dated 3 March 2021;
- developed the Company’s Standard Requirements “Regulations No. P3-11.03 TTR-0002 version 1.00 on the Conflict of Interest Commissions at the Group Subsidiaries,” approved by order No. 235 dated 24 May 2021.

3. In accordance with the National Anti-Corruption Plan for 2021–2024 approved by Presidential Executive Order No. 478 dated 16 August 2021 (Instruction of the Russian Government No. MM-P17-12165 dated 6 September 2021) we drafted a Comprehensive Anti-Fraud and Anti-Corruption Programme for 2021–2024.

In the reporting period, Rosneft:

- updated its employees on typical violations of anti-fraud and anti-corruption rules (including management of conflicts of interest) on a quarterly basis;
- on an ongoing basis informed the relevant units about new regulations and government initiatives aimed at combating corruption;
- assessed/reassessed the risk of corporate fraud and corruption on a quarterly basis in line with the approved methodology.
- conducted ongoing 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.

The Company manages conflicts of interest at all levels.

The rules for the avoidance and prevention of conflicts of interest are set forth in the Corporate Governance Code, the Code of Business and Corporate Ethics, the Company’s Policy on Combating Corporate Fraud and Involvement in Corruption Activities, and the Regulations on Managing Conflicts of Interest.

The Regulations set out a framework to classify conflicts of interest, including conflicts of interest between shareholders and members of the Company’s governing bodies (e.g. decisions made by corporate governing bodies that might adversely affect the Company’s financial and operating performance; the Company failing to make a statutory disclosure or members of corporate governing bodies underreporting on their positions in governing bodies of other entities, on interests (stakes) held in other entities, or other information required to be disclosed by the applicable laws, the Company’s Charter or internal regulations).

The Board members’ obligations to disclose a conflict of interest are set out in the Regulation on the Holding by Members of Rosneft Board of Directors of Rosneft Shares, Shares of and Equity Stakes in Group Subsidiaries.

Apart from that, the Company collects annual declarations on property and property-related obligations of its officers and employees, as well as on income, property and property-related

obligations of their spouses and minor children who are included in the list of persons required to submit such declarations; It also carries out an annual 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. When hiring new employees and appointing to new positions we sign an anti-corruption clause, which forms part of their employment contracts and includes the restrictions, prohibitions and requirements aimed at preventing the conflict of interest.

All Group Subsidiaries have set up conflict of interest commissions.

The Company runs ongoing corporate training programmes in the field of countering corporate fraud and corruption for its employees, including those whose job responsibilities include participation in combating corruption, and new hires.

We worked to introduce anti-corruption compliance requirements at joint ventures with Norway’s Equinor.

The Company operates a 24/7 Security Hotline to report on suspected, proven and potential cases of corporate fraud, corruption and conflict of interest.

In 2021, the Security Hotline received 23,851 reports.

Identified/prevented damage amounted to RUB 75.3 mln. The Company terminated 49 employment contracts,

took disciplinary action against 134 employees, and submitted findings of 18 audits to law enforcement authorities.

Members of the Company’s Board of Directors are updated on the Security Hotline operation on a quarterly basis.

The Corruption Control section on the official corporate website has:

- the Company’s statement on its zero tolerance for corruption;
- key provisions of Russian and applicable international anti-corruption laws;
- internal corruption control regulations of the Company (Rosneft’s Code of Business and Corporate Ethics and Policy on Combating Corporate Fraud and Involvement in Corruption Activities);
- Security Hotline contact details;
- information on cooperation with law enforcement authorities.

<sup>1</sup> The Company’s Policy on Combating Corporate Fraud and Involvement in Corruption Activities was approved by resolution of Rosneft’s Board of Directors (Minutes No. 19 dated 21 May 2018). In 2021, the Policy was updated (Minutes No. 21 dated 5 April 2021).

<sup>2</sup> The results for 2020 were reviewed and approved by Rosneft’s Board of Directors (Minutes No. 21 dated 5 April 2021).

## AUDIT COMMISSION

The Audit Commission monitors the Company's financial and business activities and comprises five members elected on an annual basis by the Annual General Shareholders Meeting.

The Audit Commission audits the Company's financial and business operations, verifies the accuracy and reliability of data included in Rosneft's annual reports and annual accounting (financial) statements, and prepares proposals and recommendations for improving the asset management efficiency and RM&ICS.

In 2021, the Audit Commission held two meetings that, among other things, adopted its action plan and approved an audit programme.

The findings of the Audit Commission following the audit were communicated as part of the materials for the General Shareholders Meeting in the form of an opinion of the Audit Commission on the accuracy and reliability of data included in Rosneft's Annual Report and annual accounting (financial) statements as at 31 December 2021.



The Audit Commission is governed by the Regulations on Rosneft's Audit Commission.

On 1 June 2021, the Annual General Shareholders Meeting resolved to elect the Audit Commission as follows:

### CHAIRMAN

#### Zakhar Sabantsev

Born in 1974.  
Graduated from the Moscow State University of Economics, Statistics, and Informatics.

Holder of ministerial awards – Letter of recognition from the Minister of Finance of the Russian Federation (2007), For Excellent Work in Finance badge of the Ministry of Finance of the Russian Federation (2012).

Section Head, Bank Sector Monitoring, Consolidated and Analytical Work Section, Financial Policy Department, Ministry of Finance of the Russian Federation.

### MEMBERS OF THE AUDIT COMMISSION

#### Olga Andrianova

Born in 1958.  
Graduated from the All-Russian State Distance-Learning Institute of Finance and Economics.

Holder of a ministerial award – Certificate of Merit of the Russian Ministry of Energy.

Chief Accountant – Head of Finance and Economics at JSC ROSNEFTEGAZ.

#### Sergey Poma

Born in 1959.  
Graduated from Nakhimov Black Sea Higher Naval School and St Petersburg State University.

Vice President of the National Association of Securities Market Participants (NAUFOR).

#### Pavel Buchnev

Born in 1986.  
Graduated from the Russian State University for the Humanities.

Head of the Investment Relations Department of the Federal Agency for State Property Management.

#### Aleksey Kulagin

Born in 1986.  
Graduated from Lomonosov Moscow State University and Tula State University.  
Holder of a ministerial award – Acknowledgement of the Russian Ministry of Energy.

Deputy Director of Department – Head of Economic Analysis Unit, Deputy Director of the Department for Consolidated State Policy and Digital Transformation of the Russian Ministry of Energy.

On 1 June 2021, the Annual General Shareholders Meeting resolved to pay the following amounts to the following members of the Audit Commission pro rate to the time served:

- Olga Andrianova: RUB 220,000;
- Tatyana Zobkova: RUB 55,452.05;
- Sergey Poma: RUB 220,000;

No compensation was paid to public officers serving on the Audit Commission.

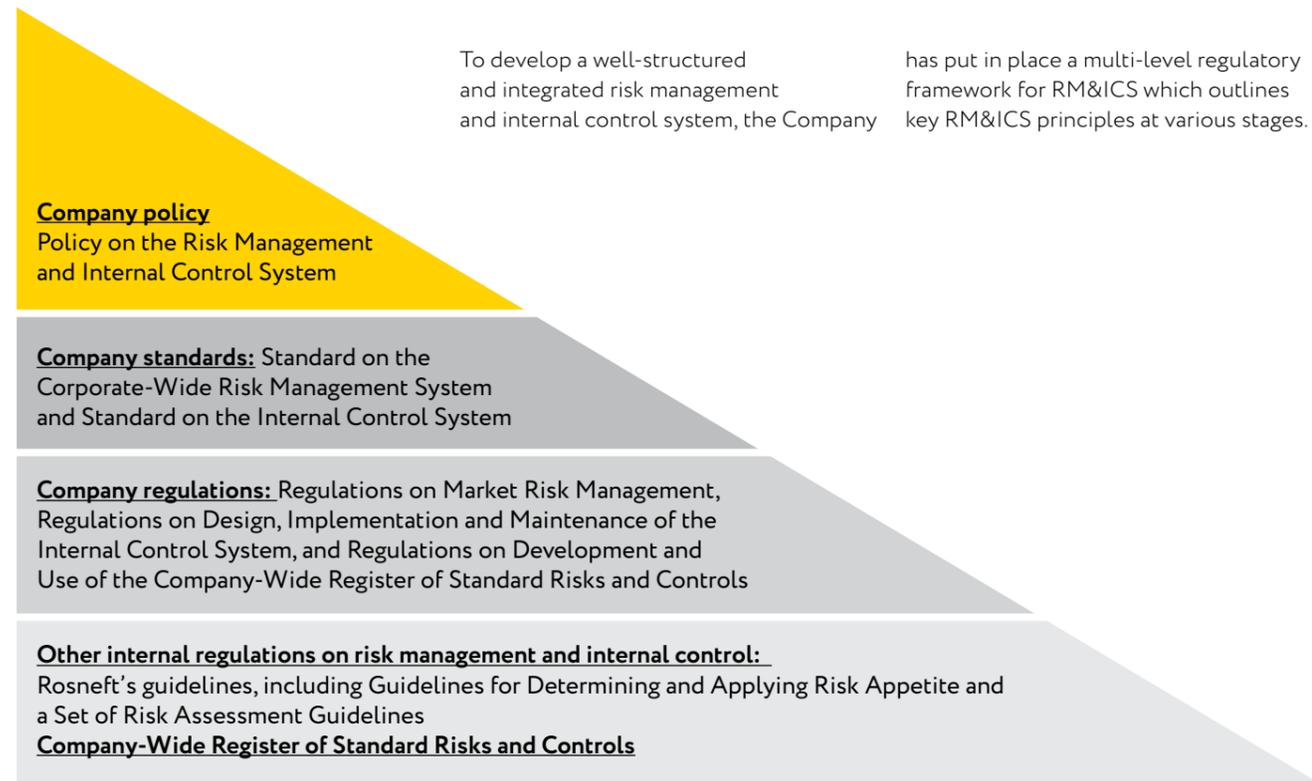
The total compensation to members of the Audit Commission for 2021 totalled RUB 495,452.05.



The procedure for calculating and paying remunerations and compensations to the members of the Audit Commission is described in Rosneft's Regulations on Remunerations and Compensations Payable to Rosneft's Audit Commission Members.

# RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Rosneft has established and is continuously improving its Risk Management and Internal Control System (RM&ICS) aimed at proactive identification and analysis of risks that may impact the Company's long-term targets as well as its ongoing financial and business operations.



Rosneft's risk management and internal control guidelines define its approach to identifying and assessing strategic risks that may hinder the delivery against long-term targets, financial and operational

risks that affect the implementation of the Company's current business plan, and business process risks that may hamper the Company's ability to achieve

business targets, as well as the approach to developing risk management and internal control initiatives.

The principles and objectives of the RM&ICS are set out in the Company's Policy on the Risk Management and Internal Control

System<sup>1</sup> developed in accordance with the Russian regulatory requirements and drawing on recommendations of international firms engaged in risk

management, internal control and audit services. These are intended to provide reasonable assurance that the Company will achieve its goals.

## Key categories of the Company's goals



<sup>1</sup> Rosneft's Policy on the Risk Management and Internal Control System No. P4-01 P-01 approved by the Company's Board of Directors, Minutes No. 8 dated 16 November 2015.

## RM&ICS stakeholders

Rosneft's Risk Management and Internal Control System (RM&ICS) has various stakeholders whose roles are distributed depending on their involvement in developing, introducing and monitoring the performance of the system. The RM&ICS has three management levels.

Strategic level	Operational level			RM&ICS independent monitoring and performance assessment
<p><b>Board of Directors and Audit Committee of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>Approve RM&amp;ICS focus areas and follow up on their progress</li> <li>Approve corporate reports on financial and operational risks</li> <li>Approve risk appetite</li> <li>Monitor the RM&amp;ICS reliability and performance</li> </ul>	<p><b>Chief Executive Officer</b></p> <ul style="list-style-type: none"> <li>Validates RM&amp;ICS focus areas</li> <li>Validates RM&amp;ICS reports</li> <li>Validates risk appetite</li> </ul> <p><b>Management Board</b></p> <ul style="list-style-type: none"> <li>Ensures the establishment and operation of an effective RM&amp;ICS</li> </ul> <p><b>Risk Management Committee</b></p> <ul style="list-style-type: none"> <li>Validates the RM&amp;ICS issues reported to the Chief Executive Officer</li> <li>Resolves RM&amp;ICS operational disputes</li> </ul>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>Distributes roles and responsibilities among employees</li> <li>Manages risks</li> <li>Develops and implements control procedures</li> <li>Conducts self-assessment of internal controls</li> </ul> <p><b>Risk and Internal Control Methodology Department</b></p> <ul style="list-style-type: none"> <li>Plans RM&amp;ICS focus areas</li> <li>Develops, implements and updates Company-wide RM&amp;ICS guidelines</li> <li>Prepares reports on risks and internal controls</li> <li>Manages the RM&amp;ICS roll-out and operation across Rosneft's business units and Group Subsidiaries</li> <li>Provides guidelines to key RM&amp;ICS stakeholders, trains them in risk management and internal controls</li> </ul> <p><b>Security Service</b></p> <ul style="list-style-type: none"> <li>Develops, updates, and introduces internal anti-fraud and anti-corruption regulations and implementing documents</li> <li>Participates in ensuring compliance with internal regulations and implementing anti-fraud and anti-corruption initiatives taken by Rosneft's executive bodies</li> <li>Manages the Security Hotline</li> <li>Conducts inspections/investigations into abusive/unlawful practices by the Company's employees and third parties</li> </ul>	<p><b>Business Units Providing Certain RM&amp;ICS Functions</b></p> <ul style="list-style-type: none"> <li>Prepare and consolidate RM&amp;ICS reports</li> <li>Manage the roll-out of RM&amp;ICS elements and develop proposals for the risk management methodology</li> <li>Assist the Company's management in conducting self-assessment of internal controls</li> </ul> <p><b>Employees</b></p> <ul style="list-style-type: none"> <li>Implement risk management controls and initiatives</li> <li>Assist the Company's management in managing risks</li> <li>Help identify, assess and report on risks and internal controls, and conduct assessment of internal controls</li> </ul>	<p><b>Internal Audit Service</b></p> <ul style="list-style-type: none"> <li>Monitor the RM&amp;ICS reliability and performance</li> <li>Conducts audits</li> <li>Monitors the implementation of RM&amp;ICS improvement proposals made by internal auditors</li> <li>Assists the Company's executive bodies in investigating abusive/unlawful practices by the Company's employees and third parties</li> </ul> <p><b>Audit Commission</b></p> <ul style="list-style-type: none"> <li>Audits the Company's financial and business operations, verifies the accuracy and reliability of data included in Rosneft's annual reports and annual accounting (financial) statements</li> </ul>

## Enhancing the risk management and internal control system

Owing to ongoing improvements in its RM&ICS, the Company can promptly respond to changes in the external environment and internal business processes, achieve better performance, and increase its shareholder value.

