



ROSNEFT

**ROSNEFT
SUSTAINABILITY
REPORT**



2015

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



In 2015, Rosneft retained its position as a leading player on the domestic and world oil and gas market despite the global economic and geopolitical uncertainty. The Company extracts and processes oil and gas, and supplies consumers with quality energy products ensuring that the nation's unique wealth of natural resources is used effectively. Rosneft is the biggest taxpayer in Russia, playing a critical role in providing the budget with a sustainable revenue stream.

The Company's management has followed a balanced approach in its investment, operating, financial and social policy. Our current achievements make a convincing case for the Company's development strategy, which is focused on harnessing the country's energy

potential, maintaining energy security and promoting the sustainable use of natural resources.

Over the past year, Rosneft completed major upgrades across its refining facilities to allow the production of cleaner Euro 5 gasoline and diesel fuels for the domestic market, thus meeting the relevant requirements of Customs Union Technical Regulation in a timely manner.

Rosneft's activities have a substantial impact on related industries in all regions where it operates. The Company is a member of the consortium that builds the Zvezda shipyard in the Russian Far East, one of the most ambitious projects in modern Russia. Rosneft is to provide the shipyard with a strong



OVER THE PAST YEAR, ROSNEFT COMPLETED MAJOR UPGRADES ACROSS ITS REFINING FACILITIES TO ALLOW THE PRODUCTION OF CLEANER EURO 5 GASOLINE AND DIESEL FUELS FOR THE DOMESTIC MARKET»

Andrey Belousov

Chairman of the Board of Directors

pipeline of orders at the initial stage of operation in line with its license obligations. Zvezda will contribute to the economic welfare of the Russian Far East, create highly productive jobs and improve the region's social climate.

Rosneft continued to develop oil and gas fields off Sakhalin Island. The Company, jointly with its partners in the Sakhalin-1 project, drilled the world's longest well of 13,500 meters thus breaking its own record.

Rosneft's key priorities remain a high level of corporate governance, information transparency, and compliance with rules and standards that meet the requirements of the state, the market and the general public. An important milestone in 2015 was the adoption of a new

version of the Code of Business and Corporate Ethics, developed in line with the world's best practices.

As a leading player in Russia's economy, Rosneft is aware of its responsibility and continues to undertake socially oriented projects and initiatives in the regions where it has a presence. These efforts help to improve the economic, regulatory and organizational environment of the Company's business operations and drive sustainable development of the Russian regions.

Sincerely,

Andrey Belousov

Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



The year 2015 brought turmoil for global markets, triggered by plummeting hydrocarbon prices. Despite the macroeconomic uncertainty, Rosneft weathered the global downturn with a positive performance trend. In 2015, the Company boosted oil production to 254 mtoe and consolidated its footprint in the gas market, producing 62.5 bcm, up 10% from the previous year. A reduction in lifting costs to US\$2.6 per boe is further proof of the Company's improved performance. With its reserve replacement ratio holding above the 100% benchmark, the Company is well placed to maintain sustainable levels of production even in challenging times.

Commitment to innovative development helps the Company to deal independently with operating issues across all segments of its

business. In 2015, Rosneft started using its own catalysts for catalytic reforming and hydrogen plants at its refineries. All catalytic cracking plants were converted to locally manufactured catalysts. Kara-Winter 2015, a research expedition organized by Rosneft in cooperation with the Arctic Research and Design Center for Offshore Developments and the Arctic and Antarctic Research Institute, is the most extensive and thorough study of the Arctic in the past 20 years. Rosneft invested a total of RUB 116.9 billion in innovation, including RUB 36 billion in research and development.

The Company is committed to operating safely and responsibly, protecting the health, safety and wellbeing of its employees, contractors and local communities. In 2015, it continued extensive

improvements to its occupational health and safety culture through informed leadership and responsible governance, with relevant performance indicators now embedded in management KPIs. Occupational health and safety costs have exceeded RUB 32 billion.

Minimizing any potential negative impact on the environment is a number one priority for Rosneft. The Company has sharpened its focus on improved environmental performance in all areas – from land restoration, sludge removal to the treatment of oil-contaminated wastes. Along with growing extraction and refining volumes, the Company has managed to increase associated gas utilization to 87.9%, while cutting gross emissions by 2.7%. With new reserves increasingly coming onstream, drilling waste has dropped 38% from 463 to

336 tonnes per thousand meters. The Company spent a total of RUB 71.6 billion on environmental protection initiatives in 2015.

Rosneft confirmed its status as one of Russia's major employers, with the number of employees exceeding 258,800¹ at the end of the year. Employee salaries across all Group entities are adjusted for inflation on an annual basis. The average monthly salary in 2015 stood at RUB 69,900, exceeding the region's average pay in most cases.

As the largest taxpayer in Russia, Rosneft contributed RUB 2.3 trillion in taxes and customs duties to government revenue in 2015, including RUB 213 billion to regional budgets. The Company has traditionally paid special attention to social and economic initiatives in the regions where it operates. Group entities provide charitable donations to healthcare and social service institutions and support non-governmental organizations of indigenous peoples of the North with a view to promoting their cultural identity. Rosneft's social spending in 2015, including investments in

¹ Within the scope of centralized business planning

² As per the Company's 2015 Annual Report, total charity expenses stand at RUB 5.6 billion and do not include RUB 0.8 billion spent on financial support for educational institutions, with the relevant information disclosed in the Youth Policy section of the Annual Report



ROSNEFT CONFIRMED ITS STATUS AS ONE OF RUSSIA'S MAJOR EMPLOYERS, WITH THE NUMBER OF EMPLOYEES EXCEEDING 258.800 AT THE END OF THE YEAR»

Igor Sechin

Chief Executive Officer

charity programs and regional social activities, totaled RUB 6.4 billion². Initiatives to mark the 70th Anniversary of Russia's victory in the Great Patriotic War were also high on the agenda in 2015. Given the government's heightened focus on education and science, the Company continued to work closely with its partner educational institutions on various educational, research, innovation and infrastructure projects, spending a total of RUB 794.3 million on these activities.

Achieved success is not the end and Rosneft continues to set new and ambitious targets. The Company is looking to ramp up its upstream investments in 2016, creating new jobs and driving the economic

development of the regions where it has a presence (e.g., East Siberia, with a number of new fields expected to come onstream in the next few years). Rosneft is committed to achieving its goals and objectives by leveraging top talent within the organization and maintaining effective operations that meet health, safety and environmental standards.

Sincerely,

Igor Sechin

Chief Executive Officer

KEY SUSTAINABILITY PERFORMANCE INDICATORS

OPERATING AND ECONOMIC PERFORMANCE INDICATORS^{3,4}

Indicator	2013	2014	2015
SEC proven reserves of oil, condensate and natural gas liquids, mmt	3,398	3,432	3,331
SEC proven gas reserves ⁵ , bcm	1,329	1,414	1,609
Hydrocarbon liquids production, mmt	189.2 ⁶	204.9	202.8
Gas production, bcm	38.2 ⁷	56.7	62.5
Hydrocarbon production, mboe	1,622	1,864	1,883
Oil processing, mmt	90.1	99.8	96.9
Output of petroleum products and petrochemicals, mmt	87.1	97.1	95.4
Assets at the end of the year, RUB billion	7,531	8,736	9,638
Total revenues and equity share in profits of joint ventures and associates, RUB billion	4,694	5,503	5,150
Total equity, RUB billion	3,169	2,881	2,929
Current and non-current liabilities, RUB billion ⁸	4,362	5,855	6,646
Dividends declared (including minority dividends), RUB billion	85	136	87

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, RUB BILLION⁹

Indicator	2013	2014	2015
Generated direct economic value	4,741	6,028	5,445
Revenues	4,741	6,028	5,445
Economic value distributed			
Operating costs	1,195	1,385	1,590
Employee wages and benefits	185	231	257
Payments to providers of capital	57	192	152
Taxes, duties and national insurance contributions	2,457 ¹⁰	2,968	2,259
Community investments	6.6	8	9
Economic value retained	840	1,244	1,178

³ According to IFRS, unless stated otherwise

⁴ Data for 2013 relating to asset values at the end of the year, equity, as well as current and non-current liabilities has been restated after the purchase price of certain Group companies was finally allocated to the fair value of the individual assets and liabilities acquired

⁵ SEC proven gas reserves for 2013-14 include only marketable gas.

⁶ This includes TNK-BP's since the acquisition date. Oil and condensate production, including that of TNK-BP since 1 January 2013, amounts to 206.9 mmt

⁷ This includes TNK-BP's and ITERA Group's assets since the acquisition date. Gas production, including that of TNK-BP since 1 January 2013, amounts to 42.1 bcm

⁸ Excluding liabilities relating to assets held for sale

⁹ Data for 2013 and 2014 has been restated as a result of the methodology revision.

¹⁰ Data according to IFRS, with TNK-BP's data included since 21 March 2013.

ECONOMIC VALUE RETAINED

HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE INDICATORS¹¹

Indicator	2013	2014	2015
Incidence rate of non-fatal injuries (per million hours worked)	0.219	0.330 ¹²	0.327
Incidence rate of fatal injuries (per 100 million hours worked)	2.14	3.98	4.76
Gross emissions of pollutants, thousand tonnes	1,802	1,619	1,575
Air pollutant emissions from extraction activities per thousand tce, tonnes ¹³	4.58	4.03	3.65
Air pollutant emissions from refining and petrochemical activities per thousand tce, tonnes	1.39	1.27	1.23
Associated petroleum gas utilization rate, % ¹⁴	69.8	80.8	87.9
Gross wastewater discharges to surface waters, million cubic meters	90.8	91.0	110.7
Wastewater discharges from extraction activities per thousand tce, cubic meters	0.0001	0.0002	0.0002
Wastewater discharges from refining and petrochemical activities per thousand tce, cubic meters	0.8	0.8	0.97
Total pipeline ruptures (in-field oil pipelines, gas pipelines and water pipelines)	10,425	9,450	8,841
Crude oil and petroleum product spills due to pipeline rupture, tonnes	1,015	903	855
HSE and emergency preparedness training, thousand man-courses	159.6	210.5 ¹⁵	255.7
Occupational health and safety expenditures, RUB million ¹⁶	10,034	18,298	32,474
Expenditures on emergency prevention, fire and radiation safety, RUB million	12,222	14,718	13,426
Blowout prevention expenditures, RUB million	811	1,017	1,106 ¹⁷
Capital environmental expenditures, RUB million	36,843	36,930	44,646
Operating environmental expenditures, RUB million	16,986	21,803	27,000
Environmental fines payable, RUB million	55	88	201
Payments to budgets at all levels associated with environmental protection and the sustainable use of natural resources, RUB million	3,872	4,134	5,153

INNOVATION PERFORMANCE INDICATORS

Indicator	2013	2014	2015
R&D expenditures, RUB billion	23.2	33.2	36.0

¹¹ According to management accounts.

¹² The 2014 incidence rate of non-fatal injuries was 0.3295, if rounded to four decimal places.

¹³ Air pollutant emissions (including by category) and wastewater discharges to surface waters are calculated within the scope of consolidated environmental data.

¹⁴ Information about the sustainable use of associated petroleum gas (APG), both current and future, is hereinafter provided for Russian assets only.

¹⁵ Total man-courses in HSE and emergency preparedness in 2014, including 3,200 held at Tomskneft VNK, are 213,700.

¹⁶ Occupational health and safety expenditures for 2013 and 2014 have been restated to reflect total spending on occupational safety.

¹⁷ Blowout prevention expenditures for 2015 include radiation safety costs of RUB 52 million.

HR PERFORMANCE INDICATORS¹⁸

Indicator	2013	2014	2015
Headcount at the year end, thousand	221.9	243.0	258.8 ¹⁹
Average headcount, thousand	212.6	228.5	247.5

WORKFORCE BY CATEGORY AT THE YEAR END, %

Indicator	2013	2014	2015
Blue-collar employees	57.9	57.1	55.8
White-collar employees	29.8	30.1	31.6
Managers	12.3	12.8	12.6

WORKFORCE BY GENDER AT THE YEAR END, %

Indicator	2013	2014	2015
Women	36.0	34.0	34.0
Men	64.0	66.0	66.0
Employee turnover, %	14.1	17.0	12.0
Company average monthly salary per person, RUB	60,093	64,933	69,847
Gross payroll (incl. benefits, one-time bonuses and annual compensation), RUB million	153,323	178,065	207,408
Social payments to employees, RUB million	7,379	5,427	5,898

SOCIAL PERFORMANCE INDICATORS

Indicator	2013	2014	2015
Tax payments and customs duties, RUB million	2,720,085 ²⁰	3,053,696	2,271,568
Incl. tax payments to the federal budget and customs duties	2,436,696	2,801,062	2,007,752 ²¹
Incl. tax payments to regional budgets	248,130	213,107	212,897
Incl. payments to extra-budgetary funds	35,259	39,526	50,919
Expenditures on social programs, social investments and charity in the regions, RUB million ²²	29,715	29,766	35,653
Incl. optimizing working conditions, RUB million	8,511	9,681	12,526
Incl. social investments under cooperation agreements with regional authorities, RUB million	3,685	1,667	4,069
Incl. support for educational institutions in line with the government's policy in the area of education and science, and other charity initiatives	1,430	2,573	2,283 ²³
Incl. other social expenditures	16,089	15,845	16,775

¹⁸ Hereinafter, quantitative HR performance indicators are presented within the scope of the Company's centralized business planning, unless stated otherwise. Average headcount, average monthly salary, gross payroll, social payments and employee turnover are presented including a 50% interest in Tomskneft VNK.

¹⁹ With 4,000 employees of Tomskneft VNK, the resulting headcount totals 262,800. According to IFRS consolidated data, total headcount at the end of 2015 was 261,500.

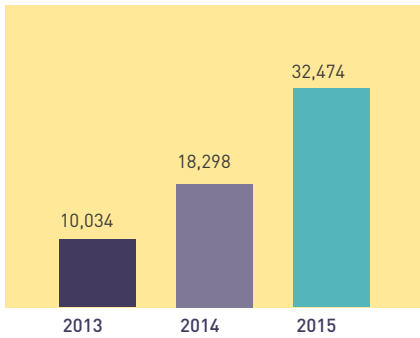
²⁰ Includes TNK-BP since 1 January 2013.

²¹ The Company's fiscal charges in 2015 decreased from 2014, largely due to major changes in the macroeconomic environment.

