



ROSNEFT



**Rosneft:
Contributing to Implementation
of UN Sustainable Development Goals**



Gerhard Schröder

Chairman of the Board of Directors
Rosneft Oil Company

In the recent years the Company strengthened its role in the global energy market and demonstrated excellent performance of its core operations due to efficient project execution, application of new technical solutions, and continuous efficiency improvements, which had a positive impact on investor perceptions and was reflected in the increased Company value.

However, value for the Company cannot be created without creating value for the society. The theme of sustainable development has up to these days been a consistent theme in my political life. In my younger years, and later on as Chancellor of the Federal Republic of Germany I consistently pushed the agenda of business accountability to society, not only by virtue of value creation, but also by caring for the environment, societal well-being and harmonious development.

As participants of the UN Global Compact, we diligently work for meeting the growing global energy demand which is a prerequisite for harmonious socioeconomic development and improved living standards.

Therefore I am pleased to introduce the vision and guidelines for the Company's sustainable development, which reflect our responsible approach and contribution to achieving the 17 Sustainable Development Goals of the United Nations that are integrated in strategic and policy documents of the Company.



Igor Ivanovich Sechin

Chairman of the Management Board,
Chief Executive Officer
Rosneft Oil Company

As a responsible producer and a participant of the global energy market, the Company is focused on the rational use of natural resources and implements large-scale upstream projects, refinery upgrades, production of modern environment-friendly fuels and minimization of its environmental footprint.

While executing the Strategy "Rosneft-2022" the Company implements initiatives aimed at entering the first quartile in the area of health, safety and environment, combatting climate change, developing employee potential, and contributes to regional socioeconomic development.

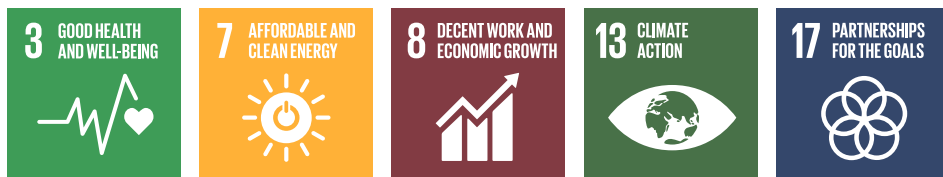
High agility and flexibility of our business model, establishing partnerships in integrated production and marketing businesses on a global, national and regional levels ensure the Company can achieve solid results despite volatility in commodity markets.

This document is another proof that business responsibility is one of the Company's core values, and it complements the reports and policies in the area of sustainable development that we publish regularly for the purpose of informed and sustainable dialogue with our stakeholders.

Rosneft-2022 Strategy contributes to achieving the Sustainable Development Goals of the United Nations¹

In 2018, The Board of Directors of Rosneft Oil Company² approved strategic guidelines and Public statement «Rosneft: contributing to implementation of the UN Sustainable Development Goals»

Sustainable Development Goals of Strategic Priority



Acting within execution of the Rosneft-2022 Strategy, the Company is guided by the principles of corporate responsibility and works for the benefit of its shareholders and other stakeholders. Starting with 2010, Rosneft has participated in the UN Global Compact, that urges its members to contribute to achieving the UN Sustainable Development Goals (SDGs).

On 20 December, 2018, the Board of Directors of Rosneft Oil Company has approved the following UN SDGs of strategic priority for its core businesses:

- Good health and well-being;
- Affordable and clean energy;
- Decent work and economic growth;
- Climate action;
- Partnerships for the goals.

Sustainable Development Goals integrated in current operations



The Company's operations directly contribute to achieving the UN goals which is also supported by Rosneft's participation in various projects and initiatives aimed at improving living standards in the regions of our operations, and developing public health services, science and education, culture and ecology.

The Company's mission, values, objectives and strategic guidelines of sustainable development are aligned with the UN Sustainable Development Goals.

¹ Sustainable Development Goals of the United Nations [approved by the UN General Assembly Resolution on 25 September, 2015] aim to achieve significant progress in meeting global economic, social and environmental challenges.

² «Rosneft» and the «Company» mean Rosneft Oil Company PJSC either separately or together with its subsidiaries and affiliates as the context may require.

Inclusive Approach to Combatting COVID-19



«We understand our main responsibility: to preserve the health of our employees, their families and other people. The situation is fully under control. We work constantly with the regional authorities and Rospotrebnadzor offices. This work is daily and we will try to monitor the developments daily, too.»

Igor Ivanovich Sechin
Chairman of the Management Board,
Chief executive officer, Rosneft

[President of the Russian Federation Vladimir Putin held a working meeting with Igor Ivanovich Sechin, Chief executive officer, Rosneft.](#)
Photo of the press service of President of the Russian Federation

Inclusive Approach to Combatting COVID-19¹

Taking care of our people

- Regular testing is conducted across Rosneft employees and contractors;
- **29.3 mln** units of personal protective equipment, **5.2 mln litres** of disinfectant, **over 600 thousand litres** of hand sanitizer were provided
- Inter-shift intervals were increased up to **90 days**
- **263** observation, **398** isolation units were set up and staffed with medical support
- Information is constantly provided to employees on safety measures
- A psychological support hotline was set up

Ensuring business continuity

- **Priority action plan for ensuring sustainability of Company operations** was approved by the Board of Directors
- **Emergency response teams** for monitoring and taking action have been established in **284 subsidiaries**
- The state of **epidemiological awareness** is introduced at all production facilities and residential sites of Company employees and contractors
- Effective **IT-support** is provided using modern communications and maintaining data privacy
- Distance learning and professional development resumed

Taking care of population

- **Medical workers are provided with everything necessary** to assist and evacuate of workers with symptoms of acute respiratory viral infection
- **Fuel cards totaling RUB 2 mln** were provided to medical workers re-fuelling personal vehicles and/ or buying goods at the Company's gas stations
- Contactless payment service at Company retail sites
- Increased production of components for antiseptics



Retail sites: regular site disinfection; employee temperature check-ups; monitoring social distancing between customers, and serving only takeaway food



Volunteer teams taking grocery sets to the homes of people most at risk

¹ Inclusive approach takes into account the best Russian and international practices of combatting COVID-19, including those recommended by Rospotrebnadzor.

3 GOOD HEALTH AND WELL-BEING



Good health and well-being

3.1. Protecting health and ensuring safe working environment. Promoting labour safety of suppliers and contractors

The Company aims at achieving leading results in accident-free operations and ensuring the safety of Rosneft employees and contractors.

Before the end of 2022, we intend to enter the first quartile of the international peer group with regard to core health, safety and environment performance.

In 2019, the Company updated the Leadership HSE Commitments. These commitments provide the opportunity for managers to demonstrate personal leadership on occupational safety issues. Labour protection commissioners are representatives of trade union organizations that provide additional support for directly observing labour safety rules at the workplace.

The Company constantly develops the capability and competence of employees in the areas of highest safety risks and works to strengthen their commitment and observance of industrial safety and labour safety rules at work sites. Interaction takes place in various formats: training, "direct dialogue", and distribution of campaign materials. An important part of this interaction is internal corporate training which is conducted by 725 internal coaches.

The Company maintains [an effective integrated HSE management](#) system which aligns with the OHSAS 18001 international standard, and is externally audited on a periodic basis. We use internationally recognized indicators (including LTIF¹ and PSER² Tier 1 for the Upstream segment and LWIF¹ and PSER for the Refining and Marketing segment) to measure safety performance. Both employees and contractors are included in these indicators from the start of 2018.



More than 83 thousand Company employees passed training under the Golden Safety Rules

¹ LTIF, LWIF – indicators of occupational injuries with temporary disability.

² PSER – Process safety event rate frequency of incidents with first-level equipment.

All Corporate HSE standards and requirements apply to both employees and contractors. In 2019, Rosneft introduced the Company Regulation "Rules of interaction with contracting organizations in the area of industrial and fire safety, labour protection and the environmental management". Requirements for contractors and suppliers in the area of HSE are included in all procurement procedures. HSE representatives are part of the decision-making process for procurement procedures.

Please see Section [12.3](#) for more information.

Health and safety strategic guidelines and key performance indicators are incorporated in the Rosneft-2022 Strategy and included as part of the management KPIs.

Company HSE performance is monitored quarterly both at the Board level, and at the management HSE Committee which includes a number of Company executives and senior managers.

Leaders at all levels provide clear HSE direction by following consistent Company Leadership Principles, priority of human life, health and safe working environment. Employees and contractors, wherever they work, must adhere to our Golden Safety Rules, and act to stop the job if it endangers human life or health.

The Company continues to invest considerable funds in the development of its occupational safety management activities and the development of employee safety understanding and technical competence. In 2019, about 55 bln roubles were allocated for achievement of these goals.

3.2. Environmental Policy and Commitments

Preserving the environment for future generations is an integral part of Rosneft corporate culture and business principles. The Company aims at becoming the leading performer in minimizing the environmental footprint of its operations and in sustainability of its production facilities.

In 2018-2022, our "green" investments will total RUB 300 bln.

The Company's environmental targets up to 2022 include the following

- Reducing GHG emissions with a view to combatting climate change;
- Minimizing the environmental footprint through application of best-in-class available technologies, waste recycling, effective waste water treatment, and consistent implementation of environmental investment projects and initiatives;
- Taking action for ecosystems and biodiversity protection and natural resources recovery, including land remediation.



Preserving the environment for future generations

The Company prioritizes preventive action with regard to emergency situations. The corporate integrated HSE management system is aligned with the [ISO 14001 international standard](#). Environmental risk management is aligned with the Company's internal control and HSE risk management systems.

In 2019, Rosneft's "green" investments amounted to about RUB 35 bln. In the past five years, the Company's "green" investments exceeded RUB 240 bln. In 2019, the area of legacy oil contaminated soil reduced by 16% from the previous year, polluted discharge dropped by 4%. Oily waste utilization was 6% higher than the generation of waste.

The Company has been advancing with its environment-friendly business – retail stations offering natural gas motor fuel.

In 2019, Rosneft sold compressed natural gas (CNG), known for its lower carbon emissions footprint, at 12 Company stations in Ulyanovsk, Voronezh, Saratov, and the Stavropol region. The volume of CNG monthly sales reached 1.7-2 mln cubic metres. Every day, up to 2.5 thousand vehicles are refueling at the Company stations.

Rosneft retail sites have 12 charging stations for electric vehicles, three of which are fast charging stations with a capacity of 50 KWt, which allow charging an electric car in less than one hour which greatly facilitates operation of this type of transport.

In 2019, the Company continued offering its customers motor fuels with improved technical characteristics (Pulsar 100 and Euro-6, and a range of ACTIVE motor fuels).

Please see Sections [7.2](#), [11.2](#) for more information.

3.3. [Risk and incident management](#)

The Company aspires to accident-free operations and ensuring the safety of its employees and contractors.

In 2019, Rosneft introduced HSE risk assessment processes in 72 Group Subsidiaries.

In 2020, the Company aims at introducing the HSE risk assessment at another 60 Group Subsidiaries.

The Company draws lessons from accidents, fires and incidents. Corporate procedures for accident investigation are aimed at identifying the root causes and preventing similar accidents in the future.

In 2019, the corporate Regulation "Process for the accident investigation" was developed and put into effect.

Risk-oriented HSE management is an integral part of the corporate decision-making and business planning. The Company maintains an HSE risk management system which establishes a uniform streamlined framework for identifying hazards and assessing the strength of risk barriers and risks that may bring harm to employees and contractors, and actions that eliminate or mitigate the identified risks. The implementation of the risk management process is carried out by the corporate Regulation "Risk Management in the area of Industrial Safety, Labour Protection and the Environmental Management", developed in 2018, taking into account international best practice.