Key targets and objectives of the RM&ICS enhancement, as well as critical steps to achieve them, are set out in the RM&ICS Enhancement Plan.

**The RM&ICS Enhancement Plan for 2021–2023 was endorsed by the Company’s Risk Management Committee and Chief Executive Officer and approved by Rosneft’s Board of Directors.**

## RM&ICS enhancement highlights for 2021

RM&ICS ENHANCEMENT INITIATIVES	RESULTS
Development and improvement of guidelines on the Risk Management and Internal Control System	<ul style="list-style-type: none"> <li>The Policy on Risk Management and Internal Control System was updated and approved by the Board of Directors.</li> <li>Methodological guidelines have been developed and approved to assess corporate financial and operational risks, including the risk of default / cross-default, litigation risk, and risk of accumulation of unclaimed liquid and non-liquid inventories.</li> </ul>
Development and implementation of an RM&ICS training programme for the employees of Rosneft and Group Subsidiaries	<ul style="list-style-type: none"> <li>Employees and risk and internal control experts of Rosneft and Group Subsidiaries were trained in the RM&amp;ICS.</li> <li>A distance course on the basics of strategic risk management was developed.</li> <li>The existing risk management and internal control distance course was updated.</li> </ul>
Enhancement of the risk assessment framework leveraging economic and mathematical models and expert reviews	<ul style="list-style-type: none"> <li>The Company’s quantitative risk assessment models were verified (back-tested).</li> <li>Approaches were proposed to cascade the financial and economic indicators of the Company’s risk appetite (financial covenants) down to key company-wide risks associated with the current financial and business operations.</li> </ul>
Implementing and maintaining the Internal Control System	<ul style="list-style-type: none"> <li>A self-assessment of the Company’s internal control was carried out, including the evaluation of control procedures conducted as part of the 2021 plan for testing their implementation.</li> <li>A plan for developing, implementing and maintaining the Internal Control System was drawn up and approved.</li> </ul>
Improving the RM&ICS processes across Group Subsidiaries	<ul style="list-style-type: none"> <li>The corporate-wide risk management system was implemented by 10 Group Subsidiaries.</li> <li>The criteria for including Group Subsidiaries in the RM&amp;ICS framework were updated.</li> </ul>

## Internal Control System (ICS)

**The internal control system (ICS) is an integral part of the RM&ICS**

- The both systems have aligned goals.
- The ICS is governed by the Company’s Policy on the Risk Management and Internal Control System, Standard on the Internal Control System, and Regulations on Design, Implementation and Maintenance of the Internal Control System.
- The Company relies on these regulations to identify risks inherent in its business processes and implement controls, thus improving manageability and efficiency across business processes, reliability of financial statements, and compliance with the applicable laws and internal regulations.

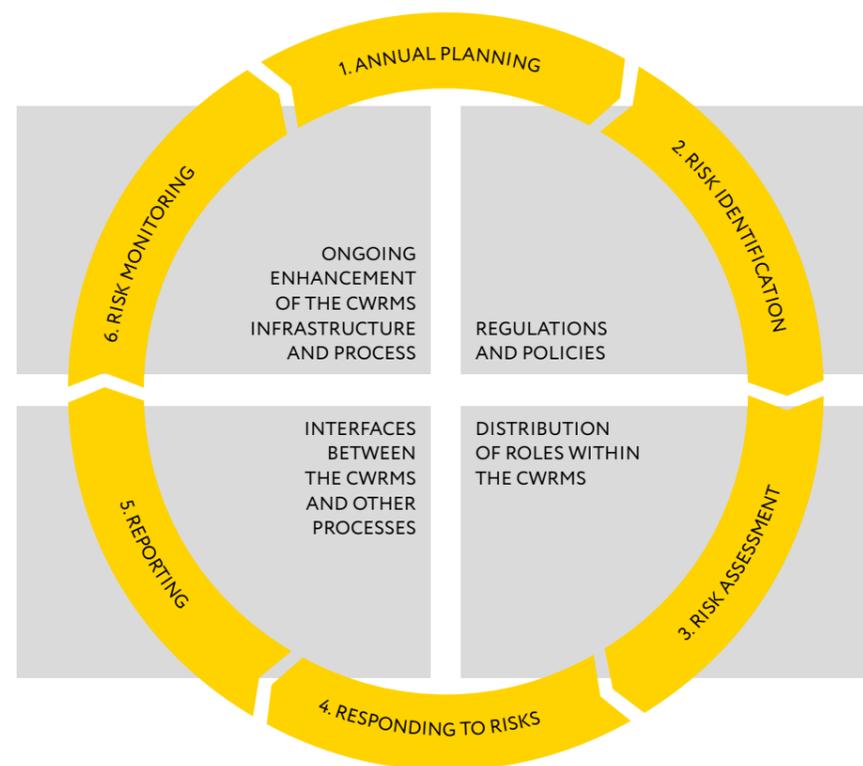
### TO ACHIEVE THE ICS OBJECTIVES, THE COMPANY NEEDS TO:

- 1 Define and update key ICS focus areas in alignment with the Company’s needs and stakeholder requirements
- 2 Assess business process risks, develop, adopt and follow controls, including the development of uniform guidelines to support efficient ICS operations
- 3 Identify shortcomings in existing controls, develop and implement initiatives to address the same; streamline and upgrade controls
- 4 Develop and implement tools to facilitate communication and information sharing among all RM&ICS stakeholders, including via information systems

The Company’s management and employees ensure the ICS efficiency by managing the relevant functions and performing their job duties.

## CORPORATE-WIDE RISK MANAGEMENT SYSTEM (CWRMS)

### Key CWRMS components



Risk management at Rosneft is governed by the Company's Policy on the Risk Management and Internal Control System<sup>1</sup> and Standard on the Corporate-Wide Risk Management System<sup>2</sup>.

The CWRMS is a combination of interrelated elements embedded into various business processes of the Company (including strategic and business planning processes) and implemented at all management levels by all employees of the Company.

As part of CWRMS management at various organisational levels, including the Group Subsidiaries

and the Company, we regularly identify and assess risks and develop response measures covering, among others, risks that affect the Company's long-term goals (strategic risks) along with financial and operational risks. Risk reports including all the information on risks, their assessment and description of mitigants are submitted to the Board of Directors, its Audit Committee, Company's top management and employees.

Heads of the Company's business units arrange for, and steer risk management processes within their remit. When choosing a risk response and specific

**Risk management process**

A combination of risk management elements supported by the existing organisational structure, internal policies and regulations, risk management procedures and techniques that are applied across all management levels and functions of the Company to make its risks acceptable in the context of achieving Rosneft's strategic goals

**Risk management infrastructure**

A set of elements that provide a Company-wide basis, tools, and framework for risk management

mitigants, risk owners seek to find an optimal trade-off while maintaining an acceptable risk level (risk appetite).

<sup>1</sup> Rosneft's Policy on the Risk Management and Internal Control System No. P4-01 P-01 approved by Resolution of the Company's Board of Directors, Minutes No. 8 dated 16 November 2015.

<sup>2</sup> Rosneft's Standard on the Corporate-Wide Risk Management System No. P 4-01 P-01 put into effect by order No. 660 dated 22 October 2018.

## ROSNEFT'S RISKS<sup>1</sup>

Industry-wide risks	
	Risk of occupational injuries
	Risk of lower quality of refinery feedstock
	Risk of failure to comply with the repair plan in Oil Refining and Petrochemicals
	Risk of failure to achieve natural gas and gas condensate production targets
	Risk of accumulation of unclaimed liquid and non-liquid inventories
	Risk of accidents
	Risk of failure to achieve oil and gas condensate production targets
	Risk related to rising purchase prices for electric power
	Risk of failure to achieve natural gas price targets
	Risk of penalties for the quality of gas fed into transportation systems

Financial risks	
	Market risks
	Credit risk related to crude oil, petroleum products, natural gas, petrochemicals and gas processing products supply contracts
	Risk of tax claims and risk of losing tax benefits
	Counterparty risk related to long-term advance payment crude oil and petroleum products supply contracts
	Risk of default/cross-default
	Counterparty risks related to changes in advance payment schedules under long-term crude oil and petroleum products supply contracts

Legal and country risks	
	Risk of breach of competition laws
	Litigation risk

<sup>1</sup> For Rosneft's key risks in 2022, see Appendix 2 to this Annual Report.

**External constraints**

Since 2014, the USA, EU and some other countries have been imposing various economic constraints on the Russian Federation, among other things, affecting operations	of certain companies in the Russian energy and other industries (including Rosneft and some of its subsidiaries). Rosneft factors in and continuously monitors existing constraints	to minimise their adverse effects, and consistently implements its Import Substitution and Equipment Localisation Programme in Russia.
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**Changes in legislation and regulatory environment**

The Company's operating results are very sensitive to changes in the applicable laws, including tax, currency and customs regulations,	etc. Rosneft continuously monitors and assesses such changes, and makes projections as to their likely effect on the Company's operations. Rosneft's	experts are regular members of working groups drafting bills in various fields of law.
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**COVID-19 pandemic**

In 2020 and 2021, the COVID-19 pandemic affected Rosneft's operations and key markets. The Company's management factors	in the epidemiological situation when assessing the impact of financial, operational and strategic risks on the achievement of the Company's	mid- and long-term goals, develops and implements measures to reduce such impact, as well as initiatives to protect employees.
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**RISK APPETITE OF THE COMPANY**

**In 2021, Rosneft's Board of Directors approved the Company's risk appetite for 2022:**

<p><b>Financial and economic performance</b></p> <p>The Company strictly complies with its financial covenants. The Company ensures that all its short- and long-term commitments are fulfilled as they fall due.</p>	<p><b>Health, safety, environment</b></p> <p>Recognising the nature and scale of the footprint of its business, products and services, the Company feels responsible for safe and accident-free operation and protects health and safety of its employees and local residents in regions of its operation. As part of its commitment to prevent any potential adverse impact on the environment, the Company makes every effort to protect, preserve and restore natural resources.</p>	<p><b>Corporate governance</b></p> <p>The Company has zero tolerance for any form or manifestation of corporate fraud and corruption.</p>
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**ESG RISKS**

Rosneft is fully aware of the importance and impact of sustainability risks, including ESG, on the Company's business. Our commitment to sustainable business principles was further highlighted in the new Rosneft-2030 strategy. It seeks to reduce the Company's carbon footprint and boost its operational and financial efficiency. The Strategy will help solidify Rosneft's position in the global hydrocarbon market as a reliable producer and supplier of energy, minimising its environmental and climate impact. Rosneft aims

to achieve net carbon neutrality by 2050 with respect to Scope 1 and 2 emissions. To accomplish this goal, the Company plans to reduce emissions, leverage low-carbon generation, develop energy-saving, carbon capture and storage technologies, and promote natural absorption.

We analyse sustainability risks as part of the effort to identify and assess risks that can affect the Company's long-term goals (strategic risks and threats). The annual process to identify and assess (prioritise) strategic risks and threats takes into account Russian

and international research on the oil and gas industry development, and is based on the Company's strategic targets as set out in its development strategy. Following this analysis, we determine a list of strategic threats that can potentially impact the Company's ability to achieve its strategic goals. This list includes threats related to various aspects of sustainable development, including the following strategic threats.

**Environmental**

Changes in the structure/volume of energy consumption	Energy saving and efficiency	Fast advance of alternative energy
Climate change in the regions where the Company operates	Business restrictions stemming from climate initiatives	Changes in corporate governance standards and regulations
Carbon regulation		

**Corporate Governance**

Tighter regulation and requirements in the industry	Deterioration of the tax regime
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**Employee safety, HR and social policy**

Accidents and environmental damage	Natural disasters	Armed conflicts, terrorism, civil disturbance
Cyber security	HR and social risks	Epidemics and diseases
Safety of critical facilities		

Rosneft's management evaluates the impact of strategic threats (including those related to sustainable development) on the Company's strategic targets using expert analysis and statistical approaches. The assessment horizon and the metrics

used depend on the way specific targets are set out in the Strategy. The results are then consolidated using the probability theory and mathematical statistics methods to identify the key strategic threats, assess strategic risks and develop measures to mitigate them.

Based on the 2021 strategic risks and strategic threats assessment, the Company's management specified the following strategic sustainability threats: tighter regulation and requirements in the industry, accidents and environmental damage.

## Internal audit

In 2021, Rosneft's Internal Audit Service was governed by the Company's Policy on Internal Audit, Code of Ethics of the International Institute of Internal Auditors and international professional standards of internal audit.

The Internal Audit Service assists Rosneft's Board of Directors and its executive bodies in enhancing the Company's management efficiency and improving its financial and business performance, including through

a systematic and consistent approach to the analysis and evaluation of the Risk Management and Internal Control System (RM&ICS) as well as corporate governance, therefore providing reasonable assurance that the Company will achieve its goals. It also helps ensure:

- accuracy, reliability, and integrity of information on the Company's financial and business operations, including those of Group Subsidiaries;

- efficiency and effectiveness of the Company's operations, including those of Group Subsidiaries;
- room for improvement available across the Company's financial and business operations, including those of Group Subsidiaries;
- integrity of the Company's assets, including those of Group Subsidiaries.