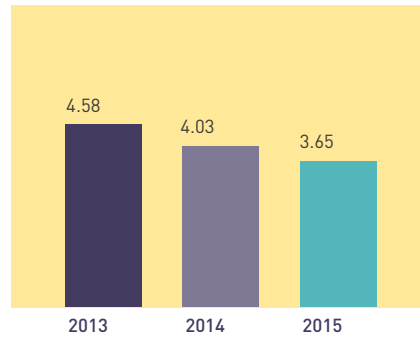
²² According to management accounts (within the scope of centralized business planning).

²³ Charity support for educational institutions is disclosed separately in the Youth Policy section of the 2015 Annual Report, with the relevant expenditures not included in the Company's total charity expenses for 2015.

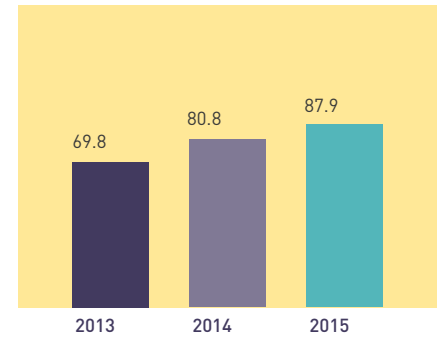
Occupational health and safety expenditures, RUB million¹⁶



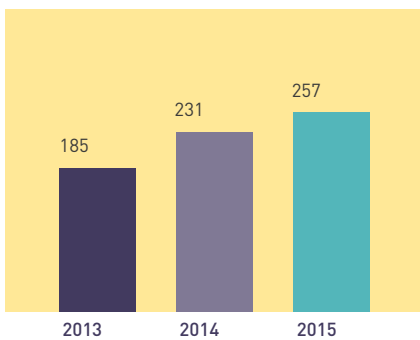
Air pollutant emissions from extraction activities per thousand tce, tonnes¹³



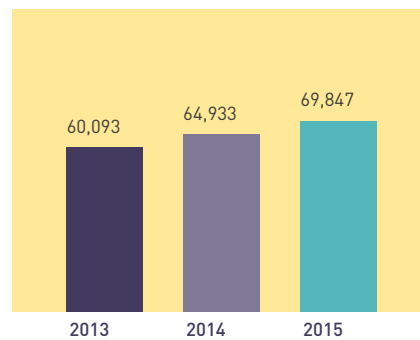
Associated petroleum gas utilization rate, %¹⁴



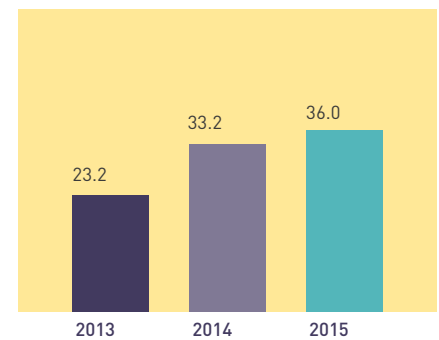
Employee wages and benefits, RUB billion



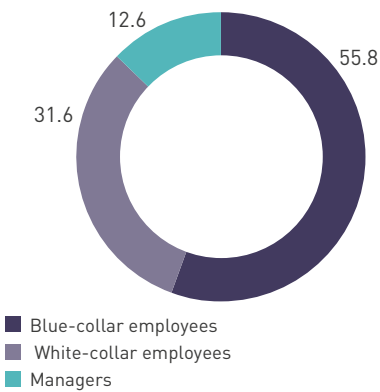
Company average monthly salary per person, RUB



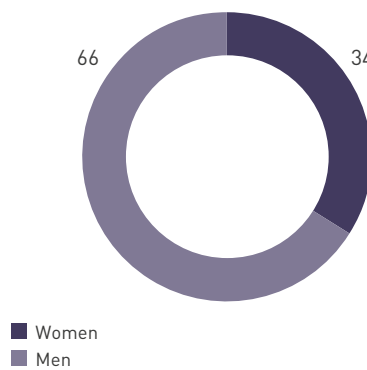
R&D expenditures, RUB billion



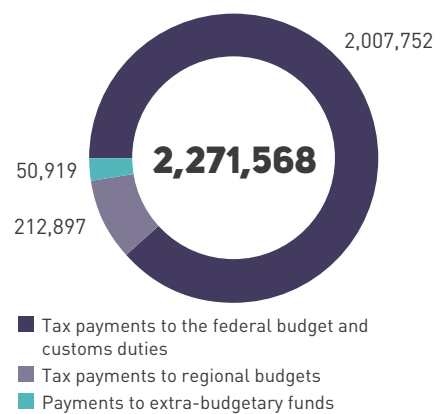
Workforce by category at the year end, %



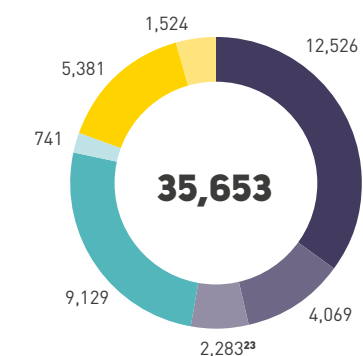
Workforce by gender at the year end, %



Tax payments and customs duties, RUB million



Expenditures on social programs, social investments and charity in the regions, RUB million²²



- Incl. optimizing working conditions, RUB million
- Incl. social investments under cooperation agreements with regional authorities, RUB million
- Incl. support for educational institutions in line with the government's policy in the area of education and science, and other charity initiatives
- Incl. health, promotion of healthy lifestyle and other social expenditures
- Incl. housing program
- Incl. non-governmental pension benefits
- Incl. social infrastructure

ABOUT THE REPORT



This 2015 Rosneft Sustainability Report (the "Report") is the tenth in a series of non-financial reports that are published annually by the Company. All reports are available on the Company's corporate website at www.rosneft.ru

Non-financial reports have been traditionally targeted at a wide range of stakeholders, including Company employees, shareholders, investors, local communities, public organizations, clients and partners.

The Company uses various channels to collect feedback on its sustainability publications, including through telephone, email (with the details provided in the Contacts section of each publication) or in-person meetings. All comments are then carefully analyzed and incorporated in the next report.

THE REPORT PROVIDES DISCLOSURES FOR ALL ASPECTS AND INDICATORS DESCRIBED IN GRI G4, INCLUDING OIL AND GAS SECTOR DISCLOSURES THAT WERE IDENTIFIED AS MATERIAL



In preparing this Report, the Company benefited from the materiality analysis of certain sustainability indicators and targets conducted in 2014-15, drawing on the approach provided in the fourth generation of Sustainability Reporting Guidelines of Global Reporting Initiative (GRI G4). The material issues identified in the course of such analysis were included in the 2014 Sustainability Report and remain relevant to the current reporting period.

There have also been some changes to the disclosure of certain matters that are covered in this Report. These changes are primarily related to the new sustainability context in which the Company operates. For example, topics such as import substitution and localization, retail business development, management leadership, improved safety performance and environmental awareness have been given special attention in this Report.

The Report is structured to provide insight into the Company's activities in areas such as corporate governance, sustainability management, risk management, stakeholder engagement, innovations, occupational health and safety, environmental protection, human resources management, local community engagement.

To avoid duplicate disclosures, references to the Company's 2015 Annual Report and other publicly available documents are provided in the Report.

The Company has a unified system of collecting and aggregating data along key dimensions of sustainability performance. In preparing and presenting the relevant information, the Company is guided by GRI G4 and International Financial Reporting Standards (IFRS).



OPERATING AND FINANCIAL PERFORMANCE DISCLOSURES IN THE REPORT ARE MADE IN COMPLIANCE WITH IFRS.

REPORTING PRINCIPLES

The Company's sustainability reporting principles derive from the approach described in GRI. These principles were originally outlined in the 2008 Sustainability Report and have remained unchanged ever since.

The Report provides disclosures for all aspects and indicators described in GRI G4, including oil and gas sector disclosures that were identified as material.

This Report reflects the Company's progress in implementing the principles of the UN Global Compact, and includes information on the basic performance indicators for non-financial reporting developed by the Russian Union of Industrialists and Entrepreneurs. The Company subscribes to and applies the principles of the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API (2010).

The 2015 Sustainability Report has been externally assured by EY and has been prepared in accordance with the Core option of GRI G4. The external assurance statement is provided on pages 114–115 of this Report.

REPORTING BOUNDARIES

Rosneft prepares sustainability reports at the company-wide level, covering all entities controlled by the Company that are significant in terms of its sustainability performance. The acquisition of Novokuibyshev Petrochemical Company was the most

noticeable deal in 2015, contributing to the growth in reported parameters.

The reporting boundaries for HR and social performance indicators are set along the boundaries of centralized business planning. The relevant disclosure approach is described in more detail in the previous year's report and has generally remained unchanged.

The reporting boundaries for OHS and environmental performance indicators have not changed substantially either. The OHS data collection scope has expanded somewhat due to the inclusion of assets acquired in 2015, as well as certain oilfield services, marketing and distribution companies. This expansion, however, had no impact on the Company's overall performance and on the previous year's consolidated indicators. The same refers to energy consumption data.

Operating and financial performance disclosures in the Report are made in compliance with IFRS.

There have been no major changes from previous years in terms of the coverage of economic, social and environmental aspects.



The acquisition of Novokuibyshev Petrochemical Company was the most noticeable deal in 2015, contributing to the growth in reporting parameters

COMPANY PERFORMANCE

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AND SAFETY
 - 62** ENVIRONMENT
 - 84** EMPLOYEES
 - 106** SOCIETY



THE COMPANY IN 2015: GENERAL INFORMATION



WITH OVER 254 MMTOE PRODUCED IN 2015, ROSNEFT SET A NEW RECORD IN HYDROCARBON PRODUCTION AND CONFIRMED ITS STATUS OF THE WORLD'S LARGEST PUBLIC OIL COMPANY.

Rosneft's core businesses include hydrocarbon prospecting and exploration, oil, gas and condensate production and refining, and the marketing of oil, gas and refined products in Russia and abroad. The Company actively develops its own oilfield services business, striving to take the top place among other industry players in terms of economic performance and technology enablement.

Rosneft's largest shareholder is Rosneftegaz (69.50%), a wholly-owned state company; BP RIL holds another 19.75% in the Company, with one share held by the state, as represented by the Federal Agency for State Property Management. The remaining stock is free floating.

Rosneft is a global energy company with a diversified asset portfolio comprised of Russia-based core assets and other assets in frontier regions across the globe. The Company does business in 23 countries: Russia, Venezuela, Cuba, Canada, the US, Brazil, Norway, Germany, Italy, Algeria, Egypt, Mozambique, Mongolia, China, India, Vietnam, Indonesia, Armenia, Turkmenistan, Kyrgyzstan, Belarus, Ukraine and the UAE.

In 2015 the Company conducted extensive exploration activities in Russia, covering all mature provinces, such as the Far East, East and West Siberia, the Volga-Urals region, Timan-Pechora and Southern Russia. Reserves replacement is a strong point of Rosneft: at the current rates of production, the remaining commercially extractable reserves (ABC1) will last for another 46 years. Another strength is the performance of the upstream business with its record-low level of lifting costs as a result of a significant reduction in 2015 – from US\$3.9 to US\$2.6 per boe.

Gas accounts for 20% of the Company's total hydrocarbon production. With that in mind, the development of gas business is high on the Company's strategic agenda. Rosneft is engaged in gas production in Russia, Vietnam, Venezuela and Canada both independently (through more than 30 of its entities) and in partnership with other companies as part of joint venture arrangements. With substantial gas reserves at the initial stage of development, the Company is well placed to grow its gas business and steadily increase production. The Company also intends to achieve further improvements in APG utilization.

With newly acquired OFS assets in 2015, the Company managed to meet over 50% of its onshore drilling needs, and 20% of hydraulic fracturing needs. Capital investments in the OFS business in 2015 totaled RUB 11 billion.

ROSNEFT IS THE LARGEST PLAYER IN THE DOMESTIC OIL REFINING INDUSTRY. IN RUSSIA, THE COMPANY OWNS 11 MAJOR REFINERIES ACCOUNTING FOR 32% OF DOMESTIC REFINING OUTPUT



> **254** MMTOE

ROSNEFT SET A NEW
RECORD IN HYDROCARBON
PRODUCTION IN 2015

US\$2.6 PER BOE

LIFTING COSTS IN 2015

Vankor field



Rosneft is the largest player in the domestic oil refining industry. In Russia, the Company owns 11 major refineries (accounting for 32% of domestic refining output) and several smaller refining facilities. It also holds a 50% interest in Ruhr Oel GmbH (ROG), a joint venture with BP that owns stakes in four refineries in Germany. The partners in the joint venture plan to restructure their refining and petrochemical businesses in 2016. As part of the restructuring deal, Rosneft will become a direct shareholder and increase its shareholding in three of ROG's four refineries. Rosneft undertakes oil processing in Belarus on a contract basis; processing operations are based at the Mozyr refinery, in which it indirectly holds a

21% interest. Following the acquisition of Novokuibyshev Petrochemical Company, Rosneft captured the desired synergies in the refining and petrochemical segments and became the third-largest domestic LNG producer.

On the marketing front, Rosneft carefully analyses its strategy to ensure a balanced mix of monetization channels, including oil refining at own facilities in Russia and abroad, export sales under long-term and spot contracts, and domestic supplies. The Company has a wide retail network of 2,557 filling stations and multi-service facilities in 59 Russian regions (2,363) and FSU countries. Rosneft is also the leading domestic producer of aviation fuel. With sales via 39 fueling

sites, of which 20 are controlled by the Company and 19 by its partners, the Company holds around 32% of the market.

In 2015 the Company continued oil supplies to Glencore, Vitol, Trafigura, China National Petroleum Corporation (CNPC) and BP Oil International Limited under long-term contracts. It also signed a new one-year oil supply contract with China National Chemical Corporation (ChemChina), and extended the contract for oil supply to Poland for three years.



INTERNATIONAL PROJECTS IN FRONTIER REGIONS

Rosneft is an active international investor and has a successful track record of oil and gas projects in frontier regions across the globe.

Building on its strategic partnership with PDVSA, a Venezuela state-owned oil and natural gas company, the Company signed a Memorandum on joint projects in June 2015 to formalize a number of preliminary agreements in priority areas. Rosneft is currently engaged in five upstream projects in Venezuela with estimated in-place oil reserves over 20.5 billion tonnes (Petromonagas, Petroperiha, Bokeron, Petrovictoria and Petromiranda). Rosneft produced 1.67 million tonnes from these projects that yielded a total of 8.8 million tonnes in 2015.