Please see Section [12.3](#) for more information.

3.4. [Road safety](#)

The Company participates on an ongoing basis in activities aimed at ensuring road safety and carries out initiatives to prevent road accidents.

Our employees and contractors drive almost 2 billion kilometres annually due to the scale of the Company's operations and the magnitude of distances.

The Company has adopted Regulations "The system of safe vehicle operation" which covers employees, contractors and subcontractors, and sets standards for drivers, vehicles, and equipment.

At the end of 2019, over 90%, or 52 thousand vehicles, were equipped with in-vehicle monitoring systems.

The Company uses indicators, including SVAR and RTAF, to benchmark transportation safety performance and maintains a road safety communications program which includes regular safety awareness campaigns.

3.5. Developing favourable social environment

Rosneft acts in compliance with the highest standards of social responsibility with a particular focus on health protection and comfortable working conditions, support and promotion of healthy lifestyle, improved housing and living standards for Company employees and their families, and financial support of veterans and retired people. The Company also contributes to developing favourable social environment in the regions of its operations.

The Ministry of Energy of the Russian Federation recognized Rosneft as the company of the highest social responsibility in Russia's oil and gas industry for three years running (2017, 2018 and 2019).

Our contribution to development of favourable social environment focuses on:

- Improvement of social and living conditions at our production sites, including in remote regions and areas with severe climate conditions;
- Emergency medical aid at Company facilities;
- Comprehensive housing programme including corporate mortgage loans;
- Corporate pension programme and veteran social support project;
- Insurance programme: over 330 thousand employees are insured with voluntary health insurance policies, and with voluntary accident insurance programmes.

The strategic initiative "Affordable housing" has been drawn up on the basis of a comprehensive housing programme and is an important driver of the corporate social policy with a successful 14- year track record.

In 2019, 1,112 families of Company employees improved their housing conditions using a mortgage loan programme.

Housing issues of nonresident specialists are solved with the help of corporate housing, which includes more than 1,500 apartments in the regions of Company operations. Implementation



Angarsk petrochemical company helped to purchase equipment and carry out repairs at children's city hospital No. 1. About 7-8 thousand children and teenagers of Angarsk receive treatment at the children's city hospital every year

of the following purpose-oriented programs has continued as part of the strategic initiative "Modern Medicine":

- Outfitting worksite health facilities with state-of-the-art training equipment that help to improve medical emergency response capabilities. In 2019, more than 450 units of professional training equipment were purchased for the use in worksite health facilities at 52 of the Group Subsidiaries.
- Creating a corporate in telemedicine network that connects 90 health units at remote production facilities 18 Group Subs with large-scale regional consulting centers, which can provide expert medical consulting for people at remote production facilities related including method of treatment and the need to evacuate the employees, who were injured or got ill at workplace.

The Company carried out employee medical check-up aimed at early identification of cardiovascular and oncological diseases. In 2019, medical check-up was organized for 31 thousand of the Company's employees.



In 2019, the Company allocated RUB 2.5 bln for the strategic initiative «Active longevity», aimed at improving the social conditions of pensioners

Rosneft has introduced the Uniform standards of health care and emergency aid that set the rules for emergency medical assistance and evacuation at the Company's production sites. Since 2017, a corporate Air ambulance evacuation programme for employees at production sites has been in place.

The Company is imposing high requirements on the speed and quality of provided pre-hospital care at remote and almost inaccessible sites, participating in a continuous expansion of competences and skills of medical workers at worksite health units and development of telemedical technologies.

We focus on providing our employees with timely medical treatment of high quality, health resort and preventive treatment. In 2019, over 78 thousand Company employees received treatment at health resorts of the Krasnodar region in the south of Russia, the Altai region in West Siberia, and Republic of Bashkortostan.

Rosneft renders significant support to health care services and development of medicine in the regions of its operations.

Following our intent to support sports and promote healthy lifestyle, Rosneft holds Winter and Summer Spartakiada Games on an annual basis.

In 2019, 25 thousand employees from 92 Company subsidiaries took part in Spartakiada Games taking into account the preparatory, team selection period.

The Company supports development of professional and amateur sports. Rosneft provides financial support to the CSKA hockey club (Moscow) and sponsors the Arsenal football club (Tula). We support domestic car-makers and promote motor sports in Russia by sponsoring the Lada Sport ROSNEFT motor racing team. Rosneft is also a general sponsor of the International Sambo Federation.

Please see Section [1.2](#) for further details.

3.6. Innovation activities

In line with Presidential Decree No. 632 Rosneft is acting as a technological partner of the Federal Science and Technology Programme for the Development of Genetic Technology in 2019-2027. The Company has registered a non-profit organization in the field of genetics – a universal platform where market participants, research institutes and medical institutions can elaborate proposals on improving regulation as well as develop approaches to introducing global best practices.

The biotechnological campus will be among the main projects of the programme. The biotechnological campus pilot site will be located on the grounds of the Academicians Shemyakin and Ovchinnikov Institute of Bio-organic Chemistry of the Russian Academy of Sciences in Moscow.

Rosneft will become an anchor customer of the biotechnological campus. The Company will not only give its employees an opportunity to be the first to perform full-scale genomic sequencing but will also create a venue for pediatric research for partner medical facilities. This will make it possible to screen workers with critical and dangerous jobs, as well as elaborate

new approaches to ensuring industrial security and providing social support which may become the standard throughout most of the Russian economy.

As a technological partner of the programme, Rosneft will render the necessary support to the initiatives of key Russian Genetics developers, including the National Research Centre “Kurchatov Institute”, the Moscow State University, and academic institutes, as well as promote international partnerships, cooperation and information exchange.



The main goal is to provide personnel with interdisciplinary education that meets the highest global standards. To reach this goal, [Rosneft has created a master's programme entitled "Genomics and Human Health" at the biological faculty of the Moscow State University](#)



7 AFFORDABLE AND CLEAN ENERGY



Affordable and clean energy

7.1. Increasing Company energy efficiency in all operating segments

The Company is one of the largest consumers of fuel and energy resources: its share in the country's energy balance exceeds 4%.

Since 2009 Rosneft has been implementing the [Energy Saving Programme](#). The programme aims at reducing energy consumption and improving economic, environmental and operating performance.

In 2019, investment in the Energy Saving Programme amounted to RUB 2.05 bln.

Implementation of the Energy Saving Programme saved fuel and energy to the amount of over RUB 10.9 bln, or 4.6% of the Company's total energy consumption in 2019.

The Board of Directors controls achievement of energy efficiency targets in the reporting period which are included in top management KPIs.

Since 2013 the Company has adopted and improves an energy management system which is aligned with the international ISO 50001 standard. The corporate Policy on energy efficiency and energy saving is in place. In 2019, Group subsidiaries certified to ISO 50001 accounted for over 95% of the Company's total energy consumption.

Please see Section [13.4](#), for further details.

7.2. Taking action conducive to improved environmental performance when using Company products

Most greenhouse gas emissions associated with the use of products manufactured by the oil and gas industry relate to the consumer use. In order to minimize the environmental footprint and to combat climate change the Company is consistently:

- **commissioning new and upgraded refinery facilities (over 30 units have been commissioned, including 23 capital construction projects and technical upgrades of operating units), expanding the list of low-carbon products with improved fuel efficiency metrics;**
- **communicating better environmental and operating characteristics of produced fuels and new products release;**
- **changing its product mix in favour of environmentally friendly products, increasing natural gas production and its share in the energy mix.**



In 2013-2019, Company gas output increased from 38.2 Bcm to 67 Bcm per annum – the highest growth rate in absolute terms among the Russian independent producers. The Rosneft-2022 Strategy provides for continued gas production growth to over 100 Bcma. The planned incremental share of gas in the Company's energy mix will contribute to sustainable and environmental consumption.

The Company is working on increasing the level of the associated petroleum gas (APG) utilization within implementation of the Gas investment programme for the beneficial use of the associated petroleum gas.

In 2019, Rosneft commissioned 23 facilities for increasing the beneficial use of APG, including facilities for gas reinjection, power generation, gas treatment and utilization, as well as gas infrastructure. The Gas Investment Programme for increasing the beneficial use of APG is implemented in all regions of Company operations.

The Company employs a comprehensive approach to greenfield development, whereby project design takes into account the required rate of the beneficial APG utilization and the time frame for reaching it. In 2013-2019, Rosneft invested over RUB 147 bln in projects aimed at APG utilization and beneficial use.

The Company has completed transition to Euro-5 motor fuel supplies to the domestic market as a result of a number of refinery development projects and technical upgrades of operating units within the time frame set by the Russian Technical Regulations.

In 2018, Rosneft launched oil products with improved environmental and performance characteristics: AI-100 high-octane gasoline at the Ryazan Refining Company and Euro-6 gasoline with improved environmental and performance characteristics at the Ufa Refining Group and the Saratov Refinery.

In 2019, the Company continued increasing production of environmental fuels: the Ufa refinery launched full-scale production of the AI-100 high octane gasoline using proprietary technologies while the Ryazan Refining Company started production of the AI-95-K5 Euro-6 gasoline.

Euro-6 gasoline contains:

- less sulphur, which decreases corrosive activity;
- less benzene, which decreases toxic exhausts;
- less olefinic hydrocarbons which carbonize engine during combustion;
- less aromatics, which also decreases engine carbonizing;
- less tar concentration;
- increased fuel storage stability.

In total, due to the lower general level of sediments, the above characteristics prevent engine wear, increase the operational life of the after treatment system and reduce toxic exhausts. In particular, they have lower sediments on induction valves and the car combustion chamber by 12.5% and 12.7% correspondingly. The volume of most toxic compounds is also reduced: CO (carbon monoxide) is lower by 9.5%, CH (various hydrocarbon compounds) is lower by 3.6%, and NOx (nitrogen oxide) is lower by 3.9%.



In 2019, the Company launched sales of the Euro-6 high octane gasoline in the Ryazan, Tula, Kaluga and Vladimir regions, as well as in Moscow and the Moscow region

In 2019, the Company's AI-95-K5 Euro-6 gasoline with improved environmental performance won several awards in the All-Russia competition and entered the list of Russia's 100 top goods.

In 2019, the Komsomolsk refinery and the Ufa refining complex launched production of the RMLS low-sulphur marine fuel compliant with the IMO (International Marine Organization) requirements which have come into effect since the beginning of 2020.

Using RMLS as bunker fuel contributes to minimizing the environmental impact of water transport.

In 2019, RN-Bunker, the operator of Rosneft's bunkering business, started fueling vessels with the environmental low-viscosity marine fuel TMS A which is produced at the Novokuybyshev refinery.

The fuel sulphur content does not exceed 0.1% that is fully compliant with the requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL).

7.3. Ensuring access to energy and reliable energy supplies to consumers, including the emerging markets

The Company is a prominent participant in the global energy market, and acknowledges its role and responsibility for timely, reliable energy supplies to consumers, equally affordable and at competitive prices.

Rosneft's share in the global crude oil production amounts to 6%.

The Company has established a diversified system of energy supplies accessible for consumers with different levels of economic development, in compliance with modern energy security requirements, and offering a wide range of cooperation options, including tender sales and longterm contracts. We focus on increasing hydrocarbon production and improving our incremental product mix.

Please see Section [2.1](#) for further details.