**Rosneft's internal audit function is performed by the Vice President – Head of Internal Audit and the Company's functional units, specifically the Operational Audit Department, the Corporate Audit Department, the Regional Audit Department, the Internal Audit Methodology and Management Division, and the Economic and Organisational Analysis Division. In accordance with Rosneft's organisational structure approved by the Board of Directors, units of the Internal Audit Service report directly to the Head of Internal Audit.**

### Rosneft's Internal Audit Service is mainly responsible for:

- developing an internal audit plan based on the risk-oriented approach;
- assessing the RM&ICS reliability and performance as well as its adequacy given the scale and complexity of the Company's business;
- assessing corporate governance;
- conducting audits and activities in line with the internal audit plan approved by Rosneft's Chief Executive Officer and endorsed by the Board's Audit Committee;
- performing other inspections and tasks as instructed by Rosneft's Board of Directors (its Audit Committee) and/or the Company's Chief Executive Officer;
- analysing audit targets to look into, and evaluate specific aspects of their activity;
- developing recommendations for streamlining business processes, including their integrity, risk management and internal controls;
- advising the Company's executive bodies on risk management, internal controls, and corporate governance (provided that the internal audit remains independent and impartial);
- monitoring the Company's progress in addressing breaches and shortcomings identified during internal audits;
- assisting the Company's executive bodies in investigating abusive or unlawful practices by the Company's employees and third parties, including negligence, corporate fraud, corrupt practices, abuses and various wrongdoings detrimental to the Company;
- cooperating with the Company's business units on internal audit matters;
- implementing the Internal Audit Quality Assurance and Improvement Programme;
- performing other functions essential to meet the tasks assigned.

## Reporting and Accountability Lines of Internal Audit

Functionally, the Internal Audit Service reports to Rosneft's Board of Directors. This implies:

- approving Policy-level internal regulations on internal audit (specifically, the Policy on Internal Audit that sets out its goals, objectives, and roles);
- deciding on the appointment and removal of the Head of Internal Audit;
- reviewing internal audit plans and performance reports;
- approving the Internal Audit's budget and remuneration of the Head of Internal Audit;
- the Board's Audit Committee reviewing material limitations of authority and other restrictions likely to adversely affect performance of the Internal Audit Service.

Administratively, the Internal Audit reports to Rosneft's Chief Executive Officer. This implies:

- allocating necessary funds within the approved budget;
- approving internal audit plans;
- reviewing internal audit performance reports;
- facilitating the cooperation with Rosneft's and Group Subsidiaries' business units;
- administering internal audit policies and procedures.

The existing reporting lines whereby the Head of Internal Audit reports to the Board of Directors and the Company's executive bodies provide sufficient independence for performing internal audit functions.

Heads of the Internal Audit functional units do not participate in managing functional areas of the Company's business requiring management decisions on audited entities.

In 2021, the Head of Internal Audit additionally acted as a member of the Board of Directors at Bashneft (from 2 December 2021). For that reason, the Company provided for ongoing monitoring of potential conflicts of interest. To ensure independence and impartiality of internal audit, the Head of Internal Audit did not vote on matters requiring management decisions on audited entities and affecting the impartiality of internal audit.

The internal auditors provide written confirmation of their personal impartiality to the heads of the Internal Audit functional units and to the Head of Internal Audit at least once a year, thereby raising awareness among the Internal Audit employees about potential conflicts of interest and related

issues, as well as response procedures to situations which may influence the independence and impartiality of internal audit.

The Head of Internal Audit provides Rosneft's Chief Executive Officer, Board of Directors (its Audit Committee) with confirmation of the organisational independence of the Internal Audit Service and individual impartiality of internal auditors at least once a year, as part of the internal audit performance report.

## External assessment of the Internal Audit Service

In September 2021, our Internal Audit Service underwent assessment by a qualified independent auditor – KPMG. The Internal Audit Service of Rosneft is generally in line with the International Standards for the Professional Practice of Internal Audit and the Code of Ethics of the International Institute of Internal Auditors.

KPMG experts benchmarked Rosneft's internal audit practice against global natural resources peers to conclude that the Company's Internal Audit Service conforms to the best international practices.

## Internal Audit Performance in 2021

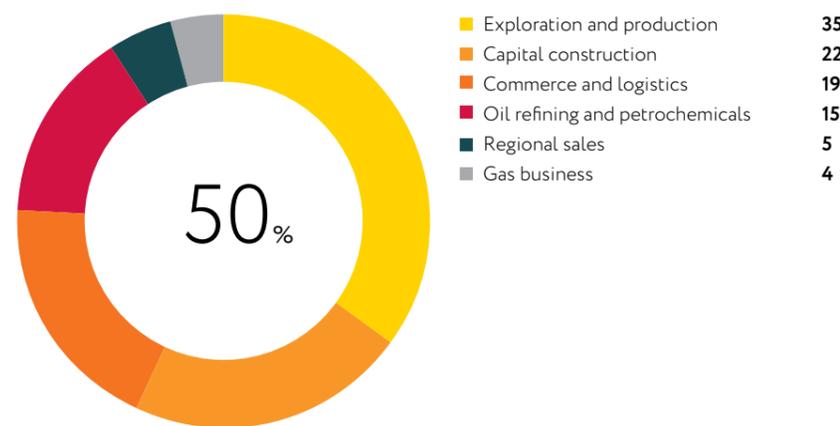
The internal audit plan is based on an audit model and uses information and requests received from Rosneft's executive bodies and Board of Directors, as well as its risk evaluation results. It includes audits and other activities and is subject to approval by Rosneft's Chief Executive Officer and endorsement by the Board's Audit Committee. Details of the plan are presented to the Company's Board of Directors as part of the internal audit report for the previous period.

The internal audit reports for the first six months and the full year of 2021 were reviewed by the Chief Executive Officer, the Board's Audit Committee and the Board of Directors of Rosneft.

The Internal Audit Service completed all planned activities in line with its internal audit plan for 2021.

### Key focus areas in 2021%

#### Core processes, including:



At least twice a year, the Head of Internal Audit procures to prepare and submit this report to Rosneft's Board of Directors and its executive bodies (including information about material risks, breaches and shortcomings, follow-up monitoring of their elimination, performance against the internal auditors' proposals following the check of progress in remedial actions, delivery of the internal audit plan, and assessment of reliability and performance of the Company's RM&ICS and corporate governance).

The Internal Audit Service prepares and annually updates a three-year plan comprising information on:

- processes at the top level and at Group Subsidiaries;
- assessment of risks related to top-level processes;
- planned checks and internal audits of top-level processes over the three-year period.

The plan covers the highest-risk processes and major Group Subsidiaries.

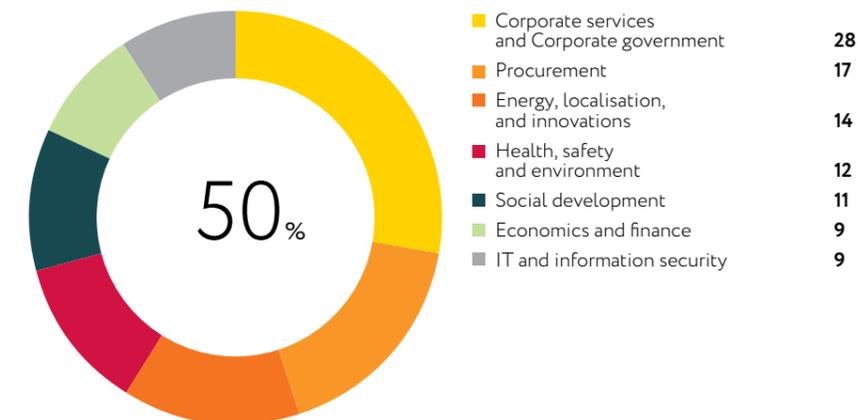
In 2021, Rosneft's Internal Audit Service continued to implement projects aimed at improving and examining the control environment at the Company. These are based on the Company's strategic goals, business process assessments, and internal audits. The key initiatives focus on:

- accounting of oil and petroleum products inventory and well costs;
- monitoring the efficiency of geological solutions, field development, as well as drilling and well workover processes;
- improving HSE processes and management systems;
- preventive procurement control at Rosneft and Group Subsidiaries.

The assessment results were reviewed by the Board's Audit Committee and the Board of Directors of Rosneft.

In the reporting period, all employees of the Internal Audit Service underwent training in their core business areas, including internal audit, IT, countering corruption and fraud, risk management and internal control, and more. Some Internal Audit Service employees successfully completed professional retraining programme on internal audit and control at Gubkin

### Supporting processes:



**Following the 2021 assessment of the risk management and internal control system, the Internal Audit Service concluded that the RM&ICS ensured overall support of the risk management process and efficient internal control system, providing reasonable assurance that the Company would achieve its goals.**

Russian State University of Oil and Gas. The programme is sponsored by Rosneft's Internal Audit Service.

The Company supported the master's curriculum in Internal Audit and Control run by the Financial Management Department at Gubkin Russian State University of Oil and Gas to train internal audit specialists for the oil and gas industry.

In the reporting year, we organised and held meetings to share experience with internal audit professionals from foreign and Russian oil and gas companies.

In 2021, we held two Internal Audit Service staff meetings involving Rosneft businesses and functional units. The Internal Audit Service ensures effective communication with the Board's Audit Committee, Rosneft's Chief Executive Officer (including through personal reports on material audit results), Rosneft's management, the Audit Commission, external auditor and the management of the Group Subsidiaries.

## SHAREHOLDER RELATIONS, KEY EVENTS IN 2021

The Company has established a multi-level system to protect the rights of its shareholders.

### Shareholder rights guaranteed by law

Pursuant to the Russian laws, the Company's shareholders have the right to:

- vote at the General Shareholders Meeting on a one-share-one-vote basis;
- propose items for the agenda of the General Shareholders Meeting and nominate candidates to the Board of Directors (if a shareholder owns at least 2% of voting shares);
- exercise pre-emptive right to buy shares in any future issue and issue-grade securities convertible into shares;
- receive dividends declared by the Company, in proportion to the number of shares held;
- review information and materials provided in preparation for the General Shareholders Meeting;
- obtain information on the Company's operations upon request and as established by the Russian laws;
- freely dispose of Rosneft's shares;
- exercise other rights granted under the Russian law.

### Additional rights guaranteed by the Company's Charter and internal regulations

The Company offers equal and fair opportunities for its shareholders to exercise their legal rights by securing

- additional rights and procedures in the Charter and internal regulations, including the right to:
  - receive part of the Company's profit as dividend;
- receive necessary information on the Company on a timely and regular basis;
- participate in managing the Company's operations.

### Independent and professional Board of Directors

The composition of the Board of Directors and the number of Board members reflect the Company's shareholding structure. Electing

Board members by cumulative voting guarantees the rights and legitimate interests of shareholders.

The Board of Directors consists of four independent directors of internationally recognised business standing.

## Official channels of communication with shareholders

The Company has established efficient means of communicating with its shareholders.

The Company has several communication channels in place to facilitate the exercise of corporate rights and promote efficient shareholder relations, including:

- Shareholder account on the Company's website;
- 24 hour shareholder Hotline (a multichannel phone line to receive and handle calls): 8,800,500 1100 (toll-free within Russia); +7,495,987 3060;
- mailing address for letters: 26/1 Sofiyskaya Embankment, Moscow, 117997, Russia;
- e-mail for requests: [shareholders@rosneft.ru](mailto:shareholders@rosneft.ru);
- fax: +7,499,517 8653.

#### Shareholder's Personal Account

Shareholder's Personal Account put into operation in 2019 enables Rosneft's shareholders, regardless of where their shares are kept, to take part in the General Shareholders Meeting online: register, vote on the agenda items, review information for the meeting, and ask their questions to the speakers.

All Rosneft shareholders of record also can:

- receive updates on their accounts in the register of shareholders online;
- use the registrar's services remotely (request and receive certificates, extracts, and notices) and pay for them online;



Shareholders can log into their Shareholder's Personal Account



To gain access to their Shareholder's Personal Account, shareholders need to request login and password from the Moscow Head Office or regional branches of the Company's registrar, LLC Reestr-RN.

The rules governing the procedure of registering a Shareholder's Personal Account can be found on the website of LLC Reestr-RN or on the Company's website.

Any questions concerning access to the Shareholder's Personal Account can be addressed to:

- LLC Reestr-RN call centre by phone: +7,495,411 7911 (email: [support@reestrrn.ru](mailto:support@reestrrn.ru));
- Hotline for Rosneft shareholders at: 8,800,500 1100 (toll-free within Russia) and +7,495,987 3060 (email: [shareholders@rosneft.ru](mailto:shareholders@rosneft.ru)).

In 2021, the Corporate Governance Department handled 5,483 applications, including:

- 4,212 phone calls;
- 640 letters;
- 183 emails;
- 448 requests claiming unpaid dividends for prior periods.



Answers to frequently asked questions can be found on the Company's website.



## Protecting shareholders' title to shares

**The Company practices reliable and safe methods of recording title to its shares and has engaged a professional registrar to maintain its Shareholder Register.**

The registrar is LLC Reestr-RN acting under a perpetual licence to register security holders.

LLC Reestr-RN has been operating in the registrar services market for over 20 years and ranks among the top ten Russian registrars. The company keeps registers for more than 1.6 thousand issuers, with an inventory of 530.7 thousand personal accounts to record the rights

of their shareholders. Shareholder service offices and transfer agent offices of LLC Reestr-RN operate in the regions where the majority of Company shareholders reside and include the Head Office, 13 branches, 44 transfer agent offices at regional branches of LLC Reestr-RN's partner registrars, 5 transfer agent offices at Rosneft's partner banks, and a contact and service centre for Rosneft shareholders.

The Company, together with LLC Reestr-RN, regularly notifies its shareholders of the need to update their personal data recorded in the Shareholders Register of Rosneft.