Under agreements concluded with PDVSA in 2014-15, Rosneft pledged to provide training for Venezuelan nationals in its partner universities. In September 2015, 15 PDVSA employees enrolled in a three-year MBA Oil and Gas Management Program at Gubkin Russian State University of Oil and Gas.

For a number of years, the Company has been involved in a project for hydrocarbon exploration and development at Solimoes license blocks in Brazil. In October 2015, Rosneft became the sole holder of these license blocks after closing a deal to acquire Petro Rio S.A.'s 55% stake in the Solimoes project. Further exploration activities are scheduled for 2016-17.

The Company continued exploration and production of gas and condensate at two blocks in the Nam Con Son basin off the south coast of Vietnam. By May 2015, accumulated production

at Block 06.1 had reached 300 mboe, of which 35% are attributed to Rosneft Vietnam B.V. In June 2015, Rosneft Vietnam B.V marked 13 years of safe offshore operations, an important milestone in its activity. In recognition

IN JUNE 2015, ROSNEFT VIETNAM B.V MARKED 13 YEARS OF SAFE OFFSHORE OPERATIONS, AN IMPORTANT MILESTONE IN ITS ACTIVITY

Offshore oil extraction in Vietnam



200 MILLION TONNES

OF RECOVERABLE OIL AND
CONDENSATE RESERVES (ABC1+C2)
THE PROJECT AT THE NORTH
KOMSOMOLSKOYE FIELD (LAYER
PK1) IS SET TO BRING ONSTREAM

IN 2015, ROSNEFT AND STATOIL
ASA COMPLETED PILOT DRILLING
AT THE NORTH KOMSOMOLSKOYE
FIELD (LAYER PK1)



of this remarkable achievement, Rosneft Vietnam B.V. was awarded Labor Order (Class II), a distinguished government award of the Socialist Republic of Vietnam.

A number of agreements were reached with Egyptian General Petroleum Corporation (EGPC), including an agreement for oil product supplies. Rosneft has been an accredited supplier of EGPC since the beginning of 2015. The Company is also emerging as a global LNG trader with the signing of a general agreement for LNG supplies with Egyptian Natural Gas Holding Company (EGAS).

In 2015, Rosneft agreed with the Egyptian Ministry of Petroleum and Mineral Resources to assist in arranging training for local nationals in the Company's partner universities. Rosneft undertakes to cover training, accommodation and medical insurance costs, and to provide educational allowance for students.

Forging ahead with their international partnership, Rosneft and ExxonMobil set up a consortium to participate in Mozambique's fifth licensing round. The consortium was awarded a contract for three offshore areas (A5-B, Z5-C и Z5-D), with Rosneft holding a 20% stake in the project.

EXPANDING PARTNERSHIP WITH INTERNATIONAL PLAYERS IN RUSSIA

Rosneft and BP entered into a number of agreements involving exploration, production and oil refining activities that are designed to cement a long-term strategic partnership between the two companies. In November 2015, Rosneft sold a 20% interest in Taas-Yuriakh Neftegazodobycha to BPRIL, a member of the BP plc. Group. Taas-Yuriakh Neftegazodobycha will continue the development of the Srednebotuobinskoye oil and gas condensate field, one of the largest deposits in East Siberia. The shareholders will be jointly looking into possibilities for expanding existing infrastructure to ramp up exploration and develop the region's resource potential.

On 16 March 2016, Rosneft's subsidiary sold a 29.9% interest in Taas-Yuriakh Neftegazodobycha to a consortium of three Indian companies, Oil India, Indian Oil and Bharat Petroresources.

In September 2015, Rosneft inked a deal with ONGC Videsh Ltd. to sell a 15% stake in Vankorneft. Six months later, on 16 March 2015, the parties signed a memorandum of understanding for cooperation in respect of the Vankor project, which envisages a potential increase to a 26% share of the Indian company in Vankorneft. The parties also agreed to explore the possibilities for joint trading, including the signing of long-term oil supply contracts.

On 16 March 2016, Rosneft entered into a heads of agreement with Oil India, Indian Oil and Bharat Petroresources to sell up to 23.9% in Vankorneft. The parties also signed a memorandum of understanding envisaging the analysis of a potential partnership for the development of the Vankor cluster (the Suzunskoye, Tagulskoye and Lodochnoye fields).

In 2015, Rosneft and Statoil ASA completed pilot drilling at the North Komsomolskoye field (layer PK1). As provided in the relevant agreement, the companies conducted detailed studies, including the analysis of core samples and formation fluid samples collected from the wells. The project is set to bring onstream around 200 million tonnes of recoverable oil and condensate reserves (ABC1+C2).



Offshore platform Berkut



IN 2015, THE COMPANY RECEIVED ITS FIRST COMMERCIAL OIL FLOWS WITH LOW SULFUR CONTENT FROM THE UNIQUE OFFSHORE PLATFORM BERKUT



13,500 M

A RECORD-BREAKING MEASURED DEPTH OF THE WELL DRILLED FROM THE ORLAN PLATFORM

DOMESTIC OFFSHORE PROJECTS HANDLED TOGETHER WITH INTERNATIONAL PLAYERS

As part of joint projects in the Sea of Okhotsk, Rosneft and Statoil completed the processing and interpretation of 2D and 3D seismic data and conducted a number of geotechnical surveys. With exploration drilling to start in 2016, the JV initiated site preparation at Lisyansky and Magadan-1 license areas and signed a contract with ChinaOilfieldServicesLimited (COSL) to drill exploration wells and provide Nanhai-9, a semi-submersible rig that had been positively evaluated by an audit for compliance with Russian and international requirements.

Rosneft and Eni jointly develop offshore reserves in the Barents Sea and the Black Sea. The processing and interpretation of gravity, magnetic and 2D seismic data, coupled with other geological and geophysical studies aimed at exploring the geology

of license areas in the Barents Sea, were completed in 2015. A sea-ice monitoring plan was developed with an input from the Arctic and Antarctic Research Institute. Rosneft and ENI conducted the interpretation of the upper section of 3D seismic data acquired over Black Sea license area in order to assess biogenic gas resources and their commercial viability. To prepare for exploration, the license area was covered by a comprehensive environmental survey with a view to analyzing baseline environmental conditions and assessing the impact of natural and anthropogenic factors.

Rosneft, in collaboration with ExxonMobil, SODECO and ONGC Videsh Ltd, continued work on Sakhalin-1, one of its key offshore projects. The project includes three offshore fields (Chayvo, Odoptu and Arkutun-Dagi) and applies industry-leading technologies. In April 2015, Rosneft finished drilling the world's longest well at Chayvo. The well was drilled from the Orlan



WITH ITS EXTENSIVE SCOPE AND CONTENT OF RESEARCH, KARA-WINTER 2015 HAS BECOME THE LARGEST ARCTIC EXPEDITION IN THE LAST 20 YEARS



platform and has a record-breaking measured depth of 13,500 meters. In 2015, the Company received its first commercial oil flows from the unique offshore platform Berkut at the Arkutun-Dagi field. Sokol, the Russian for falcon, was approved as the name for this oil grade with low sulfur content. The work to start commercial production at the Arkutun-Dagi field was conducted in strict compliance with the established technological specifications and subject to all occupational and environmental safety regulations.

NC-3, a well drilled at the northern tip of the Chayvo field, was put in production ahead of schedule – on 12 September 2015. The well borehole has a high angle of deviation from the vertical axis. For all wells drilled at this section of the field, advanced pumping technologies were used, with each well equipped with a blowout preventer to control the flow of gas and ensure the highest level of accumulated

production. In 2015, oil at Chayvo's northern tip was produced from three unique wells, with total average flow rate over 7,000 tonnes per day. On 28 November 2015, just fourteen months after the start of production, the Chayvo field produced the two-millionth tonne of oil.

ARCTIC EXPEDITIONS

With a view to exploring the possibilities for effectively handling its offshore projects in compliance with license obligations, the Company launched a target innovation project to create a database of environmental conditions and seabed soils at offshore license areas in the Arctic and the Far East.

A reliable source of information about environmental conditions at offshore sites would help to address a number of critical tasks, such as extending the drilling season beyond the open-water season, effectively managing sea ice

conditions, switching to year-round drilling operations, detecting and mitigating environmental risks.

In 2015, the Company's Arctic Scientific Center and the Arctic and Antarctic Research Institute performed joint studies of sea ice and hydrometeorological conditions at the Company's license areas in the Barents Sea, the Kara Sea, the Laptev Sea and the East Siberian Sea. To that end, the Company launched three major expeditions – Kara-Winter 2015, Kara-Summer 2015 and Chukotka-Summer 2015.

With its extensive scope and content of research, Kara-Winter 2015 has become the largest Arctic expedition in the last 20 years. Yamal, an icebreaker employed during the expedition, traveled from the Barents Sea to the East Siberian Sea, traversing almost the entire coastline of the Russian Arctic. All tasks were performed with due care and diligence, observing

Research expedition Kara-Winter 2015



the highest environmental and occupational safety standards. Kara-Winter 2015 lasted for 55 days, expedition costs totaled RUB 401 million.

The completed research program involved a detailed study of 35 hummocks and 4 icebergs, glacier studies across the islands of Novaya Zemlya, Severnaya Zemlya, the New Siberian Islands and Frantz Josef Land, a study of physical and mechanical properties of Arctic ice, and morphometric studies of ice sheets and hummocky formations. 100 buoys were placed on drifting icebergs to measure their trajectories and movement patterns. Maintenance jobs were done on 6 automatic weather stations and 13 autonomous ocean flux buoys. The research program also included seismic studies at license areas in the Laptev Sea, and live tests covering certain elements of sea ice management.

The expedition continued the polar bear research program, accumulating new knowledge on polar bear distribution in the study area; scientists fitted adult bears with radio

collars to track their location and movement, and continued biological studies designed to assess the impact of climate changes on polar bears.

The next round of research took place in the summer of 2015, with hydrometeorological studies conducted by the Victor Buynitsky research vessel during the Kara-Summer 2015 expedition. The studies covered 7 license areas in the Kara Sea, the Laptev Sea and the western part of the East Siberian Sea; 16 submersible buoy stations, which take measurements of currents and waves, were recovered to take readings and re-deployed. The expedition collected a unique set of ice and metocean data, adding to the knowledge of northern seas. Expedition costs totaled RUB 34 million.

Chukotka-Summer 2015 was another expedition launched in the summer of 2015. The deployment of an automatic weather station on Wrangel Island marked an important milestone in the research, as it helped to recover the system of Arctic weather observations almost completely. Rosneft currently runs seven modern weather stations

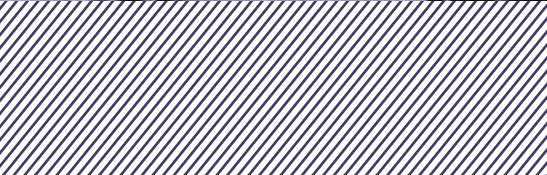
in the four seas of the Arctic Ocean. These stations not only will help optimize exploration and production but will also spark another series of Arctic research programs, resulting in significant improvements in weather forecasting in this region.

The expedition also looked into populations of polar bears in target areas of hydrocarbon development, with the main focus being the assessment of baseline concentrations of anthropogenic substances in polar bears. The experts of Marine Mammal Council, a regional non-government organization, contributed significantly to this effort. They took air counts of polar bears, fitted satellite tracking collars, and collected skin samples by remotely fired biopsy darts and biological samples using non-invasive methods.

Plans for 2016-19 include further meteorological, hydrological, sea-ice and environmental studies, coupled with the analysis of seafloor composition and geological hazards at offshore license areas in the Arctic. It is also planned to test the ice management system in the Kara



ROSNEFT STRATEGIC GOAL IN LOCALIZING PRODUCTION AND EQUIPMENT IS TO ENSURE REALIZATION OF COMPANY'S PRIORITIES TO DEVELOP ROSNEFT RESOURCE BASE IN AN EFFECTIVE MANNER WITH MAXIMIZED USE OF RUSSIAN SUPPLIERS ALL OTHER CONDITIONS BEING EQUAL

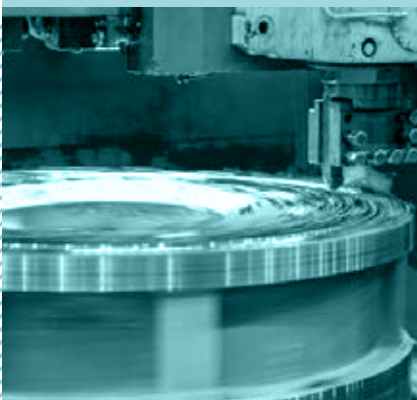


Sea, establish a research base on Preobrazhenie Island and develop certain elements of Arctic engineering.

IMPORT SUBSTITUTION AND LOCALIZATION

It is the Company's intention to achieve technological self-sufficiency by localizing the production of equipment it currently imports. Rosneft plans to enter into strategic partnership

ROSNEFT PLANS TO LAUNCH THE LOCAL ASSEMBLY OF HIGH-TECHNOLOGY FOREIGN EQUIPMENT AND TO INCREASE THE LOCALIZATION RATE TO 70% BY 2025



agreements with leading global manufacturers, to launch the local assembly of high-technology foreign equipment and to increase the localization rate to 70% by 2025.

In 2015 Rosneft adopted a 10-year Import Substitution and Localization Program that is aimed at reducing dependence on imported equipment and developing internal production and engineering resources both within Rosneft and Russia's oil and gas sector in general. The Program covers all equipment on the Company's purchase list for the next decade, including marine and aviation equipment, as well as technologies that are critical for exploration, drilling, oil processing and offshore oil and gas production in the Arctic.