7.4. Innovation activities

Leadership in innovation and R&D activities is an important growth driver for the Company. Rosneft innovation effort includes development and application of new products and technologies, and business process management know-how.

The Company has adopted and regularly updates [the Innovative Development Programme](#) aimed to make the Company one of the industry technology leaders. In 2019, the programme investments amounted to RUB 57.1 bln, including R&D investments of RUB 30.05 bln. Priority activity areas include:

- elaboration of new technologies, equipment and materials with a view to increasing energy and operating efficiency, and developing new types of reserves, including development and application of proprietary geological and hydrodynamic field modelling tools and geophysical and hydrodynamic well logging;
- development of new products, improving the Company product mix;
- process-focused and other innovations aimed at incremental operational safety and improved business efficiency;
- introduction of smart production processes and development of digital technologies including dedicated software.

In 2017-2019, confirmed economic benefit from piloting new technologies and introducing results of dedicated innovation projects/ technologies exceeded RUB 36 bln.



Innovative scientific and research activities are an important factor of the Company's development

The Rosneft R&D and project design complex consists of 29 scientific-research and design institutes,

employing over 15 thousand people, including more than 700 employees with Ph.D and doctorate degrees. Institutes of the Corporate R&D and project design complex implement project feasibility studies, engineering design of field development and infrastructure, well engineering and drilling technical support.

Institutes of the Corporate R&D and project design complex have created a number of unique technologies, including an Arctic catalyst enabling fuel to work at temperatures minus 47 degrees Celsius, unique biotechnology for eliminating oil pollution at below-freezing temperatures, polymer proppant for hydraulic fracturing and a range of proprietary high-tech software.

In 2019, the Company carried out production tests of the trial party of hydroprocessing catalysts which allow producing gasoil compliant with Euro 5 at the Ufa refining group. This is the first hydroprocessing catalyst in the Russian refining industry capable of fully replacing analogous foreign catalysts. The testing showed that gasoil produced with the proprietary catalyst is compliant with all modern technical requirements. The catalyst is competitive versus best international alternatives, and even superior by some metrics.

Please see Sections [3.6](#), [6.4](#), [13.5](#), [14.3](#) for further details.

7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth

8.1. Contributing to sustainable development and diversification of the national economy

The Rosneft-2022 Strategy incorporates strategic guidelines, goals and targets that promote sustainable development of the national economy, related industries and regions of the Company's operations.

The Company contributes to sustainable development and technical progress of the economy, creation of new industries, highly productive jobs and value-adding products through a transfer to long term contracts with consumers, suppliers and contractors, as well as a system of anchor orders.

The [Company's programme of import substitution and localization of equipment manufacturing](#) provides for development of related industries and gradual localization of foreign equipment production, including partnerships with leading world manufacturers.

8.2. Protecting employee health and safety, contributing to health and safety of contractors and suppliers

Please refer to Section [3.1](#).

8.3. Creation of favourable social environment

Please refer to Section [3.5](#).

8.4. [Supporting family and childhood](#)

The Company ensures social protection for employees and their families. Employees, following the end of their maternity leave, have a guaranteed work place and smooth integration in the corporate team.

In group subsidiaries payment for the period of temporary disability in connection with pregnancy and childbirth is based on an average salary calculation.

The Company provides assistance for construction of social and health care facilities for children within the framework of its social and economic partnership with the regions.



8.5. Freedom of association and collective bargaining

The Company supports freedom of association, acknowledges the integrity of the employees' right to conclude [collective agreements](#), and the right of every employee to collective representation of his/her interests, including trade unions. These norms are stipulated in [Rosneft's Code of Business and Corporate Ethics](#).

More than 74% of Company employees are part of the labour contract.

The Company management maintains engagement with the Interregional trade union of Rosneft, with the Standard collective agreement template in place.

Representatives of trade unions carry out independent monitoring and assessment of industrial safety and labour protection at the Company's sites through their authorized representatives with regard to health and safety.

In 2019, the Company successfully developed relations with the All-Russian Association of Employers of the Oil and Gas Industry. Company representatives participated in the activities of the industry commission on regulation of social and labor relations. As a result of this constructive engagement, in December 2019, organizations of the petroleum industry and construction of facilities for the oil and gas complex of the Russian Federation signed a new industry agreement for 2020 - 2022 which takes into account the Company's proposals. Conclusion of the agreement encouraged Group Companies to start acceding to the agreement.

8.6. [Productivity growth and efficiency improvement](#)

The Company focuses on improving operational efficiency, increasing productivity and creating incremental added value.

The Company has elaborated and put in place a comprehensive set of measures aimed at productivity growth that includes steps to raise profitability and cut costs, with productivity metrics being part of management KPIs. A set of measures aimed at productivity growth is integrated in the business planning process and Rosneft's Long-Term Development Programme, which is annually audited with independent external assurance and considered by the Board. Efficiency improvement programmes designed for specific business streams are under way.



The Company focuses on improving operational efficiency

Targets related to productivity growth and cost cuts are included in the key performance indicators for assessing Company top management activities (KPIs).

8.7. Education as a means of [integrating young people into the energy sector](#)

Being a responsible employer and a key industry player, the Company implements a policy focused on ensuring a steady inflow of professionally trained young specialists from among the best graduates.



The Company implements the Rosneft-classes project of pre-university training and professional orientation in 27 regions of the Russian Federation. The total number of project participants exceeds 2.8 thousand people in 64 schools and 57 residential areas

The corporate system of continuous education «School - Higher school - Enterprise» is a key element of the corporate youth policy.

Rosneft provides opportunities for young people to get their first professional experience through internship and recruitment programmes as part of the Company's university engagement. In 2019, the Company provided internship opportunities for over 7.0 thousand students. Every year, more than 1 thousand graduates join the Rosneft team.

Please see Section [4.2](#) for further details.

8.8. Establishing sustainable procurement system along the entire value chain

The Company aims to cooperate with suppliers and contractors that are interested in sustainable development of their supply chains, and application of new technological and innovative solutions.

Rosneft is one of the largest consumers of goods, works and services among Russian private and partially state-owned companies.

The persistently high demand for goods, works and services in the context of continuous business development is a powerful driver of the Russian and global economy.

The Company expects its suppliers and contractors to adhere to the principles stipulated by international regulations and public corporate documents related to human rights

which are aimed at observing human rights, health and safety, environmental protection, prevention of corruption, fraud and conflict of interest, statutory compliance and promotion of economic and social development.

When choosing suppliers and contractors, the Company is guided by the following key principles –

1. Openness (information transparency of procurement).
2. Competitiveness (ensuring equality, fair play, lack of discrimination and unjustified limitation of competition with regard to procurement participants).
3. Relevance (compliance with acting legislation of the Russian Federation and lack of barriers to participation by establishing unmeasurable requirements to procurement participants).
4. Efficiency (appropriate and economically viable procurement spending (if necessary, taking into account the lifecycle cost of the purchased goods) and implementation of cost optimization initiatives).

8.9. Increasing Company energy efficiency in all operating segments

Please refer to Section [7.1](#).

8.10. Creating decent living and labour conditions in remote regions

The Company commits to ensuring decent working and leisure conditions when conducting operations in remote regions with challenging climate conditions.

In 2019, 52 thousand Company employees and contractors were living in 349 field and shift camps. (including 119 field camps and camp cars, as well as 230 camp cars of RN-Drilling). The Company has established uniform standards for design, construction, operation and management of field camps and field support bases for crew, team, and shop personnel.

In 2019, investment in construction and development of production and social facilities amounted to RUB 8.7 bln.

Please see Sections [1.1](#), [1.2](#), [2.2](#), [10.4](#) for further details.



13 CLIMATE ACTION



Climate action

13.1. Risks and opportunities related to climate change

The Company identifies and assesses risks and opportunities inherent in its business, as well as the activities of its suppliers and contractors.

The approach of the Company management and the flexibility of its business model provide high adaptability to possible changes in the energy landscape.

Our medium-term goals are in line with the growing climate-related society expectations and are aimed at

- Increasing the natural gas production, the use of which can significantly reduce greenhouse gas emissions;

- Implementing refinery development projects, increasing output of products in demand and feedstock for petrochemicals;
- Reducing greenhouse gas emissions, including methane, and increasing energy efficiency;
- Developing, producing and stepping up sales of new products that allow consumers to reduce emissions and improve energy efficiency.

Rosneft is developing various scenarios of global energy evolution. Our strategic planning and engagement in consideration of industry documents takes into account risks and opportunities for the Company and the energy sector of the Russian Federation associated with climate change and transition to the low-carbon energy.

In April, 2020, the Board of Directors approved expansion of the tasks and functions of the Strategic Planning Committee and renamed it [the Strategy and Sustainable Development Committee](#). The Committee assists the Board of Directors in determining strategic goals and benchmarks of the Company development, including the goals of Rosneft in the area of environmental and social responsibility and Corporate governance (ESG) and evaluating the long-term performance of the Company and the contribution of Rosneft to the UN Sustainable Development Goals (SDGs). The functions of the Strategy and Sustainable Development Committee include analyzing risks and opportunities of Rosneft related to climate change and the environment including water resources management and highlighting key SDG issues to the Board of Directors of Rosneft.

In 2019, the Company established **the Carbon Management Subcommittee** with a view to coordinating actions related to the achievement of the Company's strategic climate goals. The Sub-committee includes top managers from the operational, energy, economic and environmental functions of the Company. The Carbon Management Subcommittee had its strategic carbon-management framework approved and adopted a detailed work plan for 2020.

Rosneft is actively working with all interested parties in contributing to GHG emissions reduction and actions related to adaptation to physical risks from climate-related changes in the context of Russia's **ratification of the Paris Agreement**. The Company is also improving its carbon reporting system in accordance with the Russian legislation, international GHG reporting protocols and has

strengthened its carbon disclosures by taking into account recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Rosneft recognizes the importance of reducing methane emissions at all stages of the value chain. In 2019, Rosneft [joined other leading international oil and gas companies as a member of the Methane Guiding Principles initiative](#). This initiative focuses on the application of new technologies for methane detection, quantification and reduction as well as methane management best practices, collaborating on methane policy implementation and supporting transparency of reporting on methane emissions.

Rosneft joined the leading oil and gas companies – participants of [the global CDP¹ Climate Change Rating](#). As a result of an independent assessment, Rosneft was assigned the “B” rating – the highest among the participating Russian oil and gas companies.

13.2. Improving Company energy efficiency in all operating segments

Please refer to Section [7.1](#).

13.3. Taking action conducive to improved energy efficiency when using Company products

Please refer to Section [7.2](#).

¹ The Carbon Disclosure Project

13.4. [Environmental policy and commitments](#)

As a participant of the UN Global Compact the Company strives to reduce the impact from its operations on climate change.

[The Rosneft 2022 Strategy provides for achieving a 5% reduction of greenhouse gas emissions on a unit basis.](#)

The Company implements the Gas investment programme for increasing the beneficial use of the associated petroleum gas and the Energy efficiency programme aiming at preventing of over 8 mln tonnes of CO₂ equivalent going into the air by 2022.



In 2019, Group Companies planted about 1 mln trees as part of the forest preservation initiative

In 2018-2019 energy efficiency indicators improved by 14 %, as a result it was possible to avoid emissions of 3.1 million tons of CO2 equivalent during this period.

Rosneft's Gas investment programme for increasing the beneficial use of the associated petroleum gas focuses on achieving the reduction of associated petroleum gas flaring to less than 5%, in line with the Russian Government target. The Company will reach this target by applying a comprehensive approach to field development and establishing infrastructure for gas gathering, utilization and transportation to consumers, as well as constructing gas re-injection facilities.