Resolutions of the General Shareholders Meeting



Rosneft Regulation on Provision of Information to Rosneft Shareholders



Contact Details of the Registrar and its Service Offices

# APPENDIX 1

## (Consolidated financial statements Rosneft Oil Company for the year ended December 31, 2021)

# CONSOLIDATED FINANCIAL STATEMENTS ROSNEFT OIL COMPANY FOR THE YEAR ENDED DECEMBER 31, 2021

## Consolidated balance sheet (in billions of Russian rubles)

	NOTES	AS OF DECEMBER 31,	
		2021	2020 (RESTATED) <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	659	806
Restricted cash	18	14	17
Other short-term financial assets	19	921	817
Accounts receivable	20	698	468
Bank loans granted		188	131
Inventories	21	498	360
Value added tax, excise and other taxes receivable	22	354	176
Prepayments and other current assets	23	203	146
<b>Total current assets</b>		<b>3,535</b>	<b>2,921</b>
<b>Non-current assets</b>			
Property, plant and equipment	24	10,585	10,405
Right-of-use assets	25	143	155
Intangible assets	26	86	80
Other long-term financial assets	27	332	275
Investments in associates and joint ventures	28	877	846
Bank loans granted		524	363
Deferred tax assets	15	39	54
Goodwill	26	82	82
Other non-current non-financial assets	29	254	172
<b>Total non-current assets</b>		<b>12,922</b>	<b>12,432</b>
<b>Total assets</b>		<b>16,457</b>	<b>15,353</b>

	NOTES	AS OF DECEMBER 31,	
		2021	2020 (RESTATED) <sup>1</sup>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	30	1,634	1,563
Loans and borrowings and other financial liabilities	31	904	798
Income tax liabilities		16	14
Other tax liabilities	32	635	301
Provisions	33	56	68
Prepayment on long-term oil and petroleum products supply agreements	34	431	357
Other current liabilities		7	8
<b>Total current liabilities</b>		<b>3,683</b>	<b>3,109</b>
<b>Non-current liabilities</b>			
Loans and borrowings and other financial liabilities	31	3,801	3,810
Deferred tax liabilities	15	1,048	1,073
Provisions	33	342	437
Prepayment on long-term oil and petroleum products supply agreements	34	953	1,401
Other non-current liabilities	35	141	51
<b>Total non-current liabilities</b>		<b>6,285</b>	<b>6,772</b>
<b>Equity</b>			
Share capital	37	1	1
Treasury shares	37	(370)	(370)
Additional paid-in capital		1,291	1,100
Reserve for foreign exchange differences on translation of foreign operations		(55)	(66)
Other funds and reserves		27	34
Retained earnings	37	4,638	3,992
<b>Rosneft shareholders' equity</b>		<b>5,532</b>	<b>4,691</b>
Non-controlling interests	16	957	781
<b>Total equity</b>		<b>6,489</b>	<b>5,472</b>
<b>Total liabilities and equity</b>		<b>16,457</b>	<b>15,353</b>

<sup>1</sup> Certain amounts have been restated to reflect the effects of finalized purchase price allocation of 2020 acquisitions (Note 7).

## Consolidated statement of profit or loss

(in billions of Russian rubles, except earnings per share data, and share amounts)

	NOTES	FOR THE YEARS ENDED DECEMBER 31,	
		2021	2020 (RESTATED) <sup>1</sup>
<b>REVENUES AND EQUITY SHARE IN PROFITS OF ASSOCIATES AND JOINT VENTURES</b>			
Oil, gas, petroleum products and petrochemicals sales	8	8,561	5,628
Support services and other revenues		112	77
Equity share in profits of associates and joint ventures	28	88	52
<b>Total revenues and equity share in profits of associates and joint ventures</b>		<b>8,761</b>	<b>5,757</b>
<b>COSTS AND EXPENSES</b>			
Production and operating expenses		654	767
Cost of purchased oil, gas, petroleum products, goods for retail and refining costs		1,572	691
General and administrative expenses		149	127
Transportation costs and other commercial expenses		640	661
Exploration expenses		8	15
Depreciation, depletion and amortization	24–26	668	663
Taxes other than income tax	9	3,103	2,121
Export customs duty	10	463	334
<b>Total costs and expenses</b>		<b>7,257</b>	<b>5,379</b>
<b>OPERATING INCOME</b>		<b>1,504</b>	<b>378</b>
Finance income	11	129	95
Finance expenses	12	(229)	(220)
Other income	13	34	518
Other expenses	13	(188)	(463)
Foreign exchange differences		2	(163)
Realized foreign exchange differences on hedge instruments	6	–	2
<b>Income before income tax</b>		<b>1,252</b>	<b>147</b>
Income tax (expense)/benefit	15	(240)	19
<b>Net income</b>		<b>1,012</b>	<b>166</b>
<b>Net income attributable to:</b>			
• Rosneft shareholders		883	132
• non-controlling interests	16	129	34
<b>Net income attributable to Rosneft shareholders per common share (in RUB) – basic and diluted</b>	17	<b>92.95</b>	<b>13.37</b>
<b>Weighted average number of shares outstanding (millions)</b>		<b>9,500</b>	<b>9,876</b>

<sup>1</sup> Certain amounts have been restated to reflect the effects of finalized purchase price allocation of 2020 acquisitions (Note 7).

## Consolidated statement of comprehensive income

(in billions of Russian rubles)

	NOTES	FOR THE YEARS ENDED DECEMBER 31,	
		2021	2020 (RESTATED) <sup>1</sup>
<b>Net income</b>		<b>1,012</b>	<b>166</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) – TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>			
Foreign exchange differences on translation of foreign operations		11	119
Foreign exchange cash flow hedges	6	–	(2)
(Loss)/income from changes in fair value of debt financial assets at fair value through other comprehensive income		(5)	3
(Decrease)/increase in loss allowance for expected credit losses on debt financial assets at fair value through other comprehensive income		(6)	1
Equity share in other comprehensive loss of associates		–	(1)
Income tax related to other comprehensive loss – to be reclassified to profit or loss in subsequent periods	6	2	–
<b>Total other comprehensive income – to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>2</b>	<b>120</b>
<b>OTHER COMPREHENSIVE INCOME – NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>			
Income from changes in fair value of equity financial assets at fair value through other comprehensive income		2	3
Income tax related to other comprehensive income – not to be reclassified to profit or loss in subsequent periods		–	(1)
<b>Total other comprehensive income – not to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>2</b>	<b>2</b>
<b>Total comprehensive income, net of tax</b>		<b>1,016</b>	<b>288</b>
<b>Total comprehensive income, net of tax, attributable to:</b>			
• Rosneft shareholders		887	254
• non-controlling interests		129	34

## Consolidated statement of changes in equity

(in billions of Russian rubles, except share amounts)

	NUMBER OF SHARES (MILLIONS)	SHARE CAPITAL	TREASURY SHARES	ADDITIONAL PAID-IN CAPITAL	RESERVE FOR FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	OTHER FUNDS AND RESERVES <sup>2</sup>	RETAINED EARNINGS	ROSNEFT SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2020	10,598	1	–	635	(185)	31	4,032	4,514	635	5,149
Net income	–	–	–	–	–	–	132	132	34	166

<sup>1</sup> Certain amounts have been restated to reflect the effects of finalized purchase price allocation of 2020 acquisitions (Note 7).

	NUMBER OF SHARES (MILLIONS)	SHARE CAPITAL	TREASURY SHARES	ADDITIONAL PAID-IN CAPITAL	RESERVE FOR FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	OTHER FUNDS AND RESERVES <sup>2</sup>	RETAINED EARNINGS	ROSNEFT SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Other comprehensive income	-	-	-	-	119	3	-	122	-	122
<b>Total comprehensive income (restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>3</b>	<b>132</b>	<b>254</b>	<b>34</b>	<b>288</b>
Dividends declared (Note 37)	-	-	-	-	-	-	(172)	(172)	(63)	(235)
Acquisition of treasury shares (Note 37)	(1,098)	-	(370)	-	-	-	-	(370)	-	(370)
Change of interest in subsidiaries (Note 16)	-	-	-	469	-	-	-	469	174	643
Disposal of subsidiaries	-	-	-	-	-	-	-	-	1	1
Other movements (Note 16)	-	-	-	(4)	-	-	-	(4)	-	(4)
<b>Balance at December 31, 2020 (restated)</b>	<b>9,500</b>	<b>1</b>	<b>(370)</b>	<b>1,100</b>	<b>(66)</b>	<b>34</b>	<b>3,992</b>	<b>4,691</b>	<b>781</b>	<b>5,472</b>
Net income	-	-	-	-	-	-	883	883	129	1,012
Other comprehensive income/(loss)	-	-	-	-	11	(7)	-	4	-	4
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>(7)</b>	<b>883</b>	<b>887</b>	<b>129</b>	<b>1,016</b>
Dividends declared (Note 37)	-	-	-	-	-	-	(237)	(237)	(66)	(303)
Change of interest in subsidiaries (Note 16)	-	-	-	207	-	-	-	207	91	298
Disposal of subsidiaries	-	-	-	-	-	-	-	-	1	1
Other movements (Note 16)	-	-	-	(16)	-	-	-	(16)	21	5
<b>Balance at December 31, 2021</b>	<b>9,500</b>	<b>1</b>	<b>(370)</b>	<b>1,291</b>	<b>(55)</b>	<b>27</b>	<b>4,638</b>	<b>5,532</b>	<b>957</b>	<b>6,489</b>

<sup>2</sup> Other funds and reserves include a reserve for changes in fair value of equity and debt financial assets at fair value through other comprehensive income, a reserve for expected credit losses on such debt financial assets, a reserve for equity share in other comprehensive income of associates and joint ventures, and a reserve for foreign exchange cash flow hedges.

## Consolidated statement of cash flows

(in billions of Russian rubles)

	NOTES	FOR THE YEARS ENDED DECEMBER 31,	
		2021	2020 (RESTATED)
<b>OPERATING ACTIVITIES</b>			
Net income/(loss)		1,012	166
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Depreciation, depletion and amortization	24-26	668	663
Loss on disposal of non-current assets	13	19	15
Dry hole costs		4	8
Offset of prepayments received on oil and petroleum products long term supply agreements	34	(374)	(300)
Offset of prepayments made on oil and petroleum products long term supply agreements including interests		12	9
Foreign exchange (loss)/gain		(27)	252
Realized foreign exchange differences on hedge instruments	6	-	(2)
Offset of other financial liabilities		(143)	(160)
Equity share in profits of associates and joint ventures	28	(88)	(52)
Non-cash loss/(income) from acquisitions and sales, net		1	(512)
Changes in provisions for financial assets		2	(14)
Loss from changes in reserves and impairment of assets		110	388
Finance expenses	12	229	220
Finance income	11	(129)	(95)
Income tax expense/(income)	15	240	(19)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>			
(Increase)/decrease in accounts receivable, gross		(180)	46
(Increase)/decrease in inventories		(146)	48
Decrease/(increase) in restricted cash		3	(7)
(Increase)/decrease in prepayments and other current assets		(150)	58
Increase in long-term prepayments made on oil and petroleum products supply agreements including current portion		(182)	(12)
Increase/(decrease) in accounts payable and accrued liabilities		81	(58)
Increase/(decrease) in other tax liabilities		345	(78)
Increase/(decrease) in other current reserves		3	(3)
Decrease in other current liabilities		(1)	(3)

	NOTES	FOR THE YEARS ENDED DECEMBER 31,	
		2021	2020 (RESTATED)
Decrease in other non-current liabilities		(3)	-
Proceeds under long-term oil and petroleum products supply agreements		-	1,004
Interest paid on long-term prepayment received on oil and petroleum products supply agreements		(4)	(14)
Net increase in operating assets of subsidiary banks		(224)	(34)
Net increase in operating liabilities of subsidiary banks		182	227
<b>Net cash provided by operating activities before income tax and interest</b>		<b>1,260</b>	<b>1,741</b>
Income tax payments		(238)	(126)
Interest received		103	98
Dividends received		41	32
<b>Net cash provided by operating activities</b>		<b>1,166</b>	<b>1,745</b>
<b>INVESTING ACTIVITIES</b>			
Capital expenditures		(1,049)	(785)
Acquisition of licenses and auction fee payments		(24)	(4)
Acquisition of short-term financial assets		(482)	(378)
Proceeds from sale of short-term financial assets		382	100
Proceeds from sale of long-term financial assets		17	13
Acquisition of long-term financial assets		(100)	(51)
Acquisition of interest and additional capital contribution to the associates and joint ventures		(3)	(4)
Proceeds from sale of interest in subsidiaries, net of disposal cash		4	31
Proceeds from sale of joint operations	7	38	-
Proceeds from capital repayment by associates		15	-
Acquisition of interest in subsidiaries, net of cash acquired, and joint arrangements	7	(111)	(633)
Proceeds from sale of property, plant and equipment		15	17
<b>Net cash used in investing activities</b>		<b>(1,298)</b>	<b>(1,694)</b>

	NOTES	FOR THE YEARS ENDED DECEMBER 31,	
		2021	2020 (RESTATED)
<b>FINANCING ACTIVITIES</b>			
Proceeds from short-term loans and borrowings		93	623
Repayment of short-term loans and borrowings		(159)	(797)
Proceeds from long-term loans and borrowings		672	1,218
Repayment of long-term loans and borrowings		(534)	(588)
Proceeds from other financial liabilities		177	54
Repayment of other financial liabilities		(32)	(107)
Distributions to non-controlling shareholders of subsidiaries		(4)	-
Interest paid		(262)	(256)
Other financing received		9	3
Repurchase of bonds		-	(29)
Proceeds from sale of non-controlling share in subsidiaries	16	299	644
Dividends paid to non-controlling shareholders		(41)	(63)
Dividends paid to shareholders	37	(237)	(172)
<b>Net cash (used in)/provided by financing activities</b>		<b>(19)</b>	<b>530</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(151)</b>	<b>581</b>
Cash and cash equivalents at the beginning of the year	18	806	228
Effect of foreign exchange on cash and cash equivalents		4	(3)
<b>Cash and cash equivalents at the end of the year</b>	<b>18</b>	<b>659</b>	<b>806</b>

# APPENDIX 2

## (Report on compliance with the principles and recommendations of the Corporate Governance Code)

### REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

This report on compliance with the principles and recommendations of the Corporate Governance Code (the Report) was reviewed by Rosneft's Board of Directors at a meeting held on \_\_\_\_\_ 2022 (Minutes No. \_\_ dated \_\_ April 2022) as part of the 2021 Annual Report.

The Board of Directors certifies that this Report contains complete and reliable information on Rosneft's compliance with the principles and recommendations of the Corporate Governance Code in 2021.