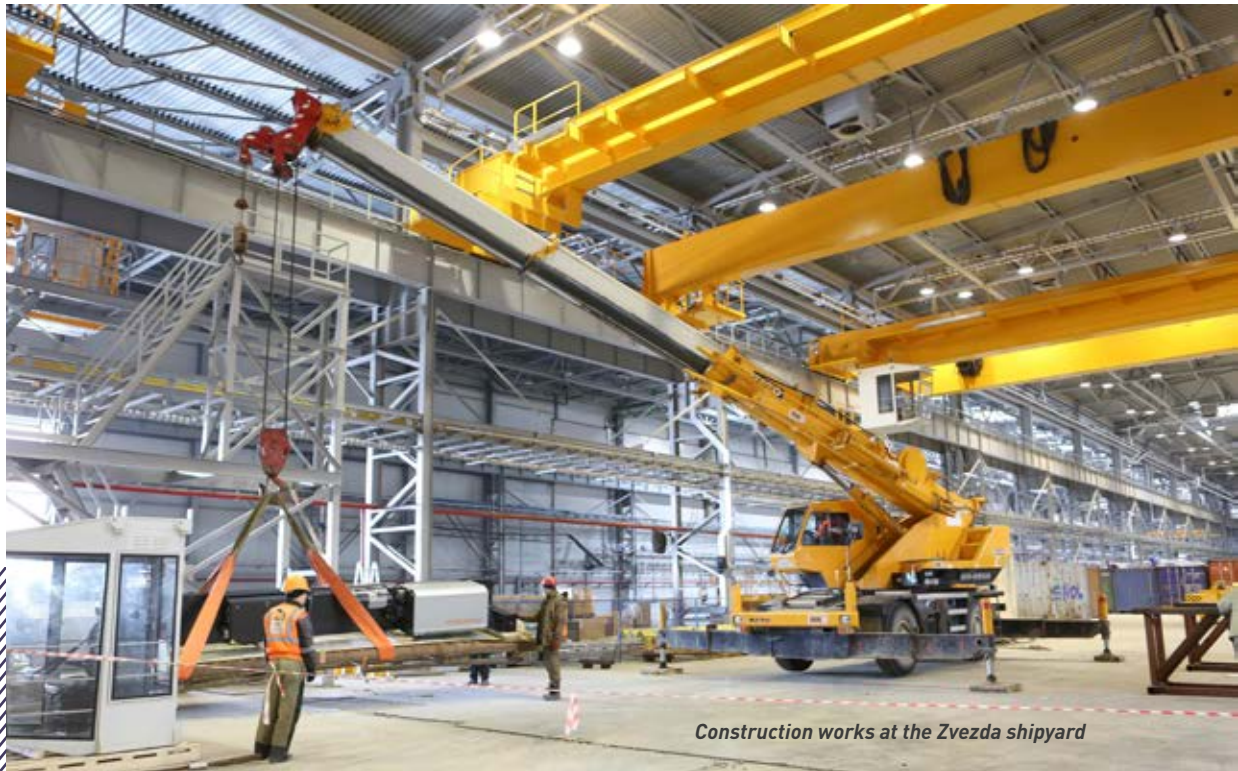
The Company continued to engage actively with the Russian Government, the Ministry of Industry and Trade, the Ministry of Energy and other federal executive bodies. It is represented in various intergovernmental task forces and research groups established by federal executive bodies to consider top issues, such as reducing the domestic energy sector's dependence on imported equipment, components and spare parts, as well as on foreign services and software. Rosneft is also involved actively in public discussions of draft laws and regulations aimed at facilitating import substitution.

Cooperation with General Electric

In 2015 Rosneft continued to advance cooperation on import substitution and localization with General Electric, its key partner. The companies concluded a number of agreements to achieve a greater localization of leading-edge technologies in Russia's oil and gas and shipbuilding sectors. The cooperative effort between Rosneft and General Electric targets various strategic facets, with the two companies focused on fostering strong partnership in academic research.

In 2015 Rosneft and General Electric organized a joint venture named Sapphire, an engineering and training center designed to support the Company's projects by offering core solutions. The Center is also focused on corporate professional development, with five technical training courses, covering shipbuilding, energy efficiency, gas monetization, well intervention and drilling, organized in 2015 to support localization projects. The training sessions were held in Moscow and St. Petersburg with over 80 attendants from the corporate headquarters and Group entities.

For details about the cooperation with General Electric, see Rosneft's 2015 Annual Report.



Construction works at the Zvezda shipyard

>7,000

NEW JOBS ARE EXPECTED TO BE
CREATED DURING CONSTRUCTION
OF THE ZVEZDA SHIPYARD

Participation in the Zvezda project in the Russian Far East

The Zvezda shipyard, a shipbuilding complex to be constructed on the premises of the Far Eastern Shipbuilding and Ship Repair Center, is one of the most ambitious projects in modern Russia. The project is handled by a consortium of companies, comprising Rosneftegaz, Rosneft and Gazprombank. Once commissioned, Zvezda will be Russia's first shipyard, geared for building customized vessels, large offshore modules, platforms and rigs to be used, among others, in offshore oil and gas projects in the Russian Arctic. The project envisages the construction of plant facilities and supporting infrastructure, coupled with the rollout of cutting-edge technologies to enable effective operations. The shipbuilding complex is expected to give a boost to the region's economy and have a noticeable positive social impact by providing over 7,000 jobs for local residents. Rosneft is to provide the shipyard with a strong pipeline of orders at the initial stage of operation in line with its license obligations.

For details about the shipbuilding cluster in the Far East, see Rosneft's 2015 Annual Report.

Other import substitution initiatives

In 2015 the Company signed a number of strategic agreements with its international partners to promote the development of emerging LNG markets.

Rosneft agreed to team up with CIMC Enric Holdings Limited in expanding the use of natural gas as a motor fuel. Under the cooperation agreement, the companies undertake to conduct a feasibility study into the development of infrastructure for using LNG as a motor fuel in Russia.

Rosneft and Golar LNG Limited also signed a memorandum of understanding to cooperate on projects involving the construction and operation of floating LNG plants. The parties intend to consider the possibility of leveraging Golar's proprietary technologies in their joint projects.

ROSNEFT IS COMMITTED TO
QUALITY PRODUCT SUPPLIES,
HIGH SERVICE STANDARDS
AND STRONG OCCUPATIONAL
AND ENVIRONMENTAL SAFETY
PRACTICES

RETAIL NETWORK

Rosneft's retail network is the biggest in Russia. Apart from 59 Russian regions, the Company has a presence in Abkhazia, Ukraine, Belarus, Kyrgyzstan and Armenia.

At the end of 2015, the Company's retail network consisted of 2,557 own and leased assets. The Company's multi-service filling stations include a total of 1,819 convenience stores, 691 cafés and 174 car washes; 80 stations provide minor repair and maintenance services. Fuel supplies are procured from 135 own fuel depots with a total capacity of 2.6 mcm.

Continuous improvements to the way Rosneft manages its retail business are critical to the development of its retail network. In 2015 the Company worked closely with its oil product distributors, placing a particular emphasis on building a team and tracking the progress towards business goals and objectives on a weekly basis. Main areas for the

development of the retail network included raising operational efficiency, both extensively and intensively, and expanding the supporting businesses and small wholesales on the back of improved cost performance. The efforts in 2015 resulted in improved manageability and decision-making speed, coupled with overall performance improvements. For details about the regional distribution of the Company's retail network and retail sales in 2015, see Rosneft's 2015 Annual Report.

Rosneft is committed to quality product supplies, high service standards and strong occupational and environmental safety practices. Having the right people is essential to the success and sustainability of the retail business. With that in mind, the Company gives special attention to talent development initiatives and internally developed corporate training programs..

2,557 FILLING STATIONS

ROSNEFT RETAIL NETWORK IN 2015

59 RUSSIAN REGIONS

AS WELL AS ABKHAZIA, UKRAINE, BELARUS, KYRGYZSTAN AND ARMENIA ARE COVERED BY ROSNEFT RETAIL NETWORK



GREATER CUSTOMER CENTRICITY REQUIRES HIGHLY PROFESSIONAL STAFF AND IS ACHIEVED THROUGH THE ONGOING MONITORING OF OPERATING AND SERVICE STANDARDS AND LEVERAGING CORPORATE TRAINING

Maintaining high product quality

As the leader on the domestic gasoline market, Rosneft views product quality assurance as pivotal to its retail offering. The Company makes every effort to ensure its products meet the requisite quality standards: it has adopted a Product Quality Assurance program to monitor fuel parameters across the entire supply chain – from production, storage and transport all the way to the end consumer. Rosneft is one of the most recognized trademarks in oil product markets across the Company's regions and has historically been synonymous with high-quality fuel.

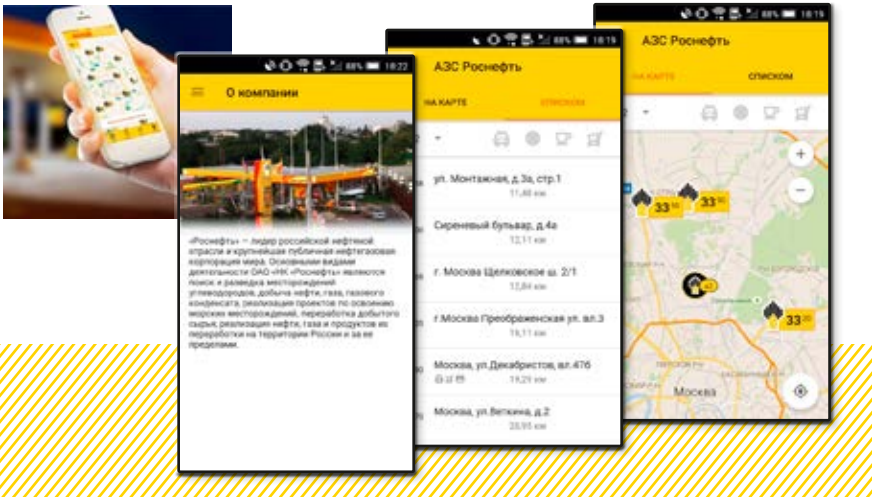


Customer-centric retail business

Customer experience is another important driver in the retail business. Greater customer centricity requires highly professional staff and is achieved through the ongoing monitoring of operating and service standards and leveraging corporate training. Rosneft uses a Mystery Shopper program to measure the quality of service and retail offering at a given location on a regular basis. The program covers filling stations and fueling sites selling more than 3,000 tonnes of petroleum products per year. The Company develops loyalty programs designed to increase visit frequency and customer spend on fuel and complementary goods.

THE COMPANY HAS ADOPTED A PRODUCT QUALITY ASSURANCE PROGRAM TO MONITOR FUEL PARAMETERS ACROSS THE ENTIRE SUPPLY CHAIN – FROM PRODUCTION, STORAGE AND TRANSPORT ALL THE WAY TO THE END CONSUMER





Advancing online services

In line with its commitment to raising the stakeholder awareness of various aspects of its business, the Company created a number of online resources for its retail and small-wholesale customers that were deployed in 2015. The online resources are designed to provide the most recent updates on the Company's retail network and increase speed and agility in responding to customer needs. Retail customers are welcomed to visit www.rosneft-azs.ru, a dedicated website that contains a full list of the Company's filling stations and provides the most recent updates and special offers available in a selected region. Visitors can learn about fuel prices in a given region or at a given location and receive detailed information about fuel quality. Website content is updated on a daily basis. Small-wholesale customers can benefit from www.rosneft-opt.ru, a website containing all the required information about distribution entities, combined with a detailed map of fuel depots in a given region. Customers can place a preliminary order online and choose fuel depots that best meet logistics requirements. Another novelty in 2015 is a mobile application for active users of modern mobile platforms. Apart from a map feature to locate and route the user through the nearest filling stations, the mobile application provides information on fuel types and prices and special offers that are currently available.

Employee training and performance improvement across the retail network

Rosneft gives high priority to employee training. In 2015, the Company embarked on an extensive overhaul of its approach to intra-group communications, conducting weekly conference calls, keeping close track of performance changes, and building more effective vertical and horizontal communications. The retail team has

A TOTAL OF 400 FILLING STATION MANAGERS ACROSS 13 SUBSIDIARIES ATTENDED THE SESSIONS, WHICH WERE LED BY 23 TRAINERS FROM DISTRIBUTION ENTITIES

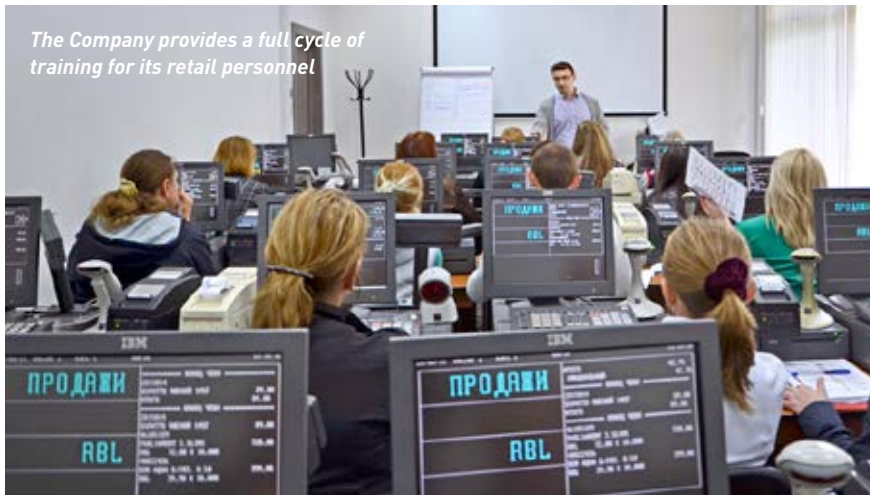
supervised internship settings. Two training programs for filling station managers – Effective Station Management and Customer-Centric Behavior – were developed in 2015, with training sessions conducted at RN-Moscow as part of a pilot exercise. A total of 400 filling station managers across 13 subsidiaries attended the sessions, which were led by 23 trainers from distribution entities. A training film called "Filling Stations: Key Requirements, Equipment and



been flexible and agile in responding to market changes and worked hard to find the best tools to meet their essential task: increasing end-consumer sales of quality products.

In addition to on-job training, retail employees benefit from the corporate professional development program to improve their professional skills. After completing training as a filling station attendant, trainees are exposed to practical experience through

Operations" was made in 2015 for distance learning purposes across the retail network. Specialist workshops on effective supplies and logistics were organized for chief engineers of Group entities engaged in oil product distribution. Refresher workshops were held for trainers from distribution entities to update them on revisions to instructor manuals and student handouts that are used to train filling station staff.



AT EACH STAGE OF THEIR PROFESSIONAL DEVELOPMENT, EMPLOYEES GET ACCESS TO TRAINING PROGRAMS THAT ARE AIMED AT MAXIMIZING THEIR POTENTIAL

The Company provides a full cycle of training for its retail personnel. At each stage of their professional development, employees get access to training programs that are aimed at maximizing their potential. The cyclical nature of the learning and development process in combination with a multifaceted approach ensure comprehensive reach and help achieve excellent levels of progress.