Please see Sections [7.1](#), [7.2](#) for further details.

13.5. [Innovative activities](#)

The Company implements innovative projects focused on developing technologies aimed at using renewable energy for power supply of oil and gas producing enterprises, as well as technologies and equipment for treating and using natural gas and associated petroleum gas, including for power generation. The Company specialists have received a number of patents in that respect.



17 PARTNERSHIPS FOR THE GOALS



Partnerships for the goals

17.1. Participation in global initiatives

The Company is a participant of the UN Global Compact, shares the principles of the Social Charter of Russian Business and supports the Anti-Corruption Charter of Russian Business.

The Company is also supportive of general principles and values of the Universal Declaration of Human Rights, and the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work. We support initiatives aimed at sustainable development, higher transparency, combating corruption, respecting the fundamental human rights, closing the inequality gap, and protecting the environment.

Please see Sections [10.6.](#), [13.1.](#) for further details.

17.2. Participating in sustainable energy development



Igor Sechin, Rosneft Chief Executive Officer, delivered a keynote address at the Energy Panel, held within the framework of the XXIII St. Petersburg International Economic Forum. The Energy Panel is a key discussion platform for oil and gas leaders, state representatives, and acknowledged industry experts. In 2019, the Energy Panel session provided a comprehensive analysis of the oil and gas future, as well as an opportunity of opinion exchange

The Company acknowledges the importance of sustainable development of the global energy sector and responsible behavior of key producers.



This includes sufficient investment needed for the resource base renewal, timely and efficient reserve development, and reliable supplies to consumers in developed and developing countries. Given modern challenges, creating obstacles to producers' participation in the global energy market, as well as building barriers barring investment in effective energy projects is unacceptable.

The Russian oil and gas sector on the whole and the Company in particular continue to increase supplies to the global market responding to the growing demand from the global economy. The Company takes part in building dialogue aimed at sustainable development of the energy sector, in particular, through

- changes in the regulatory environment, elaboration of fiscal initiatives with a view to improving the efficiency of resource base development, crude oil refining, and petrochemicals;
- creation of integrated supply chains, new capacities and technological solutions;
- enhanced partnerships with domestic and international industry participants, including cooperation in the area of health, safety and environment (with BP, [Equinor](#)).

Please see Sections [8.1](#), [9.2](#) for further details.

[17.3. Effective partnership with state organizations, businesses and society](#)

The Company is committed to an open, constructive dialogue and responsible cooperation with state organizations, businesses and society. In this dialogue we comply with the applicable legislation and high standards of the corporate and business ethics. This helps to enhance the Company's opportunities and promotes creation of favourable conditions for developing its business. Key areas of engagement include development of the federal and regional laws and the industry normative base, promotion of key initiatives for sustainable

development of the industry and the regions.

Since 2007 the Company has been conducting annual round-table workshops in core regions of its operations. The workshops centre on priorities in the development of the Group's subsidiaries, environmental protection, industrial safety and labour protection, the Company's contribution to developing the regional economy and infrastructure, social and charity matters, and support for science and education.



In 2019, Rosneft held a seminar "[Corporate approaches to carbon management](#)" with participation of Company top management and representatives of BP and Equinor senior management in Russia

Please see Sections [2.3](#), [16.3](#) for further details.

17 PARTNERSHIPS FOR THE GOALS



1 NO POVERTY



No poverty

1.1. Contributing to regional socioeconomic development and better well-being

Rosneft is one of the largest public oil and gas company in terms of crude oil reserves and production and plays a strategic role in the Russian energy industry and the national economy, In 2019, the Company accounted for 5.5% of Russia's GDP, 4.4 % of the country's investments and 18% of revenues to the federal budget.

Company operations contribute to sustainable development of regions and related industries, creation of added value and workplaces across the entire value chain, better well-being and sustainable social development.

Rosneft maintains about 2.5 workplaces in Russia, including our employees, suppliers and contractors.

Rosneft is one of the largest employers in Russia. In 2019, our average headcount amounted to 315.4 thousand people.

Please see Sections [3.5](#), [8.1](#), [8.10](#). for further details.

The Company accounts for over RUB 6 trln, or almost one third of the total investment in the Russian economy.¹



The Kharampur village in the Yamalo-Nenets autonomous okrug was modernized in the mid-2000s. With the support of Rosneft's subsidiary RN-Purneftegas local residents were provided with comfortable eight-square brick cottages in the national style, a residential school, a fish processing shop, and other social facilities

¹ Given the multiplier effect of oil and gas investments amounting to 6.5x per every invested rouble.

1.2. Social responsibility and social investments

The Company is committed to the principles of high social responsibility, and takes a comprehensive approach to social investments.

We support programmes focused on promoting health care, education, fitness and sports, science and technology, and social equality. The Company establishes partnership relations with the regions of its operations by concluding agreements with regional authorities and participating in charity projects.

In 2019, our investments in the social sphere amounted to RUB 45 bln. In 2019, 81 agreements with authorities in the regions of Company operations were in force. The overall financing amounted to RUB 7.1 bln, including investments in developing social infrastructure in residential areas, support of health care and education, development of culture and popular sports. In 2019, our contribution to standalone charity projects amounted to almost RUB 2.4 bln, while sponsorship support equaled RUB 1.8 bln.

Please see Sections [3.5](#), [11.5](#) for further details.



2 ZERO HUNGER



Zero hunger

2.1. Meeting energy demand

Responsible business conduct is one of the Company's priorities, including equal access to products of guaranteed quality and offered at a fair market price.

The Company's infrastructure, a well-developed network of retail stations and oil depots, and participation in exchange-based trading system provide domestic consumers of the Russian Federation with equal access to our products of guaranteed quality at a fair price that is necessary for smooth operation and balanced development of industry and agriculture, particularly during peak demand in planting and harvesting seasons.

Rosneft supplies oil products to regions of the Russian Federation, including remote and hard-to-access areas. The geography the Company's retail network is vast and includes over 3 thousand sites in 66 Russian regions and over 5 thousand retail sites abroad.

Rosneft also owns 13 refineries in Russia, as well as stakes in 5 refineries abroad (3 refineries in Germany, the Mozyr refinery in Belarus and a refinery in India's Vadinar). The Company and its partners are considering projects for constructing new refineries in Indonesia and China.

Please see Section [7.3](#) for further details.

2.2. Supplying remote regions and promoting shared use of infrastructure

Infrastructure, created by the Company in the course of its operations, contributes to better living standards and socioeconomic development which is particularly important for Russia's remote regions.

When realizing projects in the remote regions of Siberia and the Far East, the Company implements construction of road infrastructure, including winter roads and water crossings which are used both for shipment of equipment and personnel to Company sites, and by local dwellers aiming to ensure uninterrupted delivery of food, consumer goods, and fuels to remote regions. The Company's subsidiaries contribute to oil product deliveries to Russia's northern areas in order to ensure ample energy supplies for the winter period.

2.3. Supporting indigenous people of the North and local communities

The Company respects the cultural heritage, traditions, and rights of people.

Rosneft supports projects which contribute to sustainable development of indigenous people of the North and local communities.

These projects are aimed at preserving unique ethnic culture, traditional lifestyle and economic activities of indigenous people, and providing proper education and health care services.



[Our philosophy](#) is embedded in the [Rosneft Code of Business Conduct and Ethics](#). The Company provides support for various sports and ethno-cultural activities, and allocates funds for acquiring equipment needed for hunting and fishing activities, construction and repair of residential properties, social and infrastructure facilities.

For three years, the Company has been acting as the sponsor and the organizer of the ECOARCTIC environmental forum,

which involves holding round tables with a view to discussing the status of Arctic ecosystems, the problems of household deer farming, environmental security when developing the Arctic natural riches, implementation of conservation initiatives in nature reserves, the role of local government in regulating the relations of subsoil users and local residents, and the aspects of maintaining the traditional life style of the indigenous peoples of the North.

In 2017- 2019, 5 round tables were held in the Krasnoyarsk region, Nenets autonomous region, and Republic of Sakha (Yakutiya). The stakeholders – participants of the round tables included representatives of the executive authorities and the local government, representatives of the regional nature reserves and scientific and research institutes, non-governmental organizations and associations. The Company organizes creativity competitions, orientation lectures in environmental security and Arctic nature preservation for pupils of the primary and high school.

Every year the forum concludes with traditional sled deer races, national wrestling, lasso (maut) throwing, leaping over sledges and other numerous competitions like cooking national dishes, making the best harness, and presenting produce of bone-carvers and embroiderers. These and many other events are held while celebrating the Day of Reindeer Herder and the Day of the Spirit of Hunting and Fishing (Baianai).

The Company has been implementing unique programs aimed at the cultural development and preservation of traditional forms of work of the Evenki over the past five years.



Rosneft acts as the sponsor and the organizer of the ECOARCTIC environmental forum held with a view to discussing the status of the Arctic ecosystems, environmental security, maintaining the traditional lifestyle of the indigenous peoples of the North, and other topical issues. In 2019, the forum was held in the Republic of Sakha (Yakutiya)

AO Vostoksibneftegaz renders support to projects focused on preserving reindeer herding and traditional forms of work, preservation of the Evenki language, studies of ecosystems in the Middle and Eastern Siberia. Research works of the Siberian Federal University supported by AO Vostoksibneftegaz are dealing with wild reindeer populations, which play a pivotal role for the ecological system of the Evenki and Taimyr regions in the Krasnoyarsk Territory, forming a part of a Coordination Agreement between the Ministry of Natural Resources and Ecology of the Russian Federation and Rosneft Oil Company in the framework of the national project "Ecology".

The Company provides support to the project "IT camping ground" which is implemented by the Government of the Khanty-Mansi Autonomous District - Yugra, aiming at improving the quality of life of the indigenous peoples of the North

living in remote and almost inaccessible places, and ensuring access to public services and distance learning. With the assistance of Rosneft and other companies 9 camps of the indigenous peoples of the North received Internet connection in 2019, which allowed to provide about 1,450 people from 62 territories of the traditional use of natural resources in 5 municipal districts of Khanty-Mansi Autonomous District - Yugra with Internet access.

Please see Sections [3.5](#), [11.5](#) for further details.





Quality education

4.1. Corporate system of continuous learning and employee education

Competent and highly qualified employees are the main asset of the Company and a prerequisite for its sustainable development. The Company has established a uniform corporate system of continuous learning and education that reaches out to all business segments, staff categories and is accessible to more than 300 thousand of Company employees.

The corporate Standards “On professional training” and “[On employee assessment and professional skills development](#)” are in place. The Company has developed over 1.3 thousand professional and technical skills sets, as well as procedures for skills assessment for core business processes. Within the framework of the corporate continuous learning and employee education

- **The Company incorporates more than 63 corporate learning centres and develops successful cooperation with leading domestic and international educational institutions;**

- **On an annual basis, the Company conducts more than 600 thousand man-hours of mandatory professional, technical and management training,** as well as secondment and knowledge-sharing programmes with international partner companies;
- The Company develops management expertise with the help of MBA programmes and promotes professional skills with more than 200 specialized programs of the corporate professional and technical training.



The «Rosneft class» school-to-workplace project is one of the Company's priorities. In 2019, 107 «Rosneft class» graduates, who received industry-specific higher education, joined 32 Company subsidiaries

4.2. Supporting secondary and higher professional education

The Company cooperates with Russian and international educational institutions with a view to creating new programmes, modern educational facilities and training centres of excellence.