Rosneft assesses its compliance with the Corporate Governance Code as per the guidelines recommended by the Bank of Russia in Letter

No. IN-06-28/102 on Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint-Stock Company dated 27 December 2021. Key aspects of the Company's corporate governance model and practice are outlined in Section \_\_\_\_\_ of Rosneft's 2021 Annual Report.

NO.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	STATUS <sup>1</sup> OF COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	EXPLANATIONS <sup>2</sup> ON THE FAILURE TO MEET CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE
1.1.	<b>THE COMPANY SHALL ENSURE EQUITABLE AND FAIR TREATMENT OF ALL SHAREHOLDERS EXERCISING THEIR RIGHT TO PARTICIPATE IN MANAGING THE COMPANY.</b>			
1.1.1	The Company provides the best possible conditions for shareholders to participate in General Shareholders Meetings, make informed decisions on agenda items, coordinate their actions and express their opinions on matters under consideration	1. The Company provides an easily accessible communication channel, such as a hotline, email or online forum, for shareholders to express their opinions and put questions regarding the agenda in preparation for a General Shareholders Meeting. The Company provided such communication channels and made them available to shareholders before every General Shareholders Meeting held in the reporting period	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	To maintain effective relations with shareholders, Rosneft provides the following communication channels: a shareholder hotline, mail and email, fax. The Company does not consider setting up a dedicated online forum, as it has other communication channels in place, as well as provides for the opportunity to discuss agenda items at General Shareholders Meetings and, if relevant, using Rosneft's social networks, which are mentioned on Rosneft's official website

<sup>1</sup> The "complied with" status is assigned only if the Company's corporate practice meets all the criteria for compliance with a corporate governance principle set out in the third column of the form to be used for reporting on compliance with the Code's principles. If the Company's corporate practice meets only some of the compliance criteria or none of them, the "complied with in part" or "not complied with" status is assigned in the fourth column of the form to be used for reporting on compliance with the Code's principles.

<sup>2</sup> Explanations are given for each criterion for compliance with a corporate governance principle (assessment criterion) if the Company meets only some of the criteria or none of them.

NO.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	STATUS OF COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	EXPLANATIONS ON THE FAILURE TO MEET CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE
1.1.2	The procedure to notify shareholders of a General Shareholders Meeting and provide them with relevant materials enables them to get well-prepared	<ol style="list-style-type: none"> <li>In the reporting year, the notice of a General Shareholders Meeting was posted (published) on the Company's website at least 30 days prior to the date of the Meeting, unless the applicable law established a longer period.</li> <li>The notice specified the documents required for admission to the Meeting venue.</li> <li>Shareholders were informed about the persons who proposed agenda items and nominated candidates to the Company's Board of Directors and Audit Commission (if the Company's Charter required establishing such Commission)</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
1.1.3	When preparing for and participating in a General Shareholders Meeting, shareholders have unrestricted and timely access to any relevant information and materials, and are able to put questions to the Company's executive bodies and directors, as well as communicate with one another	<ol style="list-style-type: none"> <li>In the reporting period, shareholders had the opportunity to put questions to the Company's executive bodies and directors both before and during the General Shareholders Meeting.</li> <li>The Board of Directors' opinions (including dissenting opinions (if any) recorded in the minutes) on each of the agenda items of the General Shareholders Meetings held in the reporting period were added to the Meeting materials.</li> <li>The lists of persons entitled to participate in each General Shareholders Meeting in the reporting period were made available to the shareholders eligible to review such lists as soon as the Company received those</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
1.1.4	There are no unjustified difficulties preventing shareholders from exercising their rights to convene a General Shareholders Meeting, nominate candidates to the governing bodies and propose items for the agenda	<ol style="list-style-type: none"> <li>The Charter enables shareholders to propose items for the agenda of the Annual General Shareholders Meeting during at least 60 days after the end of the respective calendar year.</li> <li>In the reporting period, the Company rejected no item proposed for the agenda and no candidate to the Company's bodies due to misprints or other minor flaws in shareholders' proposals</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
1.1.5	Each shareholder is able to exercise their voting right without hindrance, in the simplest and most convenient way	<ol style="list-style-type: none"> <li>The Company's Charter enables shareholders to fill out an electronic voting ballot on the website specified in the notice of a General Shareholders Meeting</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

NO.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	STATUS OF COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	EXPLANATIONS ON THE FAILURE TO MEET CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE
1.1.6	The procedure for holding a General Shareholders Meeting established by the Company provides all persons present at the Meeting with equal opportunities to express their opinions and ask questions	<ol style="list-style-type: none"> <li>In the reporting period, sufficient time for reporting on and discussing agenda items was provided at General Shareholders Meetings held in the form of a meeting (joint presence of shareholders), with shareholders having an opportunity to express their opinions and ask questions on agenda items.</li> <li>The Company extended invitations to the candidates nominated to the Company's governing and supervisory bodies and took all the necessary steps to make sure they participate in the General Shareholders Meeting convened to vote on their candidacies. During the Meeting, candidates to the Company's governing and supervisory bodies were available for questions from the shareholders.</li> <li>The sole executive body, the officer in charge of accounting, the Chairman or other members of the Board's Audit Committee were all available for questions from the shareholders during the General Shareholders Meetings held in the reporting period.</li> <li>In the reporting period, the Company used telecommunications equipment to provide shareholders with remote access to participate in the General Shareholders Meetings, or the Board of Directors made a well-informed decision to abstain from using such equipment in the reporting period due to its irrelevance (unavailability)</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	Explanation on items 1–3: no General Shareholders Meetings were held in the form of a meeting (joint presence of shareholders) during the reporting period due to the restrictions induced by the COVID-19 pandemic (for example, see Orders of the Mayor of Moscow No. 12-UM dated 5 March 2020 and No. 68-UM dated 8 June 2020) and in line with Federal Law No. 17-FZ On Amending the Federal Law On International Companies and International Foundations and Suspending Certain Provisions of the Federal Law On Joint-Stock Companies and the Federal Law On Limited Liability Companies dated 24 February 2021. Explanation on item 4: the Company has the Corporate Governance analytical information system in place. It enables shareholders to vote online and interact with Rosneft and the registrar via Shareholder's Personal Account

NO.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	STATUS OF COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	EXPLANATIONS ON THE FAILURE TO MEET CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE
<b>1.2.</b>	<b>SHAREHOLDERS ARE PROVIDED WITH AN EQUITABLE AND FAIR OPPORTUNITY TO RECEIVE A SHARE OF THE COMPANY'S PROFITS IN THE FORM OF DIVIDENDS</b>			
1.2.1	The Company has developed and implemented a transparent and clear procedure to determine the amount of dividends and pay them out	<ol style="list-style-type: none"> <li>Regulations on the Company's Dividend Policy have been approved by the Board of Directors and disclosed on the Company's website.</li> <li>If, in accordance with the dividend policy of a company issuing consolidated financial statements, the amount of dividends is determined based on the company's results recorded in its financial statements, the dividend policy shall employ the consolidated financial statements.</li> <li>In the reporting period, substantiation of the suggested net income distribution arrangements, including dividend payments and allocations for the Company's own needs, and their assessment for compliance with the Company's dividend policy (including explanations and the economic rationale for allocating part of the net income to cover the Company's own needs) were included in the materials for the General Shareholders Meeting set to consider income distribution (including dividend payments / dividend declaration)</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	The Company has approved a Rosneft Dividend Policy. In line with this Policy, the Company shall distribute at least 50% of its net income recorded in the IFRS consolidated financial statements (subject to Resolution of the Government of the Russian Federation No. 774-r dated 29 May 2006). The Board of Directors also works to establish if it is possible to pay out dividends in the amount determined pursuant to the Rosneft Dividend Policy and includes the relevant analysis in the Meeting materials. In accordance with recommendations approved by the Bank of Russia with respect to the disclosure of a report on compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint-stock company (the Bank of Russia's Letter No. IN-06-28/102 dated 27 December 2021), the Company included explanations of the Board of Directors on allocating part of the Company's income for certain needs in the materials for the General Shareholders Meeting set to consider income distribution (for 2021)
1.2.2	The Company does not resolve to pay out dividends if such resolution, though not in breach of the legislation, is not economically viable and may lead to false assumptions about the Company's operations	<ol style="list-style-type: none"> <li>In addition to statutory restrictions, the Regulations on the Company's Dividend Policy define financial/ economic circumstances under which the Company shall not pay out dividends.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	Pursuant to Resolution of the Government of the Russian Federation No. 774-r dated 29 May 2006, the Rosneft Dividend Policy sets the target dividend at no less than 50% of Rosneft's IFRS net income. In accordance with recommendations approved by the Bank of Russia with respect to disclosure of compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint-stock company (the Bank of Russia's Letter No. IN-06-28/102 dated 27 December 2021), the Company included explanations of the Board of Directors on the absence of any financial limitations on dividend payments in the materials for the General Shareholders Meeting set to consider income distribution (for 2021).
1.2.3	The Company does not allow any negative changes in the dividend rights of its current shareholders	<ol style="list-style-type: none"> <li>In the reporting period, the Company did not perform any actions causing negative changes in the dividend rights of its current shareholders</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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1.2.4	The Company makes every effort to prevent shareholders from receiving profit (gain) from the Company other than in the form of dividends and liquidation value	<ol style="list-style-type: none"> <li>In the reporting period, persons controlling the Company did not use any means to receive profit (gain) from the Company other than in the form of dividends (for example, by resorting to transfer pricing, unjustifiably rendering services to the Company at inflated prices, or using internal loans issued to controlling persons and/or their controlled entities as a substitution for dividends).</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>1.3.</b>	<b>CORPORATE GOVERNANCE FRAMEWORK AND PRACTICES ENSURE EQUALITY OF ALL SHAREHOLDERS OWNING SHARES OF THE SAME CLASS (TYPE), INCLUDING MINORITY AND FOREIGN SHAREHOLDERS, AND THEIR EQUITABLE TREATMENT BY THE COMPANY</b>			
1.3.1	The Company ensures fair treatment of each shareholder by its governing bodies and controlling persons, specifically allowing no abuse of minority shareholders by major shareholders	<ol style="list-style-type: none"> <li>In the reporting period, persons controlling the Company did not abuse the rights of the Company's shareholders, and there were no conflicts between persons controlling the Company and the Company's shareholders (or even if there were any, the Board of Directors gave such conflicts due consideration)</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
1.3.2	The Company does not perform any actions that will or may result in artificial redistribution of corporate control	<ol style="list-style-type: none"> <li>The Company has no quasi-treasury shares, or no quasi-treasury shares were used in voting during the reporting period</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	Pursuant to the Russian Government's resolution, Rosneft signed an agreement with a 100% government-owned company to sell all of Rosneft's interests and cease participation in all of its projects in Venezuela, including the joint ventures of Petromonagas, Petroperija, Boqueron, Petromiranda and Petrovictoria, as well as oilfield services companies, commercial and trading operations. Based on the agreement, all of the Company's assets and trading operations in Venezuela and/or those with connection to Venezuela have been disposed of, terminated or liquidated. The agreement and the sale of assets resulted in Rosneft's wholly-owned subsidiary receiving a 9.6% stake in its parent company. In addition, the Company's Open Market Share Buyback Programme, which also covers GDRs, saw its wholly-owned subsidiary acquire a further 0.76% stake in the Company. None of these shares were used in voting during the reporting period
<b>1.4.</b>	<b>SHAREHOLDERS ARE PROVIDED WITH RELIABLE AND EFFECTIVE METHODS OF REGISTERING THEIR OWNERSHIP OF SHARES AND THE OPPORTUNITY TO DISPOSE OF THEIR SHARES FREELY AND WITHOUT HINDRANCE</b>			
1.4.1	Shareholders are provided with reliable and effective methods of registering their ownership of shares and the opportunity to dispose of their shares freely and without hindrance	<ol style="list-style-type: none"> <li>The technologies used by the Company's registrar and the terms and quality of rendered services meet the needs of the Company and its shareholders and ensure the most effective way to keep record of share ownership and exercise shareholder rights</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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2.1.	<b>THE BOARD OF DIRECTORS IS RESPONSIBLE FOR THE STRATEGIC MANAGEMENT OF THE COMPANY, FORMULATING KEY PRINCIPLES OF AND APPROACHES TO THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN THE COMPANY, SUPERVISING THE WORK OF THE COMPANY'S EXECUTIVE BODIES AND PERFORMING OTHER CORE FUNCTIONS.</b>			
2.1.1	The Board of Directors is responsible for the appointment of executive bodies and their dismissal, including as a result of failure to perform properly. The Board of Directors also ensures that the Company's executive bodies act in accordance with the approved development strategy and the Company's business profile.	<ol style="list-style-type: none"> <li>The Board of Directors has the powers stated in the Charter to appoint and dismiss members of executive bodies and to determine the terms and conditions of their contracts.</li> <li>In the reporting period, the Nomination (Appointment, HR)<sup>1</sup> Committee considered the matter regarding whether the members of executive bodies had the necessary professional qualification, skills and expertise to meet the current and expected needs of society in line with the Company's approved strategy.</li> <li>In the reporting period, the Board of Directors reviewed the report (reports) of the sole executive body and the collective executive body (if applicable) on the implementation of the Company's strategy.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.1.2	The Board of Directors sets major long-term targets for the Company, as well as assesses and approves its key performance indicators and primary business goals, along with the Company's strategy and business plans with regard to its core operations.	<ol style="list-style-type: none"> <li>In the reporting period, the Board of Directors addressed matters related to the strategy implementation and revision, approval of the Company's financial and business plan (budget), and review of criteria and indicators (including interim ones) as regards delivering on the Company's strategy and business plans.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.1.3	The Board of Directors formulates the principles of and approaches to risk management and internal control system in the Company.	<ol style="list-style-type: none"> <li>The principles of, and approaches to, organising the Company's risk management and internal control system were established by the Board of Directors and are set out in the Company's internal regulations defining the risk and internal control management policy.</li> <li>In the reporting period, the Board of Directors approved (revised) the Company's acceptable risks (risk appetite) or the Audit Committee and/or the Risk Committee (if applicable) considered the feasibility of putting forward the revision of the Company's risk appetite for consideration by the Board of Directors.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

<sup>1</sup> the «Nomination Committee»