In 2015, the Company adopted an updated version of the Filling Station Staff Handbook that lays out common corporate requirements governing the sale of fuel, goods and services at Rosneft’s filling stations and determines the competencies and areas of responsibility of their staff.

Monthly site visits that general managers make to their subordinate entities to meet with local staff and discuss a wide range of matters, including health, safety and environment (HSE), contribute significantly to improved performance across the retail network and help to identify areas for development and monitor HSE compliance. These practices help to identify areas for development, achieve greater performance efficiency and promote an improved safety culture among employees.

HSE management across the retail network

A number one priority on the occupational health and safety front is maintaining accident-free operations, promoting a safe working environment for employees and contractors and ensuring the wellbeing of customers and local communities in the regions of the Company’s retail operations. Automating tank farm operations, winding down poorly performing assets and deploying a loss management system aimed at reducing operating costs help to mitigate the risk of product loss and improve both occupational safety and environmental protection.

The Company significantly improved its HSE performance in 2015, adopting a risk-based approach to safety management and environmental protection. A dedicated effort across the Company’s retail businesses led to the following results (in comparison with 2014):

- 85% Group entities reported a zero incidence rate of injuries
- A 24% reduction in the number of injuries
- A 43% reduction in the number of fires

- A 10 % reduction in the transport accident rate
- A 15% reduction in accidental wastewater spills into soils
- A 30% reduction in above-limit wastewater discharges into soils
- A 50% reduction in environmental fines
- A 20% reduction in water consumption for internal needs.

Below are major HSE initiatives completed in 2015.

Workplace safety:

- To promote a strong culture of safety, Rosneft conducted safety culture assessments across the Group (with Informed Leadership workshops held at 15 entities), introduced behavior-based safety audits and adopted a practice of regular management meetings with staff on HSE issues
- A process to record and analyze the causes of micro-injuries was introduced
- The Company developed and introduced a set of measures to mitigate the risk of inebriation and related incidents.



THE COMPANY SIGNIFICANTLY IMPROVED ITS HSE PERFORMANCE IN 2015, ADOPTING A RISK-BASED APPROACH TO SAFETY MANAGEMENT AND ENVIRONMENTAL PROTECTION



Occupational safety

- The Company developed an effective OHS Risk Management Program after completing a comprehensive review of main process equipment across its fuel storage facilities, performing a detailed risk assessment and drawing up risk-mitigation action plans
- The installation of fall protection systems on loading/unloading racks is underway
- The Company developed and introduced an action plan to mitigate the risk of fire and explosion at filling stations due to the accumulation of flammable vapors in the above-ground sections of fuel tanks and vent pipes.

Transportation safety:

- The Company conducted seasonal road safety campaigns and organized Defensive Driver training for 2,560 employees
- The Company introduced safety controls involving in-vehicle monitoring systems
- Draft technical requirements were developed for fuel tank trucks, lubricant trucks, gas tank trucks and bitumen road tankers.

Environmental protection:

- The Company developed and approved project documentation for 187 sanitary protection zones at retail facilities and repaired/constructed 22 local treatment facilities.

CORPORATE GOVERNANCE



Corporate governance at Rosneft represents a comprehensive framework involving the entire range of relations among executive management bodies, the Board of Directors, shareholders and other stakeholders that is aimed at:

- Observing the rights of shareholders and investors
- Increasing the Company's investment attractiveness
- Creating effective risk assessment mechanisms that can have an impact on the Company's shareholder value
- Ensuring the efficient use and safety of funds contributed by shareholders and investors.

THE EXISTING CORPORATE GOVERNANCE STRUCTURE ENVISAGES THE SEPARATION OF RESPONSIBILITIES BETWEEN STRATEGIC GOVERNANCE, SUPERVISION AND OPERATING MANAGEMENT

The General Shareholders' Meeting is the Company's supreme governing body. The Board of Directors is responsible for the strategic governance of the Company on behalf of, and in the interests of, all shareholders. The Chief Executive Officer, as the Company's sole executive body, and the Management

ROSNEFT CORPORATE GOVERNANCE STRUCTURE



Board, as the Company's collective executive body, are responsible for the day-to-day management of the Company. Executive management bodies report to the Board of Directors and the General Shareholders' Meeting.

The adoption of the Code of Corporate Governance²⁴ in June 2015 (the "Code") marked an important milestone in the Company's corporate life. It is one of the core documents to establish

²⁴ The Code of Corporate Governance is published on the Company's website at www.rosneft.ru / www.rosneft.com.



the underlying principles and reflect the development of the Company's corporate governance. The Code draws on internationally recognized practices and follows the key recommendations of the Corporate Governance Code approved by the Bank of Russia.

In February 2015, the Board of Directors approved an action plan (road map) to implement the recommendations of the Bank of Russia's Corporate Governance Code. In 2015, the Company took steps toward observing shareholder rights, streamlining the activities of the Board of Directors, establishing a remuneration system for members of the Board of Directors and executive management, as well as establishing risk management, internal control and information disclosure systems, as provided in the road map.

Observing shareholder rights

The Company completed a number of initiatives relating to the preparation for an Annual General Shareholders' Meeting (AGM). In particular, the following steps were taken as part of preparing for the 2014/2015 AGMs:

- Shareholders were granted access to relevant materials 30 days in advance of the meeting, with such materials being available for review from the same date either on the Company premises or on the premises of Reestr-RN, Rosneft's registrar, or at shareholder centers

- The deadline for disclosing the date of compiling the list of individuals authorized to participate in an AGM has been extended
- Travel instructions and a sample power of attorney have been posted on the Company's website
- AGM materials also contain (i) details of the individuals who have proposed items for the AGM agenda or candidates for nomination as directors, and (ii) supplementary information, e.g. the opinion of the Company's Board of Directors on the AGM agenda (an extract from the Minutes of the Board of Directors relating to the approval of AGM's agenda has also been posted on the Company's website).

The practice applied by the Company for the second straight year was formalized in the Charter and the Regulation on the General Shareholders' Meeting in accordance with the resolution of the General Shareholders' Meeting of 15 June 2016.

In 2015, the Company started a project to launch an online account system for shareholders. The system is designed to (i) facilitate communication with shareholders, (ii) provide access to AGM information through a secure connection, (iii) respond to the requests of shareholders, (iv) enable shareholders to participate in an AGM via a PC or mobile device.

Streamlining the activities of the Board of Directors

A self-assessment of the 2014/2015 Board of Directors was conducted in May 2015 based on a questionnaire approved by the Human Resources and Remuneration Committee. The self-assessment covered the composition and structure of the Board of Directors, its core processes, functions and rules of procedure.

The results from the self-assessment were considered by the Human Resources and Remuneration Committee in June 2015, followed by a number of performance improvement initiatives, including, among others,

CONFORMITY WITH HIGHEST STANDARDS OF CORPORATE GOVERNANCE AND GREATEST TRANSPARENCY ARE THE MOST IMPORTANT FACTORS OF RAISING INVESTMENT ATTRACTIVENESS AND ECONOMIC ACTIVITY OF ROSNEFT



THE LINK BETWEEN EXECUTIVE MANAGEMENT REMUNERATION AND PERFORMANCE ON THE APPROVED KPIS WAS FORMALIZED

(i) familiarizing newly elected Board members with the Company's activities, including the structure of its management bodies, (ii) providing an opportunity to discuss strategically important matters at meetings held in presentia, (iii) establishing regular communications with members of the Board of Directors, its committees etc.

The findings from the self-assessment are summarized in the Corporate governance section of the 2015 Annual Report.

The Company also revised the Terms of Reference for the Human Resources and Remuneration Committee to expand its functions relating to the assessment of the Board of Directors' performance, independence checks on its members, establishing an organization-wide incentive framework, making disclosures on remuneration policies and practices, as well as shareholdings of members of the Board of Directors, collective executive bodies and other key executives of the Company.

In June 2015, the Board of Directors approved the Regulation on the Corporate Secretary that reflects all listing requirements of MICEX and almost all of the recommendations of the Corporate Governance Code approved by the Bank of Russia. Under the newly approved Regulation, the Corporate Secretary has the following responsibilities:

- Contribute to improved corporate governance system and practices
- Act as a liaison between Rosneft and its shareholders and provide input to the prevention of corporate conflicts
- Participate in arranging and holding general shareholders' meetings

- Support the activities of the Board of Directors and its committees
- Contribute to implementing the disclosure policy involving the information presented to securities markets and arrange for the safekeeping of corporate documents
- Act as a liaison between the Company and regulators, trade organizers, the registrar and professional participants of the securities market on matters within their remit
- Enforce and monitor compliance with statutory and internal procedures aimed at observing the rights and lawful interests of shareholders.

A more detailed disclosure on the Corporate Secretary, similar to that envisaged for the members of the Company's Board of Directors and executive bodies, is presented in the 2015 Annual Report (with the relevant disclosure requirement stipulated in the new version of the Regulation on the Corporate Secretary).

Remuneration for members of the Board of Directors and executive management:

The Board of Directors approved a new version of the Regulation on Remuneration for Members of the Board of Directors, whereby Board members may seek professional advice on remuneration-related matters at the expense of the Company.

The Board of Directors also approved the Standard for Rewards and Compensations for Executive Management and the Regulation on the Corporate KPI System that formalize the link between executive

management remuneration and performance on the approved KPIS which were established in accordance with the Company's Long-term Development Program.

Risk management and internal control:

The Company's Board of Directors and Management Board approved the following core documents to support effective risk management and internal control practices:

- The Policy on Internal Audit, whereby the Internal Audit Department is made functionally subordinate to the Board of Directors
- The Company's standards for the Internal Control Framework and Corporate Risk Management Framework.

In December 2015, the Company conducted a corporate governance audit to assess progress toward implementing the key provisions of the Corporate Governance Code approved by the Bank of Russia. The audit was based on the methodology recommended by the Federal Agency for State Property Management (Rosimushchestvo).²⁵ The audit found that Rosneft had implemented 88% of the Bank of Russia's recommendations, which is significantly above the 65% target recommended by Rosimushchestvo and signals a robust governance framework.

²⁵ Order No. 306 of 22 August 2014.

BOARD OF DIRECTORS

THE BOARD OF DIRECTORS PLAYS A KEY ROLE IN CORPORATE GOVERNANCE AND IS RESPONSIBLE FOR PROVIDING STRATEGIC GUIDANCE TO THE COMPANY.

Members of the Board of Directors have the requisite experience and skills in the area of sustainable development and act as patrons of high-profile cultural, environmental, social and academic institutions.

Andrey Belousov is the Chairman of the Board of Directors, Aide to the President of the Russian Federation, Doctor of Economics, Honored Economist of the Russian Federation. From 2012 to 2013, served as Minister of Economic Development of the Russian Federation; from 2008 to 2012, was in charge of the Department of Economics and Finance of the Government of the Russian Federation, responsible, among other duties, for improving the investment climate and implementing target federal programs. Andrey Belousov is a chief research associate at the Institute of Economic Forecasting of the Russian Academy of Sciences. He was awarded the Medal of Honor (2009) and the Order of Alexander Nevsky (2016). In 2005, Andrey Belousov received a commendation from the Russian President in recognition for his contribution to the State Council of the Russian Federation.

Alexander Novak is a member of the Board of Directors and the Strategic Planning Committee, also holds office as Minister of Energy of the Russian Federation; has competencies and experience across a broad range of sustainability topics, including responsible financing, non-financial risk management, business ethics, anti-corruption practices, HR management, occupational health and safety, human rights, stakeholder relations. At present he acts as the Chairman of the Board of Trustees of Moscow Power Engineering Institute (National Research University) and a

member of the Board of Trustees of Gubkin State Oil and Gas University.

Guillermo Quintero is a member of the Board of Directors and the Human Resources and Remuneration Committee. With over 15 years of experience in sustainable development, he has specialized competencies and skills across a broad range of sustainability topics, including environmental compliance, occupational health and safety, anti-corruption and fraud prevention. Guillermo Quintero completed training at Cambridge Institute for Sustainability Leadership.

Oleg Viyugin is a member of the Board of Directors, a non-executive director, the Chairman of the Strategic Planning Committee and a member of the Audit Committee. As a member of the National Council on Corporate Governance and the Independent Directors Association, he contributes to the work of these two organizations focused largely on sustainability. Oleg Viyugin also sits on the Boards of Trustees of the New Economic School, the European University at St. Petersburg and the Moscow Economic School.

For details of other members of the Board of Directors, see Sustainability Reports for 2013 and 2014.

Sustainability-related decisions of the Board of Directors in 2015 are summarized below:

Sustainability-related decisions of the Board of Directors in 2015 are summarized below.

- The following internal regulations were approved:
 - Code of Corporate Governance
 - Code of Business Ethics and Corporate Conduct
 - Environmental Protection Policy
 - Occupational Health and Safety Policy
 - Dividend Policy
 - Policy on Onshore Oil Production
 - Policy on Offshore Hydrocarbon Exploration and Production
 - Policy on Gas Business

- Other approvals include:
 - KPI performance results, annual remuneration and major project completion bonuses payable to top executives for 2014
 - Executive KPIs for 2015
 - An Innovation Program progress report for 2014
 - A 2014-18 Energy Saving Program progress report for 2014 and the 2016-20 Energy Saving Program
- The Board of Directors considered the audit findings in relation to progress achieved in 2014 on the Long-Term Development Program and approved an action plan aimed at improving the Company's operating performance, transparency and investment attractiveness
- The Board of Directors considered progress achieved in 2015 on the Long-Term Development Program and approved an updated version of the Program
- In accordance with Directive of the Russian Government No. 5024p-P13 of 13 July 2015, the Board of Directors approved internal regulations adopted by the Management Board in 2016 to optimize and improve the cost effectiveness of the Company's charity and sponsorship activities.

When considering the above resolutions, the Board of Directors relied on the recommendations of its relevant committees.



SHAREHOLDER RELATIONS

Rosneft maintains strong relations with its shareholders by regularly providing them with any information they may need to exercise their respective rights.

It is committed to creating the most favorable conditions for shareholder engagement in corporate governance. On 17 June 2015, the Company held its 2014 Annual General Shareholders' Meeting in St. Petersburg, a home city for many of its shareholders.