Our support of secondary and higher professional education includes the following:

- Rosneft has established partnerships with 61 Russian and international universities, and 38 organizations of vocational education;

- The Company supports 25 proprietary academic departments;

- Projects are under way aimed at the development of scientific and educational university infrastructure; staff training programs are enhanced and upgraded;
- The Company supports efforts to obtain higher education, including scholarship programmes for foreign students.

4.3. Education as a means of integrating young people into the energy sector

Please refer to Section [8.7](#).



5 GENDER
EQUALITY



Gender equality

5.1. Increasing employee capabilities and equal opportunities for professional growth and development

The Company creates comfortable working conditions aiming to unlock the potential of each employee and operates in compliance with the **Social Charter of Russian Business and the Universal Declaration of Human Rights.**

Every individual is guaranteed the rights and freedoms proclaimed in these two documents. We apply a uniform transparent approach to employee remuneration, assessment, motivation and career development.



The Company provides equal opportunities for professional growth and employee development.

In 2019, the share of women among employees amounted to 32.3%, including 23.4% among senior officers and 13.5% among top management of group subsidiaries, and 18.2% in the Company's Management Board.

The Company implements programmes for developing the succession pool and employee professional skills. Since 2005 Rosneft has been holding an annual corporate contest "Best in profession", with over 20 thousand employees taking part every year.

Young specialists participate in a comprehensive corporate programme, including orientation classes, development of engineering thinking, professional and leadership skills. Every year more than 55% of young specialists take part in corporate scientific and technical conferences which have become platforms for career growth.

5.2. Supporting family and childhood

Please refer to Section [8.4](#).



6 CLEAN WATER AND SANITATION



Clean water and sanitation

6.1. Water management

Access to water resources and prudent management of fresh water ecosystems are critically important for people's health, environment preservation and sustainable development.

The Company is committed to ensuring the rational use of water resources within its operations and taking action to protect and replenish them.

Rosneft is committed to complying with the water management legislation. This is achieved by carrying out timely repair and upgrading activities where necessary, and introducing best available technologies where appropriate. The Company monitors the state of environment on an ongoing basis, which allows us to take timely action for minimizing our environmental footprint.

The Company carries out annual inspections of offshore wellheads, and executes environmental monitoring of marine ecosystems and environmental and fishing mapping at the Company's offshore licence areas.

In 2019 water management expenses (waste water collection, treatment, transportation and discharge) exceeded RUB 5.5 bln.

In 2019, the share of recycled and reused water of the total water consumption in our operations exceeded 90%,

which ensures that lesser volumes of freshwater are taken from the environment.

6.2. Water treatment and recycling programmes

Implementation of major environmental projects improves water management efficiency at Rosneft production facilities and water quality in the water supply facilities of cities and residential areas in the regions of Company operations. Construction and upgrades of water treatment facilities are an integral part of the large-scale corporate refinery maintenance programme.



The Company implements eight priority environmental projects

within the framework of the Cooperation Agreement with the Russian Ministry of Natural Resources and Environment and the Federal Agency for Natural Resources Supervision.

Six of them are related to the improvement of water quality and higher efficiency of water use.

The following projects have already been executed in that respect:

- In 2018, the Company commissioned a new biological treatment unit at Bashneft-Ufaneftekhim, a unique project for Russia and Eurasia, which is designed to treat all industrial, rain and utility waste water from the Bashneft refineries, and 66 local businesses. As a result, by using purified waste water, we reduce fresh water consumption by 2.5 times.
- The Company commissioned an advanced water treatment facility incorporating a membrane bioreactor at the Novokuibyshevsky Refinery with a view to increasing water treatment efficiency and reducing fresh water use consumption by maximizing the use of treated waste water, and ensuring complete automation of the process.
- A project to construct a water-circulating supply unit and treatment facility at the Novokuybyshevsky plant is in its final stages. This will improve the quality of wastewater and increase the efficiency of circulated water re-water for production.
- In 2019, work continued on the construction of large-scale environmental projects for the reconstruction and technical upgrade of wastewater treatment facilities of the Ryazan NPK, Kuybyshevsky and Novokuybyshevsky Refineries.

In the Company's upstream operations, the Company increasing water management efficiency by incorporating water re-injection technology to maintain formation pressure and enhance oil recovery, resulting in minimal fresh water take-off from surface water bodies.

Rosneft operations with regard to managing water resources were assigned the B- score in the global [CDP water rating](#) that demonstrates the efficiency of the Company's environmental policy.

6.3. [Minimizing oil spill footprint and managing risks](#)

The Company strives to prevent, reduce and minimize the footprint of oil spills.

The Company has established and improves an Emergency Oil Spill Response System which ensures prompt response to crude oil and oil product spills, their localization and elimination with a view to minimizing the environmental footprint, including the impact on water resources.

The Company is implementing the Programme “On improving pipeline integrity in 2020-2025” along the following lines:

- **Reducing the pipeline failure rate by over 20% by the end of 2025 (compared to 2019).**
- **Increasing the volume of in-line inspection for better pipeline controls.**
- **Selecting, testing and introducing new technologies and materials to increase protection against corrosion and sediment build-up.**
- **Developing and applying improved operating pipelines controls.**

The implementation of the 2015-2019 **Programme on increasing pipeline reliability** helped to achieve the target of reducing the pipeline failure rate by 30% as compared to the 2013 base line. At the same time, the quality indicator of pipeline reliability (unit failure rate) has improved by almost 40% over the past six years. In 2019, the legacy pollution acreage reduced by 16%.

6.4. Innovative activities

The Company implements innovative projects aimed at developing technologies for drilling waste and oil sludge treatment, emergency oil spill response, oil decontamination of seas and land remediation.

The Company owns licences for strains of pure growth bacteria and microbial species which are designed for decontaminating sea areas and coastlines of northern seas.





Industry, innovation and infrastructure

9.1. Promoting development of infrastructure, related sectors and industrial complexes

The Company Investment programme and anchor orders provide powerful stimulus for development of related sectors and the national economy as a whole, ensuring higher level of industrialization and application of new technologies. Implementation of our oil and gas projects leads to creation of new oil producing provinces and promotes regional development, particularly due to infrastructure construction which is important for the oil industry and its oilfield services segment.

The Company invested over RUB 4 trln in its business development over the last 5 years, including the launch of oil and gas greenfield projects, modernization of existing facilities, and establishing resilient modern infrastructure for conducting business in the regions of Company operations.



The Company ensures sustainable production growth and reserves renewal at its brownfield and greenfield asset base due to the application of advanced technologies

The Company's investment portfolio and anchor orders create foundation for new, improved and expanding activities in various industries.

The Company contributes to creating infrastructure for new projects (in East Siberia and other remote areas), oilfield equipment manufacturing and the development of related industries, including metals, chemicals, engineering, and electronics.

9.2. Creating economic value

The Company has a sustainable value-adding integrated business model aimed at using the opportunities which result from changes in the global energy mix, structural changes in commodities markets, and technological advancement. This approach, along with efficient investment portfolio management, corporate governance system, and effective stakeholder partnerships promote incremental profitability, creation of added value across the entire value chain, and unlocking the full resource potential. The Company takes into account global energy trends, including the growing role of natural gas, development of new types of reserves and new production regions.

Please see Sections [8.8](#), [11.1](#), [12.3](#) for further details.

9.3. Innovative activities

Please refer to Section [7.4](#).

9.4. Ensuring sustainable infrastructure

Rosneft recognizes the importance and necessity of promotion and improvement of measures aimed at ensuring the information security while conducting automation and digitalization of business processes and engineering procedures. Compliance with the principles, rules and requirements of information security constitutes an integral element of the Company's corporate culture and an important prerequisite for performing day-to-day operations, including joint activities with the business partners.

Cybersecurity is one of the key factors ensuring sustainability of Company infrastructure in the context of digitalization and provides for safe sustainable operations of corporate business and management systems, as well as industrial automation.

The Company's strategic guidelines in the area of information security are focused on ensuring a secure information environment, sustainable digital development, centralized information security function, and improving the process aimed at a higher awareness of employees with regard to the perils of information security.

Information security is based on the risk-oriented approach, with consideration of legislative requirements and international best practice. Information security management processes are integrated in the corporate governance system. In the context of external limitations, the Company's sustainable development is ensured, among other things, by implementation of advanced digital programmes and development of proprietary digital solutions, including such projects as "digital field", "digital refinery", big data, digital assistant and so on.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



Reduced inequalities

10.1. Partnerships and social investments in the regions of operations

Please see Section [1.2](#).

10.2. Fiscal stability and budget revenues assurance

Rosneft is the largest taxpayer of the Russian Federation, contributing to the stability of the country's budgetary system and its economic development.

In 2019, the Company paid RUB 3.6 trln in taxes, duties and insurance premia to budgets of all levels and off-budget funds

that equals 18% of all federal budget revenues.

In key oil producing regions where we operate, Rosneft is a significant taxpayer, with RUB 404 bln of taxes paid to the regional budgets in 2019.

In 2019, Rosneft was the first among the largest Russian oil and gas companies to publish the Key taxation principles,

stipulating unconditional and timely implementation of legislative requirements as the basis of the Company's activities in the tax field. The document reflects the main principles and tasks in the tax area, highlighting the creation of sustainable taxation environment, and sets a new benchmark for responsible tax behavior on the basis of openness and transparency principles in the field of taxation.

Please see Section [1.1](#) for further details.

10.3. Developing human talent and providing equal opportunities for professional growth and development

Please see Section [5.1](#).

10.4. Social policy

Rosneft adheres to the principles of high social responsibility, and ensuring decent living standards for its employees (please refer to Section [3.5](#)). The Company is striving to maintain the labour remuneration at a level which exceeds an average salary in the regions of its operations, conducting an annual salary indexation.



The Company has a collective agreement template that contains a list of benefits, guarantees and compensations providing additional social protection for employees. In 2019, social payments, benefits and one-time bonuses (part of gross payroll) amounted to RUB 18.7 bln

10.5. Supporting indigenous peoples of the North and local communities

Please refer to Section [2.3](#).

10.6. Compliance and combating corruption

The Company adheres to the principle of zero tolerance of corruption in any form and manifestation. Any manifestations of fraud are unacceptable. The Company takes active measures aimed at combating fraud.



In 2010, the Company joined the UN Global Compact and the Social Charter of Russian Business, and has been providing support for the Anti-Corruption Charter of Russian Business since 2013.

Please see Section [17.1](#) for further details.

The Company's principles and approach are stipulated in its local normative acts: [the Policy for Combating Corporate Fraud and Involvement in Corrupt Activities](#), the [Code of Business and Corporate Ethics of Rosneft](#), [Regulations of Rosneft internal control rules for prevention, detection and suppression of illegal use of insider information in Rosneft and \(or\) market manipulation](#), the Procedure for Managing Conflict of Interest at Rosneft and its subsidiaries, and Regulations on the rules for the exchange of business gifts and business hospitality.

Management bodies and the Board of Directors regularly assess corruption risks incidental to sectors and jurisdictions in which the Company operates, review facts revealed in conjunction with the conflict of interest. The Company undertakes activities under a Comprehensive Programme for Preventing Fraud and Corruption on an annual basis.

When working with suppliers and contractors, Rosneft consistently controls contracting procedures, pricing and discounting mechanisms with a view to detecting possible collusion, effectively spotting signs and facts of affiliation and selfish interests, as well as predisposition to corrupt behavior. In 2019, the Company checked over 163 thousand enterprises willing to participate in tender procedures.