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2.1.4	The Board of Directors determines the Company's policy on remuneration and/or reimbursement of expenses (compensations) to its directors, executive bodies and other key managers.	<ol style="list-style-type: none"> <li>The Company has developed and implemented the policy (policies) approved by the Board of Directors on remuneration and reimbursement of expenses (compensations) to its directors, executive bodies and other key managers.</li> <li>In the reporting period, the Board of Directors addressed matters related to the above policy (policies).</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.1.5	The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the Company's bodies, shareholders and employees.	<ol style="list-style-type: none"> <li>The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts.</li> <li>The Company has developed a framework for identifying transactions involving a conflict of interest and a set of measures for resolving such conflicts.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.1.6	The Board of Directors plays a key role in ensuring the Company's transparency, full and timely information disclosure, and unhindered access of shareholders to the Company's documents.	<ol style="list-style-type: none"> <li>The Company has determined persons responsible for the implementation of the Information Policy in its internal regulations.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.1.7	The Board of Directors oversees the Company's corporate governance practices and plays a key role in the Company's material corporate events.	<ol style="list-style-type: none"> <li>In the reporting period, the Board of Directors reviewed the results of self-assessment and/or external assessment of the Company's corporate governance practices.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.2.	<b>THE BOARD OF DIRECTORS IS ACCOUNTABLE TO THE COMPANY'S SHAREHOLDERS.</b>			
2.2.1	Information on the performance of the Board of Directors is disclosed and provided to shareholders.	<ol style="list-style-type: none"> <li>The Company's Annual Report for the reporting period includes information on attendance of meetings of the Board of Directors and Committees by each of directors.</li> <li>The Annual Report includes information on key results of the Board of Directors' performance assessment (self-assessment) carried out in the reporting period.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.2.2	The Chairman of the Board of Directors is available for contact with the Company's shareholders.	<ol style="list-style-type: none"> <li>The Company has a transparent procedure in place, which allows its shareholders to submit requests to the Chairman of the Board of Directors (or senior independent director, if applicable) and receive relevant feedback.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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2.3.	<b>THE BOARD OF DIRECTORS MANAGES THE COMPANY IN AN EFFECTIVE AND COMPETENT MANNER, AND IS ABLE TO MAKE OBJECTIVE AND INDEPENDENT JUDGEMENTS AND DECISIONS IN THE BEST INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS.</b>			
2.3.1	Elected to the Board of Directors are only those individuals who have an impeccable business and personal reputation, as well as the knowledge, skills and experience required for making decisions within the remit of the Board of Directors and performing its functions effectively.	1. In the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates to the Board of Directors in terms of their required experience, knowledge, business reputation, lack of conflict of interest, etc.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.3.2	The Company's directors are elected through a transparent procedure providing shareholders with sufficient information on candidates to form an opinion about their personal and professional qualities.	1. In all cases where the agenda of a General Shareholders Meeting held in the reporting period included election to the Board of Directors, the Company provided shareholders with biographical details of all candidates to the Board of Directors, results of assessment carried out by the Board of Directors (or its Nomination Committee) to determine whether the members had the necessary professional qualification, skills and expertise to meet the current and expected needs of society, information on their compliance with the independence criteria as per Recommendations 102-107 of the Code, and their written consent to be elected to the Board of Directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.3.3	The composition of the Board of Directors is balanced, including in terms of directors' expertise, experience, knowledge and business skills, and worthy of shareholders' trust.	1. In the reporting period, the Board of Directors analysed its needs in terms of professional qualifications, expertise and skills and identified the competencies the Board of Directors needs to develop in short and long run.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.3.4	The number of directors ensures the most effective arrangement of activities of the Company's Board of Directors, including by way of establishing Committees, and enables a candidate voted for by the Company's substantial minority shareholders to be elected to the Board of Directors.	1. In the reporting period, the Board of Directors reviewed whether the number of directors was in line with the Company's needs and shareholders' interests.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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2.4.	<b>THE BOARD OF DIRECTORS INCLUDES A SUFFICIENT NUMBER OF INDEPENDENT DIRECTORS.</b>			
2.4.1	An independent director is a person with sufficient professional skills, experience and independence to form their own opinions and make objective and fair judgements not influenced by the Company's executive bodies, certain groups of shareholders or other stakeholders. Under normal circumstances a candidate (elected director) may not be considered independent if they are related to the Company, its substantial shareholder, its substantial counterparty or competitor, or the government.	1. In the reporting period, all independent directors met all of the independence criteria as per Recommendations 102-107 of the Code or were recognised as independent by the Board of Directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.4.2	Candidates to the Board of Directors are assessed for compliance with the independence criteria, with independent directors being regularly checked against these criteria. Such assessments is in line with the substance over form principle.	1. In the reporting period, the Board of Directors (or its Nomination Committee) formed an opinion regarding the independence of each candidate to the Board of Directors and submitted the relevant report to shareholders. 2. The Board of Directors (or the Nomination Committee) considered the independence of the current directors (after they had been elected) at least once in the reporting period. 3. The Company has developed procedures determining actions to be taken by a director if they cease to be independent, including their obligation to notify the Board of Directors accordingly and in a timely manner.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.4.3	Independent directors make up at least one third of the elected directors.	1. Independent directors make up at least one third of the Board of Directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.4.4	Independent directors play a key role in preventing internal conflicts in the Company and taking material corporate actions by the Company.	1. In the reporting period, independent directors (with no conflict of interest) make a preliminary assessment of material corporate actions involving a potential conflict of interest and submit the results thereof to the Board of Directors	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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<b>2.5.</b>	<b>THE CHAIRMAN OF THE BOARD OF DIRECTORS ENSURES THAT THE BOARD OF DIRECTORS PERFORMS ITS FUNCTIONS IN THE MOST EFFECTIVE WAY.</b>			
2.5.1	The Chairman of the Board of Directors has been elected from among independent directors, or a senior independent director has been appointed from among the elected independent directors to coordinate their work and liaise with the Chairman of the Board of Directors.	<ol style="list-style-type: none"> <li>The Chairman of the Board of Directors is an independent director, or a senior independent director has been appointed from among independent directors<sup>1</sup>.</li> <li>The role, rights and responsibilities of the Chairman of the Board of Directors (and, if applicable, of the senior independent director) are duly specified in the Company's internal regulations.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.5.2	The Chairman of the Board of Directors ensures constructive atmosphere during meetings, facilitates open discussion of agenda items and oversees implementation of the Board of Directors' resolutions.	<ol style="list-style-type: none"> <li>In the reporting period, the performance of the Chairman of the Board of Directors was assessed as part of the Board of Directors' performance assessment (self-assessment).</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.5.3	The Chairman of the Board of Directors ensures that directors are provided with information required to make informed decisions on agenda items in a timely manner.	<ol style="list-style-type: none"> <li>The responsibility of the Chairman of the Board of Directors to ensure timely provision to directors of complete and reliable information on agenda items is specified in the Company's regulations.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>2.6.</b>	<b>DIRECTORS ACT REASONABLY AND IN GOOD FAITH IN THE BEST INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS, BASED ON SUFFICIENT AWARENESS AND WITH DUE DILIGENCE AND CARE.</b>			
2.6.1	Directors make decisions taking into account all available information, having no conflict of interest, ensuring equitable treatment of the Company's shareholders and keeping within the limits of common business risks.	<ol style="list-style-type: none"> <li>The Company's internal regulations specify that directors shall notify the Board of Directors of any conflict of interest they might have in relation to any agenda item prior to the discussion of that item at a meeting of the Board of Directors or its Committee.</li> <li>The Company's internal regulations specify that a director shall abstain from voting on any item where they have a conflict of interest.</li> <li>The Company has established a procedure enabling the Board of Directors to get professional advice on matters within its remit at the Company's expense.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

<sup>1</sup> The Company specifies which of the two suggested approaches it uses.

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2.6.2	Directors' rights and responsibilities are clearly stated and set forth in the Company's internal regulations.	<ol style="list-style-type: none"> <li>The Company has adopted and published an internal regulation clearly specifying directors' rights and responsibilities.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.6.3	Directors have sufficient time to perform their duties	<ol style="list-style-type: none"> <li>The assessment (self-assessment) of the Board of Directors in the reporting period included the analysis of individual attendance of meetings of the Board of Directors and the Committees and a review of whether a director had been on the Board long enough.</li> <li>As per the Company's internal regulations, directors shall notify the Board of Directors of their intention to join the governing bodies of other companies (excluding those controlled by the Company) and of the fact of such an appointment.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.6.4	All directors have equal access to the Company's documents and information. Newly elected directors are provided with sufficient information on the Company and the Board of Directors' activities as soon as practicable	<ol style="list-style-type: none"> <li>As per the Company's internal regulations, directors have the right to access information and documents needed for the performance of their duties related to the Company and its controlled entities, and the Company's executive bodies are obliged to procure the relevant information and documents.</li> <li>The Company has a formalised induction programme in place for newly elected directors.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>2.7.</b>	<b>MEETINGS OF THE BOARD OF DIRECTORS, PREPARATION FOR AND ATTENDANCE OF THESE MEETINGS ARE KEY TO THE EFFECTIVENESS OF THE BOARD OF DIRECTORS</b>			
2.7.1	Meetings of the Board of Directors are held as necessary, given the Company's scope of operations and objectives at any given time.	<ol style="list-style-type: none"> <li>The Board of Directors held at least six meetings in the reporting year.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.7.2	The Company's internal regulations set out a procedure to prepare and hold meetings of the Board of Directors enabling directors to make proper preparations.	<ol style="list-style-type: none"> <li>The Company has approved an internal regulation setting out the procedure to prepare and hold meetings of the Board of Directors and specifying, among other things, that the notice of a meeting shall be generally given at least 5 days prior to the date of the meeting.</li> <li>In the reporting period, the directors who were unable to attend the meeting in person had the opportunity to participate in discussion and voting on agenda items remotely – via conference calls and video conferencing</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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2.7.3	The format of a meeting of the Board of Directors is determined taking into account the importance of agenda items. Resolutions on the most important matters are adopted at in-person meetings.	1. The Company's Charter or another internal regulation specifies that the most important matters (including those listed in Recommendation 168 of the Code) shall be reviewed at in-person meetings of the Board of Directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.7.4	Resolutions on the most important matters related to the Company's operations are adopted at meetings of the Board of Directors by a qualified majority vote or by a majority vote of all elected directors.	1. The Company's Charter specifies that resolutions on the most important matters, as per Recommendation 170 of the Code, shall be adopted at meetings of the Board of Directors by a qualified majority of at least three quarters of the votes or by a majority vote of all elected directors.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	Paragraph 10.5.5 of Rosneft's Charter specifies the range of matters to be resolved by the Board of Directors by a qualified majority vote. Given the scope of Rosneft's operations, the number of matters reviewed by the Board of Directors, the composition of the Board of Directors and the economic sanctions the Company is exposed to, expanding this range to include all matters set out in Recommendation 170 of the Code may materially impede or prevent the resolution of matters material to the Company. Therefore, setting a higher quorum as recommended by the Code may result in the Board of Directors not being able to resolve a number of key matters. At the same time, the number of directors, the structure of the Board of Directors, including four independent directors, the procedure to prepare for meetings, discuss matters at them and disclose information on them guarantee the protection of rights of all shareholder groups and reflect the Company's shareholding structure. The Company has no intention to change its approach in the medium term.
<b>2.8.</b>	<b>THE BOARD OF DIRECTORS ESTABLISHES COMMITTEES FOR PRELIMINARY CONSIDERATION OF THE MOST IMPORTANT MATTERS RELATED TO THE COMPANY'S OPERATIONS.</b>			
2.8.1	For preliminary consideration of matters related to the monitoring of the Company's financial and business operations, an Audit Committee composed of independent directors has been established.	1. The board of directors has a standing audit committee comprised entirely of independent directors. 2. The Company's internal regulations specify the Audit Committee's objectives, including, among others, those set out in Recommendation 172 of the Code. 3. At least one member of the audit committee, who is an independent director, has knowledge and expertise in the preparation, analysis, evaluation and audit of accounting (financial) statements. 4. The audit committee held at least one meeting per quarter during the reporting period.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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2.8.2	For preliminary consideration of matters related to the development of an effective and transparent remuneration framework, a Remuneration Committee composed of independent directors and chaired by an independent director not being the Chairman of the Board of Directors has been established.	1. The board of directors has a standing remuneration committee comprised entirely of independent directors. 2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors. 3. The Company's internal regulations specify the Remuneration Committee's objectives, including, among others, those set out in Recommendation 180 of the Code as well as the circumstances (events) on the occurrence of which the Remuneration Committee shall consider a revision of the Company's remuneration policy for members of the Board of Directors, executive bodies and other key executive officers.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	The principle is not complied with inasmuch as the HR and Remuneration Committee of the Board of Directors is not exclusively composed of independent directors. The HR and Remuneration Committee of the Board of Directors is mostly made up of independent directors. The elected Chairman of the HR and Remuneration Committee of the Board of Directors is an independent director. The remit of the HR and Remuneration Committee of the Board of Directors includes matters reserved for a Nomination Committee and a Remuneration Committee by the Corporate Governance Code. Given the Company's three standing committees (the Audit Committee, HR and Remuneration Committee, and Strategic Planning Committee), the recommendations and restrictions set out in the Code (on the minimum number of Committee members (three), on the maximum number of Committees a director may sit on, on the minimum number of independent directors on an Audit Committee and an HR and Remuneration Committee, and on the composition of Committees based on directors' relevant expertise), compliance with the recommendation to have all Committees chaired by independent directors is impracticable. At the same time, the Company's internal regulations, including the Regulations on the Board of Directors, specify procedures to prevent any conflict of interest and eliminate the risk of recommendations by the committee of the Board of Directors being affected by the controlling shareholder or executive bodies. The Company has no intention to change its approach in the medium term.