Those shareholders who were unable to be physically present at the meeting, could watch it online in Buzuluk, Gubkinsky, Krasnodar, Moscow, Neftekumsk, Nefteyugansk, Nizhnevartovsk, Orenburg, Samara, Usinsk, and at the Vankor field.

All shareholders were given equal opportunities to express their opinion on agenda items and to direct questions at, and receive answers from, speakers, members of the Board of Directors, the Chairman of the Management Board, members of the Audit Commission, independent auditors, candidates for executive and controller positions, analysts and consultants either orally during the meeting or in writing promptly after the meeting. Shareholders participating in the meeting online were also provided an opportunity to ask questions.

Having equal and fair access to profits distributed by the Company through dividends is a fundamental right of shareholders. The Annual General Shareholders' Meeting approved dividends for 2014 in the amount of RUB 87.0 billion (RUB 8.21 per share), or 25%

of the Company's net profit reported under IFRS.

The dividends were paid at the time and in the amount approved.

The Company also paid shareholders and heirs of deceased shareholders dividends declared but not paid for prior periods due to the absence of current payment details after such details had been updated in the shareholders' register and/or with a nominee holder.

Rosneft uses all reasonable endeavors to maintain accurate and reliable records of title to shares and to ensure that shareholders are free to dispose of their shares with no limitations. The shareholders' register is kept by Reestr-RN, a registrar company holding a perpetual license to engage in relevant professional activities. Reestr-RN is a reputable company that has all the requisite resources, including technical capacity, to maintain records of title to shares and ensure that shareholders may exercise rights over their shares.

For advice on exercising shareholder rights, updating shareholder details or dealing in own securities, shareholders may contact the head office or branches of Reestr-RN, transfer agent offices at Rosneft's partner banks or shareholder centers in the regions where significant numbers of shareholders reside.

The Company uses the following channels to maintain effective communications with shareholders and help them benefit from their rights to the greatest extent possible:

- A hotline maintained by the Shareholder Relations Group of the Corporate Governance Department; switchboard numbers for receiving and processing oral requests: **+8 (800) 500-11-00** (toll-free within Russia); **+7 (495) 987-30-60**, **+7 (499) 429-06-89**;
- Mailing address: 26/1 Sofiyskaya Naberezhnaya, 117997, Moscow Russia;
- Email: shareholders@rosneft.ru;
- Fax: **+7 (499) 517-86-53**.

The 2015 statistics include

- **9,005** phone calls
- **664** letters
- **102** emails
- **642** dividend payment requests for prior periods

Shareholders were provided answers to all questions, including those relating to dividend accrual and distribution, ownership and records of title, participation in General Shareholders' Meetings, access to information, etc.

Answers to the most frequently asked questions and other information about the Company's activities can be found in the FAQ section of the Rosneft website.



INVESTOR RELATIONS

In 2015, Rosneft continued to work closely with its institutional investors drawing on international best practices, with full transparency regarded as a number one priority.

The increasingly diversified investor base is further proof that the Company's securities are attractive to investors. Company management had about 150 individual and collective meetings with leading investment funds to discuss a broad range of topics that are top-of-mind for the investment community, including operations, financial resource management and sustainable development. The Company's CEO was featured as a speaker at nine high-profile international investment forums.

Some international institutional investors place a prominent focus on the Company's sustainability initiatives and corporate governance practices in making investment decisions. Among the Company's equity investors are signatories to the Carbon Disclosure Project (CDP), such as BlackRock Inc., TIAA-CREF Investment Management, Goldman Sachs Asset Management LP, Robeco Institutional Asset Management BV, SEB Varahaldus AS and others. CDP is an independent non-for-profit organization that holds the world's largest database of corporate climate change information and is supported by 822 institutional investors with

combined assets under management in excess of US\$95t. Rosneft maintains regular communications with the investment community by providing meaningful information and responding to information requests, including those on sustainability aspects. For detailed responses, see relevant sections of this Report.

Positive changes in the Company's communication strategy in 2015 have not gone unnoticed and drawn favorable response from the investment community. The Company organized a site visit for investors to meet local and central management teams face to face and obtain a first-hand impression of Rosneft's production processes, robust occupational health and safety practices, social commitments and environmental excellence.

The Company also holds quarterly earnings release conference calls for analysts and investors, attended by its finance and operations executives. The Company's website provides access to relevant information, including press releases, presentations, annual reports, sustainability reports and key facts about resolutions adopted by the Board of Directors. Public information about shareholders holding more than 1% of the share capital is updated on a monthly basis. The Company makes standard quarterly disclosures of its financial results.

The Company is in a constant exchange with rating agencies, with conference calls and in-person meetings held on a regular basis. Rosneft's credit ratings held above the country's sovereign rating in 2015.

The Company is fully committed to transparency. At the 18th Annual Report Competition organized by Moscow Exchange and the RCB media group in 2015, Rosneft's 2014 Annual Report was recognized as best annual report among companies with the market cap above RUB 200 billion.

MANAGEMENT OF SUSTAINABLE DEVELOPMENT



ETHICAL MANAGEMENT FRAMEWORK

IN 2015 THE COMPANY
ADOPTED A NEW VERSION
OF THE CODE OF BUSINESS
AND CORPORATE ETHICS
THAT IS APPLICABLE TO ALL
ENTITIES OF ROSNEFT GROUP
(THE "CODE").

The Code reflects the Company's corporate culture and asserts the commitment of its employees to a high standard of business ethics. The Code sets out the Company's core goals and values, practices and principles for engaging with its stakeholders, protecting the corporate interests and reputation, and preventing

of personal brochures containing the Code of Business and Corporate Ethics.

The Code update was backed by a strong communication support – publication on the official web site and in corporate periodicals, a dedicated section on the corporate web portal,



violation of the adopted policies and standards. Along with finalizing the Code, the Company developed an internal regulation that sets down the Communication Procedure for Company Employees to Follow in Applying Rosneft's Code of Business and Corporate Ethics.

The Code implementation activities covered all employees at the Company's and Group entities' headquarters and included about 4,000 information meetings and distribution

leaflets on information boards at Group entities, email distributions – putting it in the spotlight of discussions among Company employees.

All Group entities have appointed ethics champions who monitor compliance with the Code, settle ethical conflicts and provide advice on applying the Code.

The Code implementation activities will continue in 2016, taking a variety of forms, such as publications in



THE INTERNAL REGULATIONS IN PLACE ACROSS THE COMPANY ARE FULLY COMPLIANT WITH THE METHODOLOGICAL RECOMMENDATIONS OF THE RUSSIAN MINISTRY OF LABOR AND SOCIAL PROTECTION FOR ORGANIZATIONS TO HELP THEM DESIGN AND IMPLEMENT ANTI-CORRUPTION MEASURES

corporate periodicals and on the web portal, a creativity competition, monitoring of employee awareness of the Code provisions and Company values, implementation of the Communication Procedure for Company Employees to Follow in Applying the Code, training courses for employees, etc.

The business ethics hot line continues to operate as a means of getting feedback on ethics issues. Any employee or stakeholder who has information to report on the application of, and compliance with, Rosneft's Code of Business and Corporate Ethics can send it to code@rosneft.ru. In 2015, the ethics hotline received 145 reports – twice as many as in the previous year – a sign of its growing credibility. Over half of the reports dealt with HR issues. All reports were considered by the respective business or functional unit. There is an ongoing exchange of information with the Security Service that supervises the Company's security hotline.

COMPLIANCE FRAMEWORK

During the reporting period, the Company maintained its efforts to strengthen and develop the compliance framework that ensures Rosneft's compliance with applicable laws, business ethics standards, and internal regulations.

The Company implements a set of internal regulations covering the key compliance areas, including the Code of Business and Corporate Ethics, the Policy for Counteracting Corruption and the Policy for Countering Corporate Fraud. In 2015 the Compliance Framework Working Group of the Business Ethics Council analyzed internal regulations in terms of coverage of the compliance areas and pointed out overlapping and uncovered areas. The internal regulations in place across the Company are fully compliant with the methodological recommendations of the Russian Ministry of Labor and Social Protection for organizations to help them design and implement anti-corruption measures.

The Company has put together and is carrying out a program of on-site and distance training in compliance. The on-site training course on the systemic approach to the development of the compliance function is taught at the Company's headquarters and is mandatory for its staff. In 2015, over 700 employees took this course at the Company's and Group entities' headquarters. The distance training on countering corruption and fraud has been available to the headquarters staff of the Company and some

THE COMPANY HAS PUT TOGETHER AND IS CARRYING OUT A PROGRAM OF ON-SITE AND DISTANCE TRAINING IN COMPLIANCE



OVER **4,000**

EMPLOYEES AT ROSNEFT HAD TAKEN
A DISTANCE TRAINING ON COUNTERING
CORRUPTION AND FRAUD

OVER **700**

EMPLOYEES TOOK THE ON-SITE
TRAINING COURSE ON THE SYSTEMATIC
APPROACH TO THE DEVELOPMENT OF
COMPLIANCE FUNCTION

Group entities since July 2015. Over 4,000 employees at Rosneft had taken it as of the end of the year. To complete the distance training, employees need to take a test and those who pass it receive a certificate. In addition, Rosneft, in cooperation with its foreign partners, delivered training courses on countering corruption and corporate fraud to JV staff in the regions where it has a presence.

In 2015, the Company enhanced the communication component of its compliance activities by preparing five new issues of All about Compliance bulletin and two articles on the conflict of interest and the security hotline for Our News information publication.

Further development of the compliance framework will follow the road map that includes a number of activities and events in 2016-18.

PREVENTION OF FRAUD AND CORRUPTION

AS A PUBLIC COMPANY, ROSNEFT TAKES AN ONGOING EFFORT TO INCREASE TRANSPARENCY OVER ITS OPERATIONS IN THE RUSSIAN FEDERATION AND ABROAD.

The Company is committed to follow both international and Russian anti-corruption laws, its internal regulations designed to counter corruption, as well as anti-corruption laws applicable in the UK, the US and other countries where the Company is operating or planning to operate.

In 2015 the Company approved a comprehensive anti-fraud and anti-corruption program and put it into action by:

- Carrying out an information campaign to embed the culture of zero tolerance to corruption and fraud among Company employees
- Designing and launching an Anti-Corruption section on the Company's official web site where it published the declaration of zero tolerance to corruption, as well as international, national and local laws and regulations and other information materials on this matter
- Inacting a regulation on the Internal Investigation Procedure, which that sets down the process of arranging and carrying out internal investigations at Rosneft, the rights

and responsibilities of process owners, and how they should respond to incidents identified, including instances of corruption, and report to management the results of their investigations

- Implementing in Group entities, including foreign operations, the policies for countering corruption and corporate fraud approved by Rosneft's Board of Directors in late 2014, with adjustments to comply with local laws .

The Company continued ongoing communication with the national law enforcement bodies in line with the agreement signed earlier with the Russian Ministry of Internal Affairs, in order to prevent, identify and investigate instances of corruption and fraud. Alongside with that it maintained ongoing communication with law enforcement bodies of foreign countries and the security services of its overseas partners, relying where possible on the existing Security Cooperation Agreements, as well as with Russian diplomatic missions abroad in the regions where the Company operates.

The Company implements safeguards to protect corporate assets which include rigorous control of contract procedures, prices, discounts, and affiliation. There was an investigation focusing on certain counterparties, their management and ultimate beneficiaries, including those related in any way to Rosneft's current or former employees. The investigation identified instances of Company employees being involved in fraudulent or corrupt conduct; those found





102,346
COMPANIES THAT APPLIED TO TAKE PART IN PROCUREMENT PROCEDURES WERE EXAMINED IN 2015

IN 2015, THE 24/7 SECURITY HOTLINE RECEIVED 13,227 CALLS, A QUARTER MORE THAN IN THE PREVIOUS YEAR. IN 12,054 CASES, THE CALLERS WERE GIVEN HELPFUL INFORMATION AND CLARIFICATIONS, AND 43% OF THE INVESTIGATED REPORTS PROVED FULLY OR PARTIALLY TRUE. THIS HELPED IDENTIFY/PREVENT DAMAGE OF RUB 242.9 MILLION

guilty were held responsible, some employees were dismissed, and some were charged with a criminal offense, including in foreign jurisdictions, with support from the Security Service.

In addition, 102,346 companies that applied to take part in procurement procedures were examined and 5,412 of them were rejected for various reasons.

During the reporting year, the Company worked out an Action Program to prevent any instances, and preclude the occurrence, of theft, fraud or damage in dealing in hydrocarbons and related products. In addition, it developed practical recommendations to identify dishonest purchasers that use passports of quality and declarations of conformity for Company products in order to sell counterfeit products.

The 24/7 security hotline is an essential part of the Company's anti-fraud and anti-corruption framework. In 2015, it received 13,227 calls, a quarter more than in the previous year. In 12,054 cases, the callers were given helpful information and clarifications, and 43% of the investigated reports proved fully or partially true. This helped identify/prevent damage of RUB 242.9 million. As a result, disciplinary sanctions were imposed on 88 employees and employment contracts were terminated with 29 employees. In 17 cases, the investigation materials were provided to law enforcement bodies for initiating criminal prosecution. In addition, the Company lodged claims against contractors for improper fulfillment of their contractual obligations, identified conflicts of interest and other misconduct, introduced security measures, tightened the accounting rules for inventories, and took other preventive steps.

The results of operating the security hotline were reported to the Board of Directors on a quarterly basis, and information on operating the security hotline was published in the Company's topical bulletin, All about Compliance.

The plan for 2016 contains a number of activities to enhance the anti-corruption practices, including the development of internal regulations on business entertainment and management of conflicts of interest. Apart from that the Company is looking to improve the process of basic anti-corruption training and appraisal of its employees, further develop the security hotline, etc.

RISK MANAGEMENT AND INTERNAL CONTROL



ROSNEFT HAS IMPLEMENTED AND IS CONTINUOUSLY IMPROVING ITS RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (THE “RM&ICS”) IN COMPLIANCE WITH RUSSIAN LAWS, RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE APPROVED BY THE BANK OF RUSSIA, AND INTERNATIONAL BEST PRACTICES.

The RM&ICS is a combination of risk management and internal control processes that operate on the basis of the existing organizational structure, internal policies and regulations, risk management and internal control procedures and techniques applicable across all management levels and functional areas of the Company, enabling the Company to identify, assess and respond to risks in a timely manner. The system is designed to strike an optimal balance between increase in the Company’s value, profitability and risks, and to ensure its financial stability, efficient performance, integrity of its assets, compliance with laws and internal regulations, and timely financial reporting.