Please see Section [12.3](#) for further details.

10.7. Creating favourable social environment

Please refer to Section [3.5](#).



11 SUSTAINABLE CITIES AND COMMUNITIES



Sustainable cities and communities

11.1. Meeting the growing demand for energy resources

The Company acknowledges that in the long-term crude oil and natural gas will retain an important role in the energy mix, with a growing share of gas as a clean fuel. As a responsible producer, the Company steadily increases the volumes and efficiency of hydrocarbon production. In compliance with the Rosneft-2022 strategy, the Company targets the organic production growth of liquid hydrocarbons (up to 250 mln tonnes) and gas (over 100 bln cub. m) that will meet the country's growing energy demand through greenfield execution.

The Company's key goal in monetizing gas resources is implementation of obligations with regard to gas supplies to our consumers, as well as expanding the portfolio of long-term contracts in order to have guaranteed sales of incremental gas production. In its gas business development, the Company is focused on holding the market share of 20 % in the gas market

of the Russian Federation, as well as maintaining a leading position among independent Russian producers due to development of trading skills and consumer engagement.

Currently, the Company supplies gas to more than 35 regions of the Russian Federation, acting as the main supplier in a number of them.

11.2. Improving living standards in cities and other residential areas

The Company's activities contribute to higher living standards, ensuring environmental sustainability and reducing the environmental footprint of the automobile transport.

Rosneft is constantly improving characteristics of its motor fuels and expanding the geography of its supplies, as well as the range of available products and additional services at petrol stations (including non-fuel business). Please go to Section [7.2](#).

In 2019, a growing number of Rosneft's retail sites were offering customers new motor fuels with improved technical characteristics, including the high octane Pulsar 100 motor fuel, and the Euro-6 fuel on the basis of AI-95 gasoline, the range of ACTIVE fuels at the BP-branded retail network.



Developing a retail network of natural gas motor fuels in Russia is one of Rosneft's priorities in its retail business. Using gas as a motor fuel ensures better transportation efficiency due to lower carriage costs and significantly reduces the automobile environmental impact. Rosneft's retail network has the potential of becoming a platform for developing the charging infrastructure for electric vehicles - please refer to Section [3.2](#).

11.3. Environmental policy and commitments

In accordance with its [Policy on Health, Safety and Environment](#), the Company, wherever possible, tries to avoid operations within a residential area.

In case a corporate asset is located inside, the Company carries out measures, aimed at protecting the environment and avoiding any impact on people along with conducting environmental monitoring and controls. Besides, environmental control and monitoring are environmental. The Company regularly conducts voluntary Saturday clean-up activities and other initiatives in the areas of its operations. Rosneft signs agreements on social and economic cooperation with regional authorities that provide for additional investment for regional development and environmental initiatives (please refer to Section [1.2](#)).

In 2019, the volume of the Company's expenditure on environmental initiatives amounted to RUB 64 bln.

11.4. Supporting indigenous people of the North and local communities

Please refer to Section [2.3](#).

11.5. Culture and heritage

The Company respects the cultural heritage, traditions, and rights of people and supports cultural heritage projects.

Rosneft provides support for the following projects:

- Financial support for the academic symphonic orchestra of the St. Petersburg Philharmonic named after Shostakovich which is internationally recognized as one of Russia's symbols; support for the Britten-Shostakovich Festival Orchestra, support for the State Academic Mariinsky theatre and the Music Centre in St. Petersburg;
- Holding unique cultural projects in the Pushkin State Museum of Fine Arts, the State Hermitage, and a joint exhibition with the State Tretyakov Gallery;



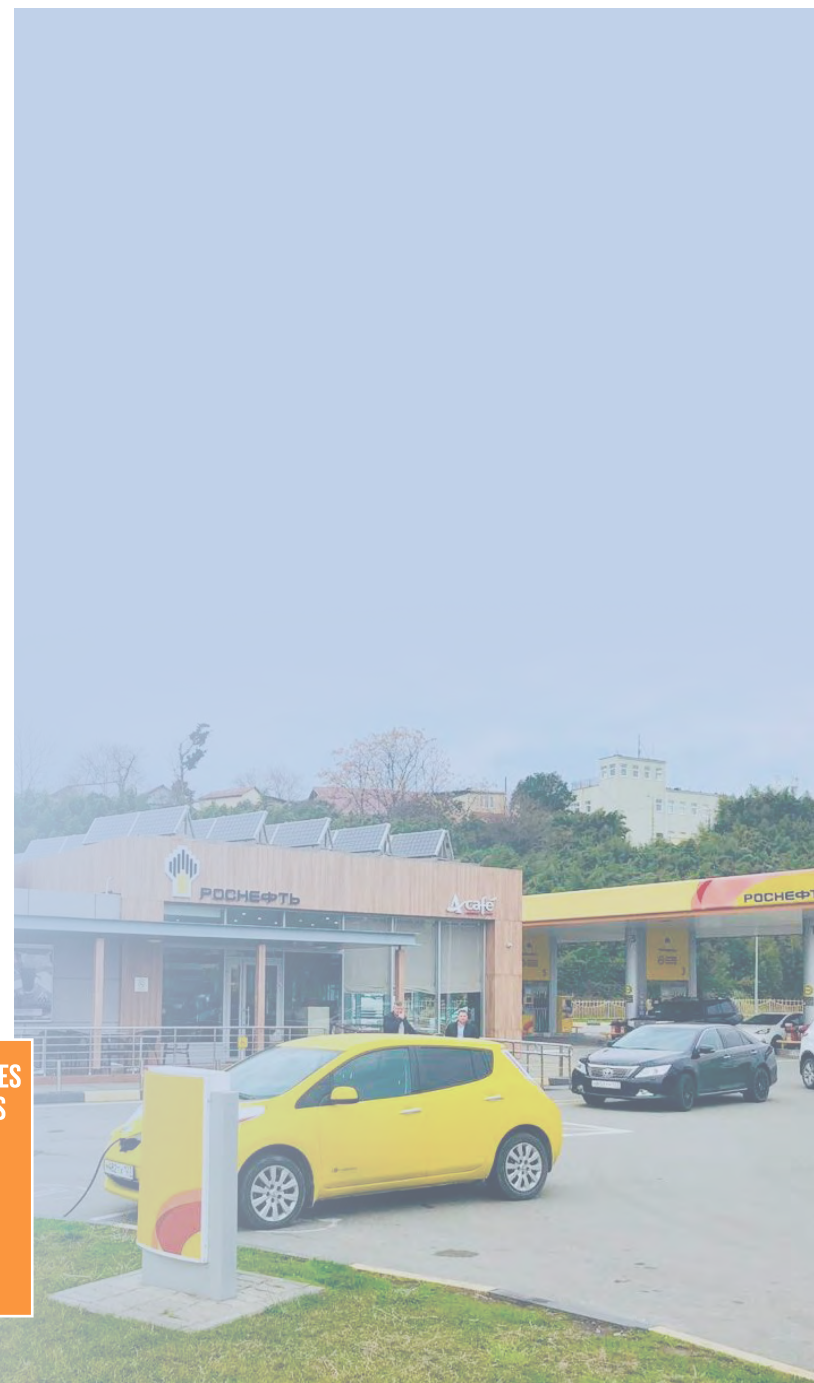
The Company supports the St. Petersburg State Academic Theatre of Boris Eifman, which tours with concerts Russian cities

- Support for annual on-stage appearances of the Choir of the Sretensky Monastery in the regions of Company operations (22 cities) with various programmes (since 2015), tours of Boris Eifman's St. Petersburg State Academic Ballet Theatre in the cities of Russia;
- Conducting the annual corporate festival «Rosneft discovers talent (the Star is born)» (since 2011), unlocking creative potential of Company employees and their family members;
- Reconstruction and restoration of cultural and historical heritage sites, including a complex of the Konev Monastery of the Nativity of the Virgin and the cathedral of the Nativity of the Christ in Yuzhno-Sakhalinsk.

Please refer to Section [1.2](#).

11.6. Creating favourable social environment

Please refer to Section [3.5](#).



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Responsible consumption and production

12.1. Environmental policy and commitments

Environmental responsibility is an integral part of the Company's culture ensuring its sustainable development.

In order to prevent potential environmental footprint the Company is committed and takes the necessary action with a view to protecting the environment, preserving and recovering natural resources. The Company's commitment is supported by continuous improvement of our products, as well as processes and working environment for the Company employees and partners.

12.2. Sustainable development and efficient use of natural resources

The Company follows the principles of sustainable development and efficient use of natural resources, while implementing the following initiatives:

- extending the life of field development and increasing the oil recovery factor, in particular, by introducing modern enhanced oil recovery techniques, implementing well intervention programmes and increasing the share of highly productive horizontal and multilateral wells (in 2019, the share of horizontal wells amounted to 57%, growing by 9% year-on-year);
- shared use of infrastructure within cluster field development ensuring lower environmental footprint;



Preserving the environment is an integral part of the Company's corporate culture. Rosneft employees regularly take part in numerous environmental initiatives and voluntary Saturday work which include setting out trees, and cleaning up forests and waste



- effective utilization of associated petroleum gas and other byproducts of crude oil and gas production;
- transitioning to more sustainable production by improving refinery yields, undertaking refinery upgrades, and changing the product mix as a result of incremental environmental requirements;
- applying new technologies and technological solutions in order to expand sustainable production methods and reduce the level of losses along the entire value chain.

Please see Sections [7.4](#), [13.5](#), [14.3](#) for further details.

12.3. [Effective procurement system](#)

The Company is developing an effective procurement system based on the principles of openness, competitiveness, validity, and effectiveness.

In 2019, the volume of goods, works, services procured by the Company (Rosneft Oil Company and the Group Subsidiaries) from external counterparties amounted to RUB 2.6 trln.

Transparency of procurement, broader competitiveness and equal access to procurement for the market participants is assured, in particular, by organizing procurement procedures in electronic form on TEK-Torg, an electronic trading platform.

The Company and the Group Subsidiaries initiated more than 102,000 procurement procedures in 2019. More than 203,000 suppliers have been registered on the TEK-Torg platform.

The Company applies a uniform comprehensive approach of compliance with corporate requirements with a view to selecting reliable contractors and suppliers:

1. Accreditation. All contractors and suppliers intending to conclude agreements with the Company or a Group subsidiary should go through the procedure of checking the compliance with the minimum established requirements with regard to the legal status, financial sustainability, integrity, and business reputation which is carried out under the initiatives of countering corporate misdoing and involvement in corrupt activities.

2. Expertise by the product type. A procedure of checking the compliance of contractors and suppliers with specific requirements, confirming the ability of timely delivery of high quality products (goods, works and services) of a certain type, including requirements of having specific expertise, resource base potential, and the necessary approvals, as well as other requirements.

Aiming to qualify reliable manufacturers / suppliers for a long-term period (18 months), minimize the risks associated with permits given to bogus firms, create prerequisites for supply of high-quality materials, the entire list of materials procured in 2019 has been analyzed, as a result of which the following has been done:

- The main high-cost materials of critical importance were identified;
- Qualification requirements for potential suppliers of those products were unified and classified, Typical qualification criteria by the type of materials were established.

3. Technical audits. The objective of the technical audit is becoming familiar with a contractor's operating and technology performance, technology potential, capabilities, and a product/ equipment range, as well as assessing a contractor's ability to produce and deliver products/ equipment in the required quantities and in compliance with the Company's technical specifications. Technical audit is conducted pursuant to an approved Schedule based on the requests submitted by the Company's relevant subdivisions and Group Subs. In 2019, the Company carried out 473 technical audits.