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2.8.3	For preliminary consideration of matters related to human resources (succession) planning, expertise and performance of the Board of Directors, a Nomination (Appointment, HR) Committee mostly composed of independent directors has been established.	<ol style="list-style-type: none"> <li>The Board of Directors has a standing nomination committee (or its objectives specified in recommendation 186 of the Code are implemented by a different committee) with the majority of its members being independent directors.</li> <li>The Company's internal regulations specify the objectives of the nomination committee (or another relevant committee with combined functionality), including, among others, those set out in Recommendation 186 of the Code.</li> <li>To align the composition of the Board of Directors with the objectives and purposes of the Company, in the reporting period, the Nomination Committee, acting on its own or jointly with other Committees of the Board of Directors, or an authorised shareholder engagement division arranged for interaction with a broad range of shareholders to discuss the selection of candidates for the Company's Board of Directors.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	The functions of the nomination committee are performed by HR and Remuneration Committee.
2.8.4	Given the scope of operations and risk levels, the Company's Board of Directors has ensured that the composition of its Committees is fully in line with the Company's objectives. Additional committees have been either established or found unnecessary (a Strategy Committee, a Corporate Governance Committee, an Ethics Committee, a Risk Management Committee, a Budget Committee, a Health, Safety and Environment Committee, etc.).	<ol style="list-style-type: none"> <li>In the reporting period, the Company's Board of Directors reviewed the relevance of the structure of its Board of Directors to the scale, nature, objectives, needs of the Company and its risk profile. Additional committees have been either established or found unnecessary.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

<sup>1</sup> If the functions of the nomination committee are performed by another committee, the company specifies its name.

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2.8.5	The composition of Committees enables comprehensive discussion of matters subject to preliminary consideration with due regard to varying opinions.	<ol style="list-style-type: none"> <li>The Audit Committee, the Remuneration Committee and the Nomination Committee (or another relevant committee with combined functionality) were chaired by independent directors in the reporting period.</li> <li>The company's internal regulations (policies) contain provisions that prohibit the non-members to attend meetings of Audit Committee, the Remuneration Committee and the Nomination Committee (or another relevant committee with combined functionality), unless they are invited by the chairman of a respective committee.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
2.8.6	Committee Chairmen report on their Committees' performance to the Board of Directors and its Chairman on a regular basis.	<ol style="list-style-type: none"> <li>In the reporting period, Committee Chairmen regularly reported to the Board of Directors on their Committees' performance.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>2.9. THE BOARD OF DIRECTORS ARRANGES PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND DIRECTORS.</b>				
2.9.1	The Board of Directors' performance assessment is aimed at evaluating the effectiveness of the Board of Directors, its Committees and directors, checking their performance against the Company's development needs, enhancing their activities and identifying areas for improvement.	<ol style="list-style-type: none"> <li>The Company's internal regulations set out the procedure for carrying out the assessment (self-assessment) of the Board of Directors.</li> <li>In the reporting period, assessment (self-assessment) of the Board of Directors' performance included performance assessment of individual directors and the Board of Directors as a whole.</li> <li>Results of the assessment (self-assessment) of the Board of Directors carried out in the reporting period were reviewed at an in-person meeting of the Board of Directors.</li> </ol>	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	Explanation on item 3: due to the pandemic, the Board of Directors reviewed the results of its self-assessment by absentee voting
2.9.2	Performance assessment of the Board of Directors, its Committees and directors is carried out on a regular basis at least once a year. To assess the Board of Directors' performance on an independent basis, an external organisation (consultant) is engaged at least once every three years.	<ol style="list-style-type: none"> <li>To assess the Board of Directors' performance on an independent basis, the Company engaged an external organisation (consultant) at least once over the last three reporting periods.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	At a meeting held on 19 December 2021, the Company's Board of Directors reviewed the results of the Board of Directors' independent performance assessment carried out by an external consultant, Ernst & Young Valuation and Advisory Services LLC.
<b>3.1. THE COMPANY'S CORPORATE SECRETARY ENSURES EFFECTIVE DAY-TO-DAY INTERACTION WITH SHAREHOLDERS, COORDINATES THE COMPANY'S EFFORTS TO PROTECT SHAREHOLDER RIGHTS AND INTERESTS, AND CONTRIBUTES TO THE BOARD OF DIRECTORS' EFFICIENT WORK.</b>				
3.1.1	The Corporate Secretary has sufficient knowledge, experience and expertise to perform their duties, as well as impeccable reputation, and enjoys shareholders' trust.	<ol style="list-style-type: none"> <li>The Company's website and Annual Report provide biographical details of the Corporate Secretary (including the age, education, qualification and expertise) and positions the Corporate Secretary held in governing bodies of other legal entities at least over the last five years</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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3.1.2	The Corporate Secretary is sufficiently independent from the Company's executive bodies and has the powers and resources required to perform their duties.	<ol style="list-style-type: none"> <li>The Company has adopted and disclosed an internal regulation on Corporate Secretary.</li> <li>The Board of Directors approves the candidate for the position of Corporate Secretary, terminates the Corporate Secretary's powers and considers the payment of additional remuneration to the Corporate Secretary.</li> <li>The Company's internal regulations define the Corporate Secretary's right to request and receive the Company's documents and information from governing bodies, structural subdivisions and officers of the Company</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>4.1. REMUNERATION PAID BY THE COMPANY IS SUFFICIENT TO ATTRACT, MOTIVATE AND RETAIN EMPLOYEES WITH THE REQUIRED COMPETENCE AND EXPERTISE. REMUNERATION IS PAID TO THE COMPANY'S DIRECTORS, EXECUTIVE BODIES AND OTHER KEY MANAGERS IN ACCORDANCE WITH THE REMUNERATION POLICY ADOPTED BY THE COMPANY.</b>				
4.1.1	Remuneration paid by the Company to directors, executive bodies and other key managers is sufficient to ensure their efficient work and enables the Company to attract and retain competent and qualified specialists. At the same time, the Company avoids paying higher-than-required remuneration or creating unreasonably wide remuneration gaps between any of the above persons and Company employees.	<ol style="list-style-type: none"> <li>The remuneration of members of the Board of Directors, governing bodies and other key executive officers of the Company is based on pay benchmarking against peers</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
4.1.2	The Company's remuneration policy has been developed by the Remuneration Committee and approved by the Board of Directors. The Board of Directors, supported by the Remuneration Committee, monitors the introduction and implementation of the remuneration policy in the Company, and revises and amends it as necessary.	<ol style="list-style-type: none"> <li>In the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and (or) its (their) implementation practices, assessed their effectiveness and transparency and, where necessary, submitted relevant recommendations to the Board of Directors to revise this policy (policies).</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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4.1.3	The Company's remuneration policy provides for transparent mechanisms to determine the amount of remuneration payable to its directors, executive bodies and other key managers, and covers all types of payments, benefits and privileges provided to them.	<ol style="list-style-type: none"> <li>The Company's remuneration policy (policies) provides (provide) for transparent mechanisms to determine the amount of remuneration payable to its directors, executive bodies and other key managers, and covers (cover) all types of payments, benefits and privileges provided to them.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
4.1.4	The Company develops a policy on reimbursement of expenses (compensations) specifying reimbursable expenses and service levels that its directors, executive bodies and other key managers are entitled to. This policy may form part of the Company's remuneration policy.	<ol style="list-style-type: none"> <li>The Company's remuneration policy (policies) or other internal regulations specify procedures to reimburse its directors, executive bodies and other key managers for the expenses incurred.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>4.2. REMUNERATION SYSTEM FOR DIRECTORS ENSURES ALIGNMENT OF THEIR FINANCIAL INTERESTS WITH THE LONG-TERM FINANCIAL INTERESTS OF SHAREHOLDERS.</b>				
4.2.1	The Company pays fixed annual remuneration to its directors. The Company does not pay remuneration for participation in individual meetings of the Board of Directors or its Committees. The Company does not offer short-term motivation plans and additional financial incentives to the members of its Board of Directors.	<ol style="list-style-type: none"> <li>In the reporting period, the Company paid remuneration to members of the Board of Directors in line with the Company's remuneration policy.</li> <li>In the reporting period, the Company did not offer the members of its Board of Directors any short-term motivation plans and additional financial incentives based on the Company's performance (performance indicators). The Company did not pay remuneration for participation in individual meetings of the Board of Directors or its Committees.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
4.2.2	Long-term ownership of the Company's shares ensures best alignment of directors' financial interests with the long-term interests of shareholders. At the same time, the Company does not link the right to sell shares to achieving certain performance indicators, and directors do not participate in options plans.	<ol style="list-style-type: none"> <li>If the Company's internal regulation (regulations), namely its remuneration policy (policies), allows (allow) distribution of the Company's shares to directors, clear rules on share ownership by directors aimed at encouraging their long-term ownership shall be introduced and disclosed.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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4.2.3	The Company does not provide any additional payments or compensations to directors in the event of early termination of office due to a transfer of control over the Company or any other circumstances.	1. The Company does not provide any additional payments or compensations to directors in the event of early termination of office due to a transfer of control over the Company or any other circumstances.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>4.3.</b>	<b>REMUNERATION SYSTEM FOR MEMBERS OF EXECUTIVE BODIES AND OTHER KEY MANAGERS OF THE COMPANY LINKS THEIR REMUNERATION TO THE COMPANY'S PERFORMANCE AND THEIR PERSONAL CONTRIBUTION THERETO.</b>			
4.3.1	Remuneration paid to members of executive bodies and other key managers of the Company ensures a reasonable and justified balance between the fixed and variable components, with the latter depending on the Company's performance and an employee's personal (individual) contribution thereto.	1. In the reporting period, the variable remuneration for members of executive bodies and other key managers of the Company was linked to annual performance indicators approved by the Board of Directors. 2. During the latest assessment of the remuneration system for members of executive bodies and other key managers of the Company, the Board of Directors (the Remuneration Committee) ensured that the Company maintained an effective balance between the fixed and variable components of remuneration. 3. The remuneration payable to members of the executive bodies and other officers of the Company factors in the risks to which the Company is exposed to prevent excessively risky decision-making in management.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
4.3.2	The Company has introduced a long-term incentive plan for members of its executive bodies and other key managers involving its shares (options or other derivatives with its shares as underlying assets).	1. If the Company introduces a share-based long-term incentive plan for members of its executive bodies and other key officers (share-based financial instruments), the right to sell shares and other financial instruments may be exercised no earlier than three years after the date on which they were granted. Moreover, the right to sell them is subject to the achievement by the Company of certain performance indicators.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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4.3.3	The amount of severance pay (golden parachute) payable by the Company to members of its executive bodies or key managers in the event of early termination of office, provided that such termination is initiated by the Company with no misconduct on the part of the respective employee, does not exceed twice the size of the fixed component of their annual remuneration.	1. In the reporting period, the amount of severance pay (golden parachute) paid by the Company to members of its executive bodies or key managers in the event of early termination of office, provided that such termination was initiated by the Company with no misconduct on the part of the respective employee, did not exceed twice the size of the fixed component of their annual remuneration.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
<b>5.1.</b>	<b>THE COMPANY HAS PUT IN PLACE AN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM TO PROVIDE REASONABLE ASSURANCE THAT IT WILL ACHIEVE ITS GOALS.</b>			
5.1.1	The Board of Directors has formulated the principles of and approaches to the risk management and internal control system in the Company.	1. Risk management and internal control functions of the Company's governing bodies and divisions are clearly set out in the Company's internal regulations / relevant policy approved by the Board of Directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
5.1.2	The Company's executive bodies ensure the establishment and maintenance of an effective risk management and internal control system in the Company.	1. The Company's executive bodies have ensured the distribution of risk management and internal control duties, powers and responsibilities among heads of units and divisions accountable to them.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
5.1.3	The Company's risk management and internal control system provides an accurate, fair and clear view of the Company's current situation and prospects, and ensures integrity and transparency of the Company's statements, as well as a reasonable and acceptable level of risk-taking.	1. The Company has approved an anti-corruption policy. 2. The Company has established a safe, secure and easily accessible channel (hotline) to inform the Board of Directors or its Audit Committee about violations of law, internal procedures or the Code of Corporate Ethics.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
5.1.4	The Company's Board of Directors takes the necessary steps to ensure that the Company's Risk Management And Internal Control System functions effectively and is in line with the relevant principles and approaches formulated by the Board of Directors.	1. In the reporting period, the Board of Directors (the Audit Committee and/or the Risk Committee (if applicable) arranged for an assessment of reliability and effectiveness of the risk management and internal control system. 2. In the reporting period, the Board of Directors reviewed the findings from the assessment of reliability and effectiveness of the risk management and internal control system to include them in the Company's annual report.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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5.2.	<b>THE COMPANY CONDUCTS INTERNAL AUDITS TO ASSESS THE RELIABILITY AND EFFECTIVENESS OF ITS RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND CORPORATE GOVERNANCE ON A REGULAR AND INDEPENDENT BASIS.</b>			
5.2.1	For the internal audit purposes, the Company has established a dedicated unit or engaged an independent external organisation. Functional accountability and administrative accountability of the internal audit unit are separated. The internal audit unit is functionally accountable to the Board of Directors.	1. For the internal audit purposes, the Company has established a dedicated internal audit unit functionally accountable to the Board of Directors, or engaged an independent external organisation with the same accountability principle.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
5.2.2	The internal audit unit is responsible for assessment of reliability and effectiveness of the risk management and internal control system and the corporate governance system and relies on generally accepted internal audit standards.	1. In the reporting period, as part of internal audit, the reliability and effectiveness of the internal control and risk management system was assessed. 2. In the reporting period, as part of the internal audit, the corporate governance practice (practices) were assessed, including the communication procedures (including those relating to internal control and risk management) at all levels of the Company's governance and the stakeholder engagement procedures	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
6.1.	<b>THE COMPANY AND ITS OPERATIONS ARE TRANSPARENT TO SHAREHOLDERS, INVESTORS AND OTHER STAKEHOLDERS.</b>			
6.1.1	The Company has developed and implemented an Information Policy ensuring effective exchange of information between the Company, its shareholders, investors and other stakeholders.	1. The Company's Board of Directors has approved its Information Policy developed in accordance with the Code's recommendations. 2. In the reporting period, the Board of Directors (or its Committee) considered the effectiveness of communication between the Company, shareholders, investors and other stakeholders and the advisability of (need for) a revision of the Company's Information Policy.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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6.1.2	The Company discloses information on its corporate governance system and practices, including detailed information on its compliance with the principles and recommendations of the Code.	1. The Company discloses information on its corporate governance system and on the general corporate governance principles it uses, including by disclosing such information on the Company's website. 2. The Company discloses information on the composition of its executive bodies and Board of Directors, on the independence of directors and their membership in the Committees of the Board of Directors (as defined in the Code). 3. If there is a person controlling the Company, the Company publishes a memorandum on behalf of such controlling person detailing their plans as regards corporate governance in the Company.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
6.2.	<b>THE COMPANY DISCLOSES COMPLETE, UP-TO-DATE AND ACCURATE INFORMATION ON THE COMPANY IN A TIMELY MANNER TO ENSURE THAT ITS SHAREHOLDERS AND INVESTORS ARE ABLE TO MAKE INFORMED DECISIONS.</b>			
6.2.1	The Company discloses information on a regular basis and in a consistent and timely manner, in line with the principles of data accessibility, accuracy, completeness and comparability.	1. The Company has in place a procedure streamlining the work of all the Company's structural subdivisions and employees involved in disclosing information or whose activity may lead to the need for disclosing information. 2. If the Company's securities are traded in established foreign markets, disclosures of material information during a reporting year are made in Russia and in such markets on a concurrent and equal basis. 3. If foreign shareholders own a substantial number of shares in the Company, disclosures during the reporting year were made in Russian and in one of the most widely used foreign languages.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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6.2.2	The Company avoids formal approach to information disclosures and discloses material information on its operations even if such disclosures are not required by law.	<ol style="list-style-type: none"> <li>The Company's Information Policy defines approaches to non-mandatory disclosure of information on other events (actions) that have a material effect on the price and quotes of its securities.</li> <li>In accordance with Recommendation 290 of the Code, the Company discloses information on its capital structure in the Annual Report and on its website.</li> <li>The Company discloses information on its material controlled legal entities, including their key business areas, mechanisms for ensuring their accountability, and the powers of the Company's Board of Directors to define their strategy and assess their performance.</li> <li>The Company publishes a non-financial report, i. e. a sustainability report, environmental report, corporate social responsibility report or another report providing non-financial information, including that on the Company's environmental (environment protection and climate change), social, and governance (ESG) performance, other than the report of the issuer of issue-grade securities or the annual report of a joint-stock company.</li> </ol>	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	<p>Explanation on item 3: The Company discloses information on its material controlled legal entities, including their key business areas and mechanisms for ensuring their accountability. Rosneft's Board of Directors oversees the development of the strategy and performance assessment at controlled legal entities using the following mechanisms:</p> <ol style="list-style-type: none"> <li>control over executive bodies whose remit includes the approval of the Group Subsidiaries' plans as per Rosneft's Charter;</li> <li>corporate procedures governed by Rosneft's internal regulations, which ensure alignment of all strategic planning documents of Rosneft and the Group Subsidiaries with Rosneft's Strategy approved by the Board of Directors.</li> </ol> <p>The powers of the Board of Directors to approve Rosneft's Strategy and monitor its implementation, and the powers of the Chief Executive Officer and the Management Board to approve the planning documents of the Group Subsidiaries are set forth in Rosneft's Charter. The powers of the Strategy and Sustainable Development Committee of Rosneft's Board of Directors to define the Company's policy with respect to the Group Subsidiaries are set forth in the Regulations on Rosneft Board Committees and disclosed on the corporate website.</p> <p>Detailed information on internal procedures for approval of strategic documents of the Group Subsidiaries and control over their implementation by the Board of Directors (its committees) is not disclosed. The Company has no intention to change its approach in the medium term.</p>
6.2.3	As a key communication tool to liaise with shareholders and other stakeholders, the Annual Report provides information needed to assess the Company's performance for the year.	<ol style="list-style-type: none"> <li>The Company's Annual Report provides information on the results of the external and internal audit assessment by the Audit Committee.</li> <li>The Company's Annual Report provides information on the Company's environmental and social policies.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