The RM&ICS operates in line with the goals, objectives and principles established by the Company’s Policy on the Risk Management and Internal Control System. In 2015 the Company approved the updated Policy that

incorporates current Russian laws and regulations, federal rules on auditing, and recommendations of international professional organizations in risk management and internal control.

The Board of Directors of Rosneft reviews the design, operation and effectiveness of the RM&ICS at least once a year and recommends improvements if necessary.

RISK MANAGEMENT

The risk management process is regulated by the Corporate-wide Risk Management System (the “CRMS”) Standard approved in 2015. The CRMS

THE RM&ICS OPERATES IN LINE WITH THE GOALS, OBJECTIVES AND PRINCIPLES ESTABLISHED BY THE COMPANY’S POLICY ON THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

standard follows the methodological guidance of the Russian Ministry of Economic Development for the development of a regulation on the risk management system.

The purpose of the Standard is to support the implementation and operation of the corporate-wide risk management system. The Standard sets down the corporate-wide risk management procedure, uniform requirements for the risk management infrastructure, the communication between Rosneft and Group entities in the risk management processes, and general requirements for completing risk reporting forms. The Standard requires regular updating of top management and heads of business

units on key risks, and preparing risk reports at the level of Group entities, business and functional clusters and at the corporate level.

In addition, the Standard sets down the communication procedure and format that key risk management participants, including the Risk Department, the Internal Control Department, the Internal Audit Function, as well as functional and business clusters, should follow in managing all current financial and business risks. The Standard establishes a consistent mechanism for identifying and assessing risks, developing risk management activities and follow-up

monitoring of their implementation and risk levels by business and functional clusters.

During the reporting year, the Company carried out the following activities to enhance its risk management system:

- Continued quarterly monitoring of its current financial and business risks and preparation of risk reports
- Introduced the CRMS in five more Group entities as part of a systemic effort to put key Group entities under the CRMS umbrella



- Prepared an annual report on strategic risks covering the period through 2030
- Extended the list of key risks for which quantification algorithms using accumulated statistics have been developed
- Estimated damage and took steps to resolve insurance claims under all insured events that occurred in 2015; in particular, the Company settled claims for losses from the accident at Achinsk Refinery
- Regularly evaluated the impact of market risks (price, currency and interest rate risks) on the Company's financial performance using the market risk

quantification model, and reported to management the results of assessing the Company's exposure to market risks.

The Company continues to operate an effective internal network of risk champions comprising 50+ employees of various business units. The risk champions help identify and assess risks, prepare risk reports and coordinate risk activities across Group entities. Training events are held for the risk champions on a regular basis. In particular, in 2015 the Company supported the development of a two-day master class in Risk Management, held 7 workshops, and trained 134 employees of Group entities and Company headquarters as part of the corporate in-house training system.

Key risks related to the Company's business

Sector, country, regional, financial and legal risks to which the Company is exposed are described in detail in Appendix 2 to the 2015 Annual Report. This section contains a detailed discussion of risks to sustainable development, such as those related to HR and social policy, occupational health and safety and environmental protection.

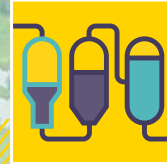
Risks related to prices for crude oil, gas and petroleum products

Prices for the Company's products directly impact its financial and economic performance and any price decrease may impair the profitability of oil and gas production by Rosneft. This will in turn decrease the amount of its commercially viable reserves and the cost-effectiveness of exploration activities. The Company can mitigate this risk, should it realize in case of a price drop or a significant gap between the domestic and world market prices, by re-distributing its commodity flows and managing its operating costs and capital expenditure.

Risks related to the reliance on monopoly providers of oil, gas and petroleum products transportation, and their tariffs

The Company's business is built around the transportation of its oil, gas and petroleum products by monopoly service providers, such as Transneft, Russian Railways and Gazprom. It means that the infrastructure they use





and tariffs they charge are beyond the Company's control.

Risks related to the sale of gas produced

The key risk factor potentially adverse to the Company's gas sales is that customers will fail to take their contracted amounts of gas. Gas sales are also impacted by:

- Failure to meet Gazprom's quality requirements for gas accepted into its gas transmission system, resulting in the risk of restrictions on the amount of gas fed into the system and penalty sanctions from Gazprom
- The risk that Gazprom will restrict the amount of gas accepted into the gas transmission system for the undistributed amount of gas.

Risks related to the amount of actual reserves

The oil and gas reserves data are estimates that largely rely on analytics performed by Degolyer and MacNaughton (D&M), the Company's independent advisor on oil and gas production technology. Actual reserves may differ from these estimates.

Risks related to competition

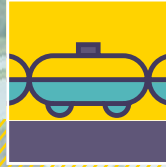
The oil and gas sector is highly competitive. Rosneft faces competition mainly from other Russian oil and gas companies and is a sector leader both in Russia and globally, which gives it a significant competitive advantage.

Risks related to geography and climate

The Company operates in the regions that have a steady climate and are rarely affected by natural calamities and disasters. However, extremely low temperatures in winter may impede the operation of its oil and gas producing entities in northern regions.



Oil exports from the Black Sea terminals to ports in the Mediterranean may be limited by the transit capacity of the Bosphorus and weather conditions (gale-force winds) in the Black Sea in autumn. The Baltic Sea terminals and De-Kastri may be closed due to a severe ice situation in winter. Lengthy downtime at the export terminals may adversely affect Rosneft's performance and financial position.



Risks related to adverse environmental effects, occupational safety and health that may result in substantial costs

All stages of oil and gas operations – exploration, production, refining and transportation – are inherently exposed to risks that affect environment, occupational safety and health. The most common of these risks is the risk of accidents and incidents at production facilities resulting in oil spills, land contamination, harmful emissions above the allowable level, and pollution of surface water bodies, and occupational accidents affecting employees of the Company and its contractors.

The Company puts in considerable effort to mitigate the risk of such accidents and incidents: analyzes their reasons, adjusts the existing processes as required, enhances control over the quality of equipment, trains employees in occupational safety and health, and maintains high readiness to abnormal situations. The Company intends to continue its risk mitigation efforts by enhancing hazard identification and risk assessment processes, and applying a risk-oriented approach to planning its HSE activities.

Risks related to HR and social policies

The success of Rosneft’s business rests on its people. With more work performed in challenging conditions, e.g. offshore, and involvement in international projects, employee motivation and qualification tend

to have a greater impact on the financial performance of individual business units and the Company as a whole. The analysis of HR and social performance risks identified risks related to the Company fulfilling its social commitments, and those arising from a shortage of well-qualified staff in certain narrowly specialized areas. Rosneft manages these risks



through various activities set down in its HR policy for recruiting and retaining highly qualified personnel, and develops and improves the existing policies and procedures covering HR, social development and corporate culture.



Country and regional risks

Rosneft operates in all federal districts of the Russian Federation and takes into account their development outlook as well as the potential social and economic risks identified in the Medium-term Socio-economic Development Program of the Russian Federation. On the other hand, the Company has experienced the exposure of its business to geopolitical risks.

Apart from that Rosneft faces the risks of operating outside Russia, particularly in developing markets that are exposed to greater political, economic, social and legal risks than more developed economies. The risks of operating in developing economies are in many respects similar to or even higher than Russian country risks.

Financial risks

Financial risks, including currency, interest rate, credit and liquidity risks, are an important component of the Company's overall risk exposure.

Rosneft generates a substantial portion of its revenue from export sales of oil and petroleum products. Naturally, the fluctuations of the ruble exchange rate against other currencies impact the Company's financial and

business performance and give rise to currency risk.

Natural hedging is inherent in a business that has revenue and liabilities denominated in foreign currency because two opposing factors are at play mitigating the effect of exchange rate risk on the Company's financial and business performance.

The Company is also exposed to credit risk that arises if a counterparty fails to fulfill its financial obligations to Rosneft. The Company applies a comprehensive approach to managing its credit risk, which requires the monitoring of counterparties' financial status by analyzing their financial statements.

Liquidity risk arises from the realization of other risks inherent in the Company's business. Therefore, measures that manage price, currency and interest rate risks also work to manage liquidity risk.

Legal risks

Legal risks inherent in the Company's business include risks related to changes in currency, tax, customs, antitrust and procurement laws and regulations, and litigations involving the Company. In addition, legal risks pertain to the regulation of subsoil

and land use and town planning and also include the associated risks resulting from regulatory changes that affect HSE. Rosneft performs ongoing monitoring of changes in laws and regulations, and senior courts' decisions, and analyzes law enforcement practices.

In case of any systemic problems in law enforcement, Rosneft comes up with proposals for improving the current regulations and turns to government bodies for clarification and advice regarding a particular provision or requirement.

The Company takes into consideration the EU and US sanctions and monitors them continuously in order to mitigate any adverse effects.



INTERNAL CONTROL

THE INTERNAL CONTROL SYSTEM (THE "ICS"), ALONG WITH THE CORPORATE-WIDE RISK MANAGEMENT SYSTEM IS AN ESSENTIAL COMPONENT OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM.

The ICS is a comprehensive framework of organizational measures, policies, guidelines, corporate standards, and control procedures designed to mitigate business process risks, and actions taken by owners and operators of the Risk Management and Internal Control System to ensure proper running of the business. Rosneft operates the ICS to ensure its financial stability, strike an optimal balance between increase in the Company's value, profitability and business-process risks, run its business in a smooth and efficient manner, maintain the integrity of its assets, identify and correct or prevent irregularities, comply with applicable laws and internal regulations, perform timely and reliable financial reporting, and thus improve the Company's investment appeal.

The ICS helps achieve the Companies goals by supporting high-standard



RN MONITOR MONITORS KEY PERFORMANCE INDICATORS OF THE ENTIRE BUSINESS AND SIGNIFICANT PROJECTS

management practices: complete information on business process risks enables management to take effective decisions and attain the goals it has set by preventing undesirable events in business processes in a timely manner. In order to address these issues, Rosneft has put in place an information system – RN Monitor – that monitors key performance indicators of the entire business and significant projects. The program supports day-to-day supervision and decision-making by top management and heads of business units, and is accessible online from computers and mobile devices for viewing results, analytics and reports on the most critical areas of the Company's operations. The system processes about a thousand production, financial and economic indicators, monitors over a hundred key projects and stores information on more than 900 entities of the Group.

The Company holistically implements and continuously develops its ICS in line with the corporate standard on the Internal Control System that sets

down key performance characteristics for the ICS, the list and objectives of its processes, and the main areas of communication between system participants.

During 2015, the Company carried out the following events and initiatives to enhance the ICS:

- Designed risk and control matrices for 14 business processes in place at Rosneft and 16 Group entities (over 100 matrices) indicating design deficiencies in process control procedures, and improved the design of control procedures by taking steps to eliminate the deficiencies
- Designed model risk and control matrices for key business processes and implemented standard control procedures at Group entities
- Conducted regular training on the ICS for employees of Rosneft, Group entities and joint ventures; designed and ran a multimedia training course on the fundamentals of setting up a risk management and internal control function
- Updated the overall corporate compliance program as part of the Working Group' effort to develop the Company's compliance framework; conducted training for top managers, heads of business units and employees, including distance courses, such as the multimedia course on countering corruption and fraud].



STAKEHOLDER ENGAGEMENT



ACCORDING TO THE POLICY ON REGIONAL DEVELOPMENT AND COOPERATION WITH CONSTITUENT ENTITIES OF THE RUSSIAN FEDERATION, ROSNEFT'S STAKEHOLDERS INCLUDE ITS PARTNERS AND COUNTERPARTIES, INTERNATIONAL AND NATIONAL BUSINESS ASSOCIATIONS, NON-PROFIT AND NON-GOVERNMENTAL ORGANIZATIONS, EDUCATIONAL INSTITUTIONS, AS WELL AS ITS EMPLOYEES, GENERAL PUBLIC AND OTHER PERSONS THAT ARE INTERESTED IN COOPERATING WITH THE COMPANY OR RELY MORE OR LESS ON ITS OPERATIONS IN THE REGIONS WHERE IT HAS A PRESENCE, AND EXCLUDE PUBLIC AND GOVERNMENT AUTHORITIES.

Rosneft uses various ways to engage with its stakeholders and in doing so it always shows respect for their interests, maintains ongoing contacts, and promptly provides them with information on key developments in its business. The mechanisms of engaging with the key groups of the Company's stakeholders, such as employees and investors, are described in detail in the following chapters of this Report. The most important of them are public consultations on the environmental footprint of any planned activities

and roundtables the Company holds regularly in the regions of operation to share opinions and maintain partner relationships with the local stakeholders and regional government representatives.

PUBLIC CONSULTATIONS ON THE ENVIRONMENTAL FOOTPRINT OF PLANNED ACTIVITIES

Rosneft Group entities hold public consultations on the results of assessing the environmental footprint of any planned business activities in the regions of operation, as required by Russian laws.

In April and December 2015, RN-Shelf-Arctic held two public consultation meetings in the settlement of Iskateley, Zapolyarniy District, Nenets Autonomous Okrug. The discussion focused on the engineering survey and integrated geophysical survey programs, including environmental assessment, at the Yuzhno-Russkiy license block.

In February 2015, RN-Exploration held successful public consultations in the town of Gelendzhik over the Yuzhno-Chernomorskiy license block. The participants considered the marine geochemical exploration and geological engineering survey program, including environmental assessment, that were part of the integrated marine engineering survey at the Yuzhno-Chernomorskiy license block on the continental shelf of the Black Sea.

In December 2015, RN-Shelf-Dalnyi Vostok carried out an opinion poll

in the town of Nogliki, the Sakhalin Region, as part of public consultations on the 2016-17 integrated geophysical survey program at the Vostochno-Pribrezhniy license block. The general public stakeholders could examine the program materials, including environmental assessment, ask questions and put forward survey implementation suggestions to RN-Shelf-Dalnyi Vostok staff and program developers.

In 2015 the Company updated its integrated marine geophysical survey program, including environmental assessment, for the Tsentralno-Barentsevskiy block on the shelf of the Barents Sea. The program won the approval of the local community after public consultations in the town of





Nickel, Pecheneg District, in December 2015. The program materials were also approved by the Murmansk regional administration, the municipal administration of the Pecheneg District and the Federal Fishery Agency.