4. Inspection visits. Inspection visits are made pursuant to Operational and inspection plans developed in the Company. These plans include uniform requirements for carrying out supervisory controls of the production and dispatching of materials and resources at the manufacturers/ suppliers' production sites with a view to determining the manufacturers/ suppliers' ability to honour their obligations with regard to the delivery date and quality. When carrying out technical inspections, the Company exercises control and assesses compliance of manufacturing processes, dispatching and materials and resources with the Company's contractual requirements.

Please refer to Section [8.8](#).



The Company applies the same HSE requirements to the contractors. All standard form contracts on construction and installation, as well as oilfield operations contain provisions defining the necessity to comply with the Company's HSE rules

Important selection criteria for contractors and suppliers include commitment to the values and norms adopted by the Company in the area of industrial safety and labour protection.

As far as oilfield, in particular, drilling operations are concerned, the contract contains a separate addendum dealing with matters of drilling waste treatment by contractors, based on the requirements of applicable legislation, including environmental provisions.

In 2019, the Company developed a Roadmap for introducing approaches to observing human rights while interacting with suppliers of goods, works, and services.

The roadmap provides for development of a [Declaration on compliance with human rights when dealing with providers of goods, works, and services](#) in the course of the Company's procurement activities, creating awareness and holding educational round tables.

While expanding cooperation in the regions of the Company's operations in the Russian Federation, conducts its operating activities, Rosneft makes an effort to engage local suppliers and contractors in its procurement process.

The Company is organizing round tables for suppliers and contractors focused on a certain list of items, and provides information on a) procedure and rules for participation in the Company's procurement; b) minimal requirements (accreditation); c) provision of preferences to SMEs when participating in procurements. When conducting those round tables, the Company intends to make an emphasis on the need to observe human rights as a requirement for cooperation.

In 2019, Rosneft developed and brought into effect a new normative document which regulates the relationships with contractors and contains a few innovative approaches in the area of HSE. The Company is considering contractors as committed to comply with and promote safe operations, as well as develop the HSE leadership culture.

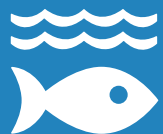
The new regulatory document for the first time stipulates:

- Introduction of new approaches to the qualification of contractors at the selection stage;
- Deployment of an obligatory risk assessment procedure when performing works, new approaches to control over implementation of works and mandatory procedures for training and skill enhancement of contractors' employees.

The corporate regulatory documents give special attention to contractors that work in a high risk segments such as oilfield and construction operations.



14 LIFE
BELOW WATER



Life below water

14.1. Biodiversity of marine ecosystems

The Company follows the principle of maintaining favourable environment and biological diversity in all regions where we operate. Preservation of the marine ecosystems of the Arctic zone is in the focus of our attention.

High standards of environmental security form a cornerstone of the Rosneft-2022 Strategy.

Environment preservation is an integral part of the Company's corporate culture and social responsibility. Rosneft prioritizes environmental security, preservation and recovery of natural resources in every area of its activities.

The Company has approved and implements the Programme for the Conservation of the Biological Diversity of Marine Ecosystems at the licensed sites of Rosneft located in the Arctic zone of the Russian Federation.

Since 2012, and on a regular basis, the Company conducts complex research expeditions aimed at studying marine Arctic ecosystems, with particular attention paid to rare and protected species, including those listed in the Red Book of the Russian Federation, regional Red Books, and the Red List of the International Union for Conservation of Nature.

The research expeditions cover a number of studies, including documenting the sightings of polar bears from ships and collection of samples for scientific analysis, biological evidence of the presence of mammals such as pinnipeds and whales for subsequent laboratory processing and measurements taken together with tagging for future identification through satellite tracking.

In 2019, two scientific and research expeditions were carried out in the Company's license areas on the Arctic shelf.

Specialists of the IPEE RAS conducted an assessment of the habitats and conditions of polar bears in the waters of the Barents and Kara Seas in the areas of Perseevsky, Albanovsky and East Prinovozemelsky-3 licensed areas based on the analysis of satellite tagging data and laboratory analysis of biological samples. Specialists of the Central Siberian Reserve carried out work on counting the abundance and distribution density of the polar bear and its food supply in the shelf offshore areas, North Kara Sea in the eastern part of the Kara Sea, and Prytaymyrsky and Ust-Olenensky in the western part of the Laptev Sea and in their immediate vicinity. The studies are aimed at seasonal estimation of the distribution of polar bear numbers on islands in the



ice-free period, as well as studying the state of population on the territory of the Yamalo-Nenets Autonomous District.

As part of the Kara-Summer-2016 expedition, detailed studies of the Laptev subspecies of walrus have begun. In the course of the work, bedding was studied, satellite tracking systems were installed to study animal migration paths, walrus tissue was taken for biopsy, and benthos were sampled to determine the food supply.



The Company regularly carries out scientific-research expeditions for studying the status of marine Arctic ecosystems, with an emphasis on marine mammals, including walrus

In 2019, studies of the Atlantic subspecies were conducted in the Pechora Sea together with specialists from the Nenetsky State Nature Reserve. In order to monitor the daily activity of walrus, specialists installed 13 autonomous photo recorders, conducted a visual assessment of the species composition and abundance both in the rookery and in the coastal area of the island.

Rosneft carries out industrial environmental control and monitoring at the license areas in the seas of the Russian Arctic and the Far East, including observations of marine mammals and birds.



Aerial survey of the Kara Sea coast

The main objective of species monitoring is to implement control measures to minimize the impact of work on marine mammals and to obtain information about their distribution in the regions of work. In 2019, observations of marine mammals and birds were carried out as part of industrial environmental control and monitoring in the license areas of East Prinovozemelsky-1 and 2 in the Kara Sea.

In 2019, specialists of the Siberian Federal University received new data on the state of the Taimyr-Evenki wild reindeer population. Please see Section [2.3](#) for additional information.

Rosneft initiated a three-year comprehensive project “Monitoring of Marine Mammals as an Indicator of the Sustainable State of the Black Sea Ecosystems”.

Since 2018, Rosneft has been funding the research program of the Black Sea Dolphins of the Institute of Oceanology of the Russian Academy of Sciences named after P.P. Shirshov. Two full-scale sea expeditions were carried out along the coast of the Krasnodar Territory, each with a length of about 1000 km. Aerial surveys on a route longer than 700 km of the Black Sea from Anapa to Adler and coastal studies have been conducted with samples taken for study in specialized laboratories. Scientists have studied more than 2000 thousand dolphins, collected extensive scientific material for compiling photos and acoustic catalogs of the Black Sea cetaceans of this region.

The results obtained are analyzed and published, and systematic approaches to minimizing the impact of industrial activity on marine mammals are improved based on these findings.

Rosneft has been publishing environmental atlases of the Russian seas, one-of-a-kind in Russia, since 2016



The Company publishes environmental atlases of the seas of Russia in cooperation with The Foundation for Support of Scientific and Project Activities of Students, Postgraduates and Young Scientists "National Intellectual Development". The task of these publications is to present up-to-date information in a generalized form on physical geography, oceanology, hydrometeorology, ecology, and the history of studies of the waters of the Russian seas. The publications have received positive reviews from the scientific and expert community.

In 2019, the Company published the "[Ecological Atlas: Black and Azov Seas](#)", the fourth atlas of this series. As in other publications of the series, it presents physical, geographical and oceanographic characteristics of the seas, biological diversity of the flora and fauna of the seas and adjacent territories, including territories with special conservation status. It also includes an assessment of anthropogenic pressures on water areas and coastal zones, assessment of environmental sensitivity of the coasts, literature data on the history of research and the economic development of the Black and Azov Seas and the adjacent territory. The Atlas provides original data on the state of the environment, which were obtained in the course of many years of research work on the marine ecological state in the licensed water areas of Rosneft. The Atlas will be useful not only as a review of modern knowledge about the region's ecology, but also as a practical guide to solving fundamental issues related to the use and protection of the resources of the southern seas of Russia.

In 2019, the Company published the unique atlas "Russian Arctic. Space, Time, Resources".



In 2019, Rosneft published the unique atlas "[Russian Arctic: Space, Time, Resources](#)" and presented it within the framework of the St. Petersburg International Economic Forum. The atlas includes 15 thematic sections and is a collection of valuable scientific data on physical geography, ecology, research history and economic potential of the Arctic zone of the Russian Federation. This publication is the result of many years of work by more than 140 authors, as well as cartographers and illustrators.

In December 2019, PJSC Rosneft and the Ministry of Natural Resources and Ecology of the Russian Federation signed an

Agreement on cooperation in the area of biodiversity conservation within the framework of the national Ecology project.

The Company will implement a corporate program for study, conservation and monitoring of key bio-indicator species of the Arctic systems which can provide an assessment of the health and stability of this ecosystem. These include the polar bear, Atlantic walrus, wild reindeer and white gull, which is a rare subspecies of the gull listed in the Red Book of the Russian Federation.

The Company's Programme for biodiversity provides for the following initiatives to be implemented in 2020 -

- Developing a comprehensive research programme for studying and monitoring the key species (including wild reindeer, polar bear, walrus, white gull) which are the sustainability indicators of the Arctic marine ecosystems and the ecosystems of Northern Siberia (wild reindeer);
- Preparing a registry of publications and archive studies of the key species (wild reindeer, polar bear, walrus, white gull);
- Carrying out field research.

14.2. Environmental policy and commitments

The Company ensures that action plans are in place to protect ecosystems and biodiversity at all stages of project development.

The Company Environmental Impact Assessment process is the key element in project planning.

When carrying out work in offshore areas, the Company follows the provisions of international conventions such as the International Convention for the Prevention of Pollution from Ships (MARPOL), and the Convention on the Protection of the Black Sea Against Pollution. The Company is also governed by the requirements of the national legislation on the continental shelf of the Russian Federation; on the exceptional economic zone of the Russian Federation; and on inland waters, the territorial sea of the adjacent zone of the Russian Federation. Ships used by the Company comply with the provisions of the International Convention for the Prevention of Pollution from Ships (MARPOL). Field work at chartered vessels is allowed only after the technical audit aimed at establishing compliance with the Company's requirements is complete.

Offshore projects are implemented upon availability of all required endorsements and permissions provided by authorized authorities, a positive conclusion of the Federal environmental expertise office, and public approval for their accomplishment.

In 2019, Rosneft held 13 stakeholder engagement meetings, with 11 of them in the format of public hearings and 2 as surveys, focused on implementation of offshore projects and biodiversity conservation.

The International Academic and Research Conference titled "Ecological and occupational safety when organizing offshore activities" was held in Astrakhan in September 2019. RN-Exploration, the Group Subsidiary, and Caspian Petroleum Company acted as its organizers. Conference participants shared experiences related to petroleum exploration and production, deployment of eco-friendly technologies both in the Caspian Sea and other regions, selected proven solutions which remain relevant for the state of the Caspian's nature and planned types of work.

14.3. Innovative activities

Within its Innovation programme, the Company continues to identify and implement solutions to protect marine ecosystems, including development of a list of species that are bio-indicators of sustainable marine ecosystems in the Company's license areas in the Arctic seas, and creation of a new biological product based on psychrophilic microorganisms to effectively clean the water and coastline of highlatitude seas of pollution (please go to Section [14.1.](#)).