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6.3.	<b>THE COMPANY PROVIDES SHAREHOLDERS WITH EQUAL AND UNHINDERED ACCESS TO INFORMATION AND DOCUMENTS AS PER THEIR REQUEST.</b>			
6.3.1	No unreasonable difficulties prevent the shareholders from exercising their right to access the Company's documents and information.	<ol style="list-style-type: none"> <li>The Company's information policy (internal regulations setting forth the information policy) define(s) the procedure ensuring unhindered access to the Company's information and documents at the shareholders' request.</li> <li>The Company's information policy (internal regulations setting out the information policy) contain(s) provisions stipulating that the Company shall take all necessary steps to obtain the information on its controlled entities from the relevant controlled entities, as may be requested by the shareholders.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
6.3.2	When providing information to shareholders, the Company maintains a reasonable balance between the interests of individual shareholders and those of the Company, as it is in the Company's best interests to keep confidential any sensitive commercial information that may have a material effect on its competitive position.	<ol style="list-style-type: none"> <li>In the reporting period, the Company did not refuse to provide shareholders with requested information, or such refusals were justified.</li> <li>If and when required by the Company's Information Policy, shareholders are informed of the sensitive nature of the information provided and undertake to keep it confidential.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
7.1.	<b>ACTIONS THAT HAVE OR MAY HAVE A MATERIAL EFFECT ON THE COMPANY'S SHAREHOLDING STRUCTURE AND FINANCIAL POSITION AND, CONSEQUENTLY, ON THE SHAREHOLDERS' POSITION (MATERIAL CORPORATE ACTIONS) ARE TAKEN ON FAIR TERMS ENSURING THAT RIGHTS AND INTERESTS OF THE SHAREHOLDERS AND OTHER STAKEHOLDERS ARE RESPECTED.</b>			
7.1.1	Material corporate actions include reorganisation of the Company, acquisition of 30% or more of the Company's voting shares (takeover), major transactions made by the Company, increase or reduction in the Company's charter capital, listing and delisting of the Company's shares, and other actions that may result in a material change in the rights of shareholders or be against their interests. The Company's Charter sets out a list (criteria) of transactions or other actions deemed to be material corporate actions and reserved to the Company's Board of Directors.	<ol style="list-style-type: none"> <li>The Company's Charter sets out a list (criteria) of transactions or other actions deemed to be material corporate actions. As per the Company's Charter, decision-making with regard to material corporate actions is reserved to the Board of Directors. If and when the law expressly reserves such corporate actions to the General Shareholders Meeting, the Board of Directors provides shareholders with relevant recommendations.</li> </ol>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

NO.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	STATUS OF COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE	EXPLANATIONS ON THE FAILURE TO MEET CRITERIA FOR COMPLIANCE WITH A CORPORATE GOVERNANCE PRINCIPLE
7.1.2	The Board of Directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the opinion of the Company's independent directors.	1. The Company has established a procedure for independent directors to express their opinions on material corporate actions before their approval.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, the Company ensures equitable treatment of all of its shareholders, and, where statutory mechanisms protecting shareholder rights are insufficient, takes additional steps to protect the rights and legitimate interests of the Company's shareholders. In doing so, the Company is guided not only by the formal regulatory requirements, but also by the corporate governance principles specified in the Code.	1. Approval of the Company's material transactions is reserved to Board of Directors as per the Company's Charter, with due regard to the specifics of the Company's operations and in addition to regulatory requirements for transaction approvals. 2. In the reporting period, all material corporate actions were duly approved prior to their implementation.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
7.2.	<b>THE COMPANY ENSURES THAT MATERIAL CORPORATE ACTIONS ARE TAKEN IN A MANNER ENABLING SHAREHOLDERS TO RECEIVE FULL INFORMATION ON SUCH ACTIONS IN DUE TIME AND INFLUENCE THEM, AND GUARANTEES RESPECT AND DUE PROTECTION OF SHAREHOLDER RIGHTS WHEN SUCH ACTIONS ARE TAKEN.</b>			
7.2.1	Information on material corporate actions is disclosed, with an explanation of the relevant reasons, conditions and consequences.	1. In the reporting period, the Company disclosed information on its material corporate actions (if any) in a timely and detailed manner, including the relevant reasons, conditions and consequences for the shareholders.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	
7.2.2	Rules and procedures for taking material corporate actions are set forth in the Company's internal regulations.	1. The Company's internal regulations set out the rules and procedure for engaging an appraiser to determine the value of the property to be sold or purchased in a major transaction or a related-party transaction. 2. The Company's internal regulations set out a procedure for engaging an appraiser to determine the value of the Company's shares to be purchased or bought back. 3. If a member of the Company's Board of Directors, the sole executive body, a member of the collegial executive body, or a person who is a controlling person of the Company or a person entitled to give the Company binding instructions has no formal interest in the Company's transactions, but has a conflict of interest or other actual interest with regard to such transactions, such persons shall abstain from voting on the approval of such transactions as required by the Company's internal documents.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Complied with in part <input type="checkbox"/> Not complied with	

## APPENDIX 3

**(Information on core internal regulations that serve as a basis for the preparation of this annual report, including key internal documents regulating the internal audit function and the functioning of the IC&RMS)**

**This Annual Report  
has been prepared based  
on the following local  
(internal) regulations of Rosneft:**

**Charter;**

Rosneft's Corporate Governance Code;  
Code of Business and Corporate Ethics of Rosneft;  
Regulations on the General Shareholders Meeting;  
Regulations on the Board of Directors;  
Regulations on Rosneft Board Committees;  
Regulations on Remunerations and Compensations Payable to Members of the Board of Directors;  
Regulations on the Collective Executive Body (Management Board);  
Regulations on the Sole Executive Body (Chief Executive Officer);  
Standard on Payments and Compensations to Top Managers;  
Regulations on the Audit Commission;  
Regulations on Remunerations and Compensations Payable to Rosneft's Audit Commission Members;  
Regulations on the Corporate Secretary;  
Regulations on Information Policy;  
Regulations on Provision of Information to Rosneft Shareholders;  
Regulations on Internal Control Rules for the Prevention, Detection and Suppression of Illegal Use of Insider Information in Rosneft and/or Market Manipulation;  
Rosneft's Dividend Policy;  
Company Policy on Combating Corporate Fraud and Involvement in Corruption Activities;  
Company Policy on Internal Audit;  
Company Policy on Risk Management and Internal Control System;  
Company Policy on Health, Safety and Environmental Protection.

**APPENDIX 4  
(Financial statements  
and auditor's report)**

Rosneft's accounting (financial) statements and the independent auditor's report are available at:



[https://www.rosneft.ru/upload/site1/document\\_report/RSBU\\_12m2021.pdf](https://www.rosneft.ru/upload/site1/document_report/RSBU_12m2021.pdf)

## General information about Rosneft

Date of state registration and registration number of Oil Company Rosneft:

- Date of state registration of the Company as a legal entity: December 7, 1995;
- Number of State Registration Certificate of the Company: 024.537;
- Date of entry in the Uniform State Register of Legal Entities about a legal entity established prior to July 1, 2002: August 12, 2002;
- Series and number of Certificate of Entry in the Uniform State Register of Legal Entities about a legal entity established prior to July 1, 2002: Series 77 No. 004856711;
- Primary State Registration Number under which entry about establishment of the Company is made in the Uniform State Register of Legal Entities: 1027700043502.

Constituent entity of the Russian Federation in whose territory the Company is registered: Moscow.

Main types of operations of the Company: geological prospecting and geological exploration work aimed at oil, gas, coal and other minerals search; extraction, transportation and processing of oil, gas, coal and other minerals and timber; production of oil products, petrochemicals and other products, including electric power, woodworking products, fast moving consumer goods and provision of services to the public; storage and sale (including sale in the domestic market and export sale) of oil, gas, oil products, coal, electric power, woodworking products, and other hydrocarbon and other derivatives.

Pursuant to Decree of the Government of the Russian Federation dated August 20, 2009, No. 1226-r, Rosneft has been included into the list of strategic enterprises charged with implementation of uniform public policy in those branches of economy where such entities operate.

Pursuant to Decree of the President of the Russian Federation dated May 21, 2012, No. 688, Rosneft has been included into the list of strategic enterprises and strategic joint stock companies.

## Contact details

**FULL NAME:**

Public Joint-Stock Company  
Rosneft Oil Company

**ABBREVIATED NAME:**

PJSC Rosneft Oil Company

**LOCATION OF THE COMPANY:**

26/1 Sofiyskaya Embankment,  
Moscow, 117997, Russia

**POST ADDRESS:**

26/1 Sofiyskaya Embankment,  
Moscow, 117997, Russia

**INFORMATION SERVICE:**

Telephone: +7 (499) 517-88-99  
Facsimile: +7 (499) 517-72-35  
Telex: 114405 DISVO.RU  
E-mail: [postman@rosneft.ru](mailto:postman@rosneft.ru)

**FOR SHAREHOLDERS:**

Shareholder Relations Division,  
Corporate Governance Department,  
Rosneft

Telephone: +7 (495) 987-30-60;  
8-800-500-11-00  
(calls from Russia toll-free)  
Facsimile: +7 (499) 517-86-53  
E-mail: [shareholders@rosneft.ru](mailto:shareholders@rosneft.ru)

**FOR INSTITUTIONAL INVESTORS:**

Investor Relations Department,  
Rosneft  
Telephone: +7 (495) 411-05-04  
E-mail: [ir@rosneft.ru](mailto:ir@rosneft.ru)

**RAS AUDITOR OF THE COMPANY:**

LLC Ernst & Young  
77 Sadovnicheskaya Embankment,  
Bldg. 1, Moscow, 115035, Russia  
Telephone: +7 (495) 705-97-00;  
+7 (495) 755-97-00  
Facsimile: +7 (495) 755-97-01

**REGISTRAR OF THE COMPANY:**

LLC Reestr-RN  
2/6 Podkopaevsky Lane,  
Bldg. 3-4, Moscow, 109028, Russia  
Telephone: +7 (495) 411-79-11  
Facsimile: +7 (495) 411-83-12  
E-mail: [support@reestrn.ru](mailto:support@reestrn.ru)  
Website: [www.reestrn.ru](http://www.reestrn.ru)

**MOSCOW OFFICE:**

10 Butyrskiy Val, Bldg. A,  
13th Floor, Moscow,  
125047, Russia  
Telephone: +7 (495) 967-71-13