The Arctic Scientific Center and the National Intellectual Development Foundation supporting scientific project-based activities of students, doctoral candidates and young scientists, have been carrying out a joint research project aimed at creating oil-degrading bacteria for decontamination of hydrocarbon-polluted water surface and coastal zone of the Northern Seas remain underway. Currently, the parties have completed development of the specimen prototype and its technology pattern.

39 patents on microbial drugs and psychrophilic bacteria strains which demonstrated petroleum hydrocarbon-degrading efficiency Rosneft received.

With the assistance of Rosneft, renovation of a building belonging to the Laboratory of continuous-flow seawater systems based at Nikolai Pertsov White Sea Biological Station of the Lomonosov Moscow State University was launched in 2019. The Laboratory is situated on the coast of Kandalaksha Bay of the White Sea.

The Laboratory will possess a complex of flow-through seawater tanks functioning on a year-round basis, unique for Russia and allowing to study ecosystems in real-time mode both under open water and ice conditions.

The Laboratory of continuous-flow seawater systems shall become a testing ground of biological specimen for remediation of petroleum-hydrocarbon contaminated marine environments in a climate of the Northern Seas. Flow-through seawater tanks will allow to conduct tests of that biological product avoiding any impact on the Arctic ecosystem, and confirm the effectiveness and safety of its utilization in real life.

As a part of the targeted innovation project titled "Bacterial product development for decontamination from hydrocarbons in seas of the Arctic region: scaling up technologies and product testing", in 2020, Rosneft plans to draw up a program aimed at developing technologies for growing the bacteria, methods for assessing the duration of its storage and reproduction.

Creation of the bacterial product of a new type and the technology of its application shall allow to localize and liquidate oil spills of different origin. Indigenous forms of bacteria in each preparation formula shall make it possible due to their regional particular characteristics to ensure a complete and efficient decontamination from hydrocarbons in various regions of petroleum production.

In 2019, the Company received 20 patents for inventions in the fields of biotechnology, microbiology, ecology and environmental protection.





Life on land

15.1. Biodiversity of terrestrial ecosystems

The Company is committed to ensuring actions are in place to protect ecosystems and biodiversity, paying particular attention to protected environmentally sensitive areas. Our strategic goal is to continually reduce legacy remediation.

With a view to achieving this objective, Rosneft has introduced a new Standard for reclamation of disturbed lands. The Company constructs and renovates industrial waste utilization sites and provides its production units with modern machinery and equipment for oil sludge processing.

A key element in the evaluation of future projects is the Company Environmental Impact Assessment process. Decisions are made based on the analysis of background environmental conditions, including the condition of valuable and specially protected flora and fauna. Projects are implemented only after compliance with environmental requirements is established. The Company has established the Register of protected environmentally sensitive areas in the regions of its operations and undertakes further steps to minimize its environmental footprint on the basis of results obtained from environmental monitoring.

15.2. Sustainable management of natural resources and minimized environmental footprint

We are committed to the prudent use of the natural resources (including increased recycling) and give consideration to the environmental impact of our operations.

We focus on preserving environmental integrity and project execution in environmentally sensitive areas. Preventive action and other environmental initiatives aimed at minimizing our environmental impact constitute a distinctive area of the Company's activities, including forest recovery, land management and landscape monitoring in oil and gas provinces.

The Company is executing a number of programmes and projects, which minimize our environmental footprint, including

- The Gas investment gas programme for increasing the beneficial use of the associated petroleum gas at both existing and new fields (see Section [13.4](#));
- A wide range of environment protection projects with the goal of reducing the consumption of fresh water (see Section [6.2](#));
- The processing and safe disposal of waste, such as drilling waste re-injection;
- Introduction of cordless seismic surveying which ensures lower impact on ecosystems;
- The Energy efficiency programme aimed at improving the efficient use of fuel and energy resources while maintaining the target production level, and refining and sales volumes of hydrocarbons (the expected energy saving between 2019 and 2023 is 4.3 mln toe, see Section [7.1](#)).



15.3. Promoting ecosystems sustainability in the regions of Company operations

The Company recognizes the need to support sustainable ecosystems in the regions of its operations and commits to protecting ecosystems and biodiversity.

The Company, wherever possible, avoids activities in protected environmentally sensitive areas. In the case when our operations may impact protected environmentally sensitive areas, in compliance with the corporate policy, the Company takes action to reduce the impact, and carries out environmental control and monitoring.

The Company implements projects on preserving biodiversity in the regions of our operations,

including the Evenkiysky Reindeer project in the Krasnoyarsk region, the repopulating of fish into rivers and water reservoirs in the Arkhangelsk, Vologda, Novosibirsk, and Tyumen regions, the Yamalo-Nenets autonomous okrug, Republic of Karelia, Republic of Sakha (Yakutiya), and bird population monitoring in the swamp areas of Upper Dvubiye in the Khanty-Mansiisk autonomous region – Yugra.

In 2019, more than 37 million fingerlings of important fish species were released in support of ecosystem sustainability in the regions of Company operations.

These included juveniles of pelyad, Siberian sturgeon, grayling, sockeye salmon, Atlantic salmon, chum and whitefish in the Republic of Sakha (Yakutia), Krasnoyarsk Territory, Arkhangelsk, Tyumen and Sakhalin Regions, the Republic of Karelia and the Khanty-Mansiisk autonomous region – Yugra.

In 2019, Rosneft and the Russian Arctic National Park launched a comprehensive project to restore the ecosystems of the northernmost territories of Russia - the Franz Josef Land protected archipelago



In 2019, the Company released the fry of different fish species in the Krasnoyarsk regions, the Republic of Sakha (Yakutiya) and Karelia, the Arkhangelsk, Tyumen and Sakhalin regions and the Khanty-Mansiisk autonomous region – Yugra



An integrated program for studying the impact on the Arctic ecosystem is being carried out for the first time. One of the best Russian specialists in the field of geology, chemistry, biology and geography will participate in the project

Rosneft provides support to the project aimed at establishing a system of alternative power supply in a specially protected nature reserve in the vicinity of Cape Zhelaniya, at the northern end of Severny island of the Novaya Zemlya Archipelago. The project will contribute to successful conservation of natural habitats of a particular environmental and historic value.





Peace, justice and strong institutions

16.1. Human rights and freedoms

The Company operates in strict compliance with the Social Charter of Russian Business and the Universal Declaration of Human Rights. We acknowledge the importance and value of fundamental human rights and freedoms proclaimed by the United Nations, including the freedom of association, the right to conclude collective agreements, labour rights, the right to favourable environment and health protection, and the rights of indigenous people.

Rosneft is a participant of the UN Global Compact.

The Company's commitment to human rights is reflected in the Rosneft Code of Business and Corporate Ethics, internal policies and local normative acts.

The Code of Business and Corporate Ethics applies to all subsidiaries, in which the Company possesses a majority of votes. Main mechanisms for monitoring and assessing activities in the area of human rights are in place.



The Company acts in strict compliance with the Social Charter of the Russian business and the Universal Declaration on Human Rights. More than 74% of Rosneft employees are part of the labour contract



16.2. Establishing sustainable procurement system along the entire value chain

Please refer to Section [12.3](#).

16.3. Developing stakeholder engagement

The Company is focused on developing stakeholder engagement based on partnership and long-term, fruitful, trustworthy and mutually beneficial relations with its stakeholders, including shareholders, investors, consumers, authorities, general public and business community.

Effective communications based on principles of openness, mutual respect and responsibility contribute to our sustainable development.

Rosneft has been holding annual stakeholder meetings in the key areas of Company operations since 2007. In 2019, the Company completed the 13th round of its round table meetings – and international form of an open stakeholder discussion practiced in the Company.

Please see Sections [2.3](#), [17.3](#) for further details.

16.4. Compliance and combating corruption

Please refer to Section [10.6](#).



Rosneft: sustainable development principles

Reference list for compliance with themes aligned with Sustainable Development Goals of the United Nations

| SUSTAINABLE DEVELOPMENT PRINCIPLES | APPROACH AND IMPLEMENTATION MECHANISM | INDEXES |
|---|--|--|
| Leading with agility in the age of energy transition | <ul style="list-style-type: none"> ■ Flexible business model ■ Balanced investment portfolio ■ Robustness across the cycle and value creation ■ Energy security and energy access | 2.1., 3.2., 7.1., 7.2., 7.3., 7.4., 8.6., 8.8., 8.9., 9.1., 9.2., 9.3., 11.1., 12.2., 13.1., 13.2., 13.3., 13.4., 16.2., 17.2. |
| Securing people, environment and values | <ul style="list-style-type: none"> ■ Safety culture and performance ■ Working environment and benefits for employees ■ Security for people, business and assets | 3.1., 3.3., 3.4., 3.5., 3.6., 7.2., 8.2., 8.3., 9.4., 10.4., 10.6., 10.7., 11.6., 12.3., 13.4., 16.2., 16.4., 17.2., 17.3. |
| Doing business the right and responsible way | <ul style="list-style-type: none"> ■ Integrity across all business units and operations ■ Transparency and reporting ■ Respect of human rights ■ Ethics, compliance and anti-corruption ■ Risk management | 2.1., 3.1., 3.2., 3.3., 3.5., 4.1., 4.3., 5.1., 5.2., 7.3., 8.2., 8.3., 8.4., 8.5., 8.7., 8.10., 9.4., 10.2., 10.3., 10.4., 10.6., 10.7., 11.6., 12.3., 13.1., 16.1., 16.3., 16.4., 17.1., 17.2., 17.3. |
| Enhancing economic and social development | <ul style="list-style-type: none"> ■ Direct and indirect economic contribution ■ Supply chain and related industries development ■ Employment and workforce training ■ Industrial and social infrastructure ■ Energy access, new products and solutions | 1.1., 1.2., 2.1., 2.2., 2.3., 3.5., 3.6., 4.1., 4.2., 4.3., 5.1., 5.2., 7.2., 7.4., 8.1., 8.3., 8.4., 8.7., 8.8., 8.10., 9.1., 9.2., 9.3., 10.1., 10.2., 10.3., 10.4., 10.5., 10.7., 11.1., 11.2., 11.4., 11.5., 11.6., 12.3., 16.2. |
| Addressing threats of climate change | <ul style="list-style-type: none"> ■ Climate-related governance ■ Emissions reductions ■ Energy intensity of our industrial operations ■ Use of our products | 3.2., 6.1., 6.2., 7.1., 7.2., 8.9., 11.2., 12.1., 12.2., 13.1., 13.2., 13.3., 13.4., 13.5., 14.1., 14.2., 14.3., 15.1., 15.2. |
| Efficiently managing our environmental impact | <ul style="list-style-type: none"> ■ Environmental stewardship ■ Water management ■ Ecosystems and biodiversity | 3.2., 6.1., 6.2., 6.3., 6.4., 11.3., 12.1., 12.2., 12.3., 13.1., 13.4., 14.1., 14.2., 14.3., 15.1., 15.2., 15.3. |
| Partnering with our stakeholders | <ul style="list-style-type: none"> ■ Efficient partnerships ■ Respect of human rights ■ Labour rights, comfortable working conditions and social protection for our employees ■ Company's values across our supply chain | 1.2., 3.5., 3.6., 4.1., 4.2., 5.1., 5.2., 6.2., 8.1., 8.3., 8.4., 8.5., 8.8., 9.2., 10.1., 10.3., 10.4., 10.7., 11.5., 11.6., 12.3., 16.1., 16.2., 16.3., 17.1., 17.2., 17.3. |