In the towns of Ola, Magadan Region, and Okhotsk, Okhotsk Municipal District, Khabarovsk Krai, public consultations focused on the project documentation for the construction of exploration wells on the Magadan-1 block of federal significance on the northern continental shelf of the Okhotsk Sea and the Lisyanskiy block of federal significance on the northwestern continental shelf of the Okhotsk Sea.

ROUNDTABLES IN THE KEY REGIONS OF OPERATION

Every year the Company holds roundtable discussions in the key regions of operation. The ninth series of 15 roundtables took place in 2015. Their participants came from production entities, refineries and distributors, representing all stages of the production chain.

The purpose is to have a meaningful discussion of pressing questions around the economic, social and environmental areas of cooperation between Rosneft and Group entities on the one hand and regional government authorities and stakeholders on the other, including public organizations, educational and academic institutions, communities of indigenous small-numbered peoples of the North, business partners, mass media, and general public in the regions of operation.

In 2015 roundtables took place in the following towns and cities: Angarsk (Irkutsk Region), Krasnodar and Tuapse (Krasnodar Krai), Igarka and Baykit (Krasnoyarsk Krai), Orenburg (Orenburg Region), Usinsk (Komi Republic), Izhevsk (Udmurt Republic), Samara (Samara Region), Saratov (Saratov Region), Yuzhno-Sakhalinsk (Sakhalin Region), Stavropol (Stavropol Krai), Komsomolsk-on-Amur (Khabarovsk Krai), Khanty-Mansiysk (Khanty-Mansi Autonomous Okrug – Yugra), Gubkinskiy (Yamalo-Nenets Autonomous Okrug).



KEY TOPICS OF ROUNDTABLE DISCUSSIONS:

- Regional development
- Environment, safety and health
- Contribution to the development of regional economy and infrastructure
- Social responsibility and charity
- Education



Key topics of roundtable discussions

The meetings with stakeholders considered various topics that can be arranged into the following major groups.

Regional development

Information about Rosneft's plans and prospects for the development of Group entities is of particular importance to its stakeholders because the Company exercises a significant influence on the economic and social development of the regions of operation, primarily as a major employer and taxpayer.

The discussions at the 2015 roundtables revolved around issues that usually cause concern, such as the completion deadlines of the Company's current projects, including refinery upgrades, construction of gas



distribution stations and oil pipelines, and new filling stations. Consumers come up with proposals as well. For example, the participants of the roundtable in Krasnodar discussed with the Company whether it can increase its presence on the liquefied gas market, including gas supply to households for heating.

The issues of importance to stakeholders include the Company's medium- and long-term plans to implement investment projects. Apart from that stakeholders want to understand the outlook for social and economic cooperation between the Company and its regions of operation in order to develop scenarios for the regional social and economic development forecast.

Environment, safety and health

Issues that usually come up for roundtable discussions include mitigating the environmental footprint of Rosneft's operations and maintaining occupational safety and health at Group entities.

Roundtable participants thought much of and appreciated the Company's efforts in these areas over the past year. The participants of the roundtable in Tuapse pointed out that the upgrade of the petroleum product pipelines eliminated the risk of petroleum products leaking into the ground. Furthermore, enterprises announced their plans to repair the accumulated environmental damage, including the liquidation of abandoned drilling sites and wells, restoration of land,

treatment of oil sludge and lenses of petroleum products, disposal of brines released to surface water, etc.

It is also important for the Company to communicate with government authorities and non-governmental organizations in case of an emergency situation. The roundtable discussion in Usinsk emphasized the Company's active involvement in resolving problems that arise from emergency situations both at the Company's facilities and in the region.

Monitoring of contractor performance and prevention of any wrongdoing were in the spotlight of roundtable discussions as well. The participants pointed to the need of engaging qualified contractors to repair and replace equipment used by the Company.

Along with issues common to most regions, the roundtables addressed matters specific to individual entities of the Group. The participants of the roundtable in Yuzhno-Sakhalinsk raised questions concerning the containment and treatment of natural oil seeps, proposed educational events to improve the culture of petroleum product consumption, and discussed the Company's plan to limit the impact of its operations on biodiversity. In Saratov, the roundtable participants suggested introducing occupational health passports for employees to improve the monitoring of their health, and discussed with Company the possibility of its involvement in the environmental education of youth.

Contribution to the development of regional economy and infrastructure

Group entities make a substantial contribution to the development of regions where they operate. The Company is a major employer and facilitates the development of related industries, upgrade of regional infrastructure and higher investment potential of the regions.

In Orenburg, the stakeholders welcomed the Company's decision to set up a Board of Suppliers and Contractors, and noted the effectiveness of meetings with potential contractors both at the Company's premises and at roundtables and workshops at regional enterprises.

The participants of the roundtable in Igarka expressed their gratitude to Rosneft for the reconstruction of the local airport after which it was able to operate new types of aircraft, increase the total number of flights and the total freight carried. Many regions suggest that the Company take part in the reconstruction and construction of local roads, construction of landfills and other infrastructure facilities, and provide its equipment for local utility services.

In Stavropol, the stakeholders proposed a joint effort to tackle the counterfeit fuel in the region, and in Khanty-Mansiysk the discussion focused on the Company's plan to move non-operating oil production facilities out of town.



Social responsibility and charity

Every year Rosneft carries out charitable projects that promote the social and economic development of its regions of operation. The words of gratitude to Rosneft were spoken at many roundtables to acknowledge the support it provides under the social and economic partnership agreements and charitable projects.

Roundtable participants pointed out that the Company takes on more social responsibilities than required by law. Some stakeholders

ROUNDTABLE PARTICIPANTS POINTED OUT THAT THE COMPANY TAKES ON MORE SOCIAL RESPONSIBILITIES THAN REQUIRED BY LAW

proposed signing social and economic cooperation agreements for a few years ahead.

In Yuzhno-Sakhalinsk, they suggested that the Company support regional healthcare system by providing its communication facilities for professional development of doctors. The Saratov community thanked Rosneft for the involvement of its employees in volunteer clean-ups of the city ('subbotniks') and other public area improvements, including those related to the 70th Anniversary of Russia's victory in the Great Patriotic War.

Education

Involvement in educational projects is still another proof of Rosneft being an active participant in the life of its regions of operation. Many roundtable participants highlighted the success of Rosneft Classes as an effective way to bring up a new generation of skills for the oil industry.

The speakers at the roundtable in Yuzhno-Sakhalinsk pointed out that, following in Rosneft's footsteps, other companies opened similar classes at schools.

At the meeting in Samara, the participants thanked the Company for giving the students of Rosneft Classes a chance to take part in industry events. In 2015, a student of a Rosneft Class for the first time made a presentation at the International Oil & Gas Conference. Several students took part in the Russia-wide forum held under the theme "Engineering is Creative" and picked up awards for their works. Events like these motivate students and promote a sense of responsibility for learning.

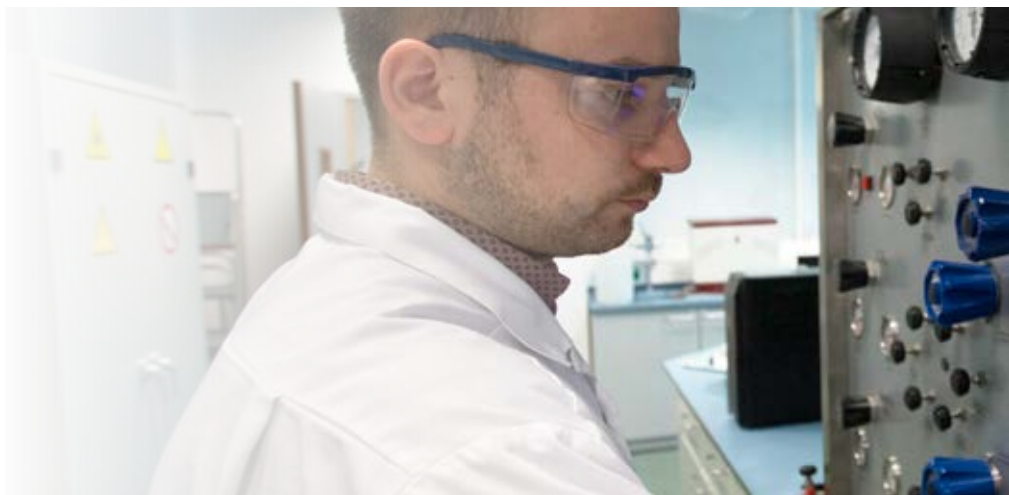
The Company has acted on the proposals put forward at previous roundtables. In Samara, the speakers noted that issues discussed a few years ago had been resolved and were no longer on the agenda. In Gubkinskiy, the participants referred to events held in the wake of the 2014 roundtable

that included Open House Weeks at Rosneft entities, excursions to the Company's oil fields, individual advice on choosing a career, presentations of skills required by Rosneft, as well as trainings, lectures and conferences.

The roundtable participants in Angarsk spoke of a successful integration into the educational process of Rosneft's employees who chaired state attestation commissions at exams where students defended their graduation paper. The Company's specialists cooperate with the faculty of universities. The proposal to arrange a meeting of representatives from universities and oil and gas companies was put forward at the roundtable in Khanty-Mansiysk.

Apart from that Rosneft supports the regions by providing materials, supplies and equipment for schools, setting up laboratories and dedicated lecture rooms at universities, and giving financial aid to orphanages. In Usinsk, the roundtable participants asked the Company for assistance from its HR department in psychological testing of students and helping them to choose a career, and requested further support of the popular Russian language test – Totalny Dictant.

INNOVATION



ROSNEFT DRIVES INNOVATION TO ACHIEVE ONE OF ITS STRATEGIC GOALS TO BECOME A TECHNOLOGY LEADER IN THE GLOBAL ENERGY INDUSTRY.

The results of the Company's Innovation Program show that Rosneft steadily progresses toward this goal. Currently, the Company implements several large-scale innovation projects, which involve advanced research, the deployment of new technologies, as well as the upgrade of existing production processes and facilities.

The Company met its key innovation targets set under the Innovation Program in 2015, pursuing activities and providing financial support for them as planned. Rosneft spent a total of RUB 116.9 billion in 2015 on the innovation process, including RUB 36 billion on research and development (R&D) activities. Investment in Rosneft's Program Innovation Projects totaled RUB 1.53 billion.

A particular focus was placed on putting R&D outcomes into practice and protecting intellectual property rights. As a result of intensive development and application of new technologies in 2015, the Company filed more patent and know-how applications. In particular, it submitted 69 applications for patents and industrial design rights, with the number of its patents reaching 503.

Under its Innovative Technology and Pilot Testing Program, Rosneft tests,

adapts and implements advanced technologies, simultaneously evaluating their key features and conducting feasibility studies to determine whether the novel solutions can be successfully deployed in the Company's geological and technical conditions. In 2015, Rosneft provided RUB 1,658 million for technology tests and spent RUB 15,883.8 million on the implementation of solutions that passed such tests successfully.

In 2015, Rosneft continued to pursue its large-scale upgrade program. The implementation of comprehensive technology innovations at the most of its refineries enabled them to produce Euro 5 gasoline and diesel fuel for the domestic market (see the Environment section for more details about this program).

Under its Program Innovation Projects, Rosneft accomplished the following in 2015:

- A project was completed to develop a computer-aided technology for the processing of 3D seismic data from unconventional hydrocarbon plays in fractured-cavernous reservoirs
- Prospecting continued to study Upper Jurassic sediments at license blocks operated by RN-

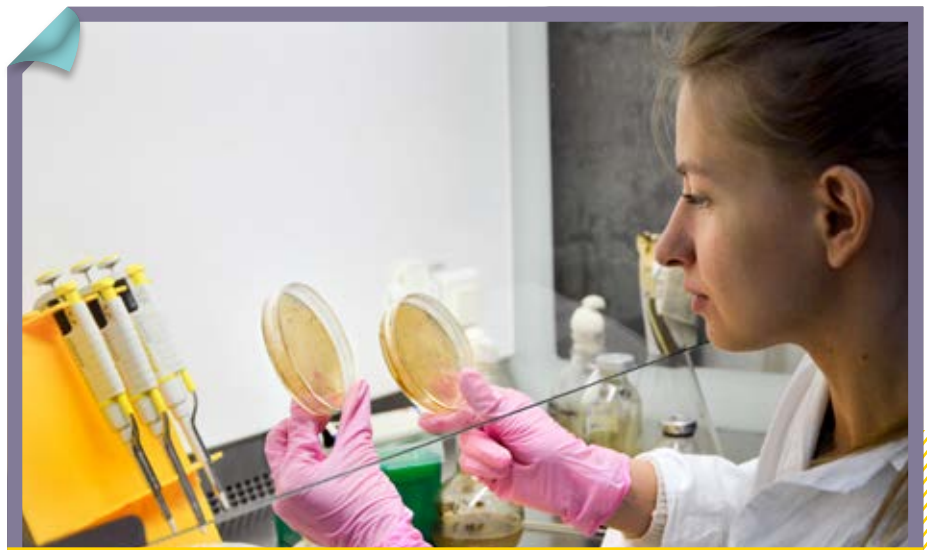
Technology testing and deployment in 2015

	Number	Cumulative oil production increase, thousand tonnes	Total economic effect, RUB million
Technology testing	158	120	83.1
Technology deployment	137	2,668	1,642.7



Yuganskneftegaz. The Company completed the drilling of two wells, obtaining core samples and performing detailed borehole logging to support the efficient and effective evaluation of the reserves and develop a multi-stage fracturing model

- The Company tested its proprietary technology for the development to low permeable reservoirs using transverse multiple fractured horizontal wells at the Prirazlomnoye field developed by RN-Yuganskneftegaz. The test results showed that the solution can successfully be used for flow rate improvement
- Rosneft developed and approved a geosteering program for horizontal and sidetrack drilling using an innovative technology that outperforms competing techniques. The Company developed a module for modeling giant fields (Priobskoye, Prirazlomnoye, Samotlorskoye, Vankorskoye, etc.) with improved quality and speeds. A project was completed to develop catalysts for hydrotreating diesel fraction and pre-hydrotreating gasoline fraction, with pilot tests run for catalysts weighing a total of 200 kg, followed by an independent comparative testing program that showed the technology's competitive advantages over foreign and domestically manufactured hydrotreating catalysts. The innovation enables the Company to reduce its dependence on catalyst imports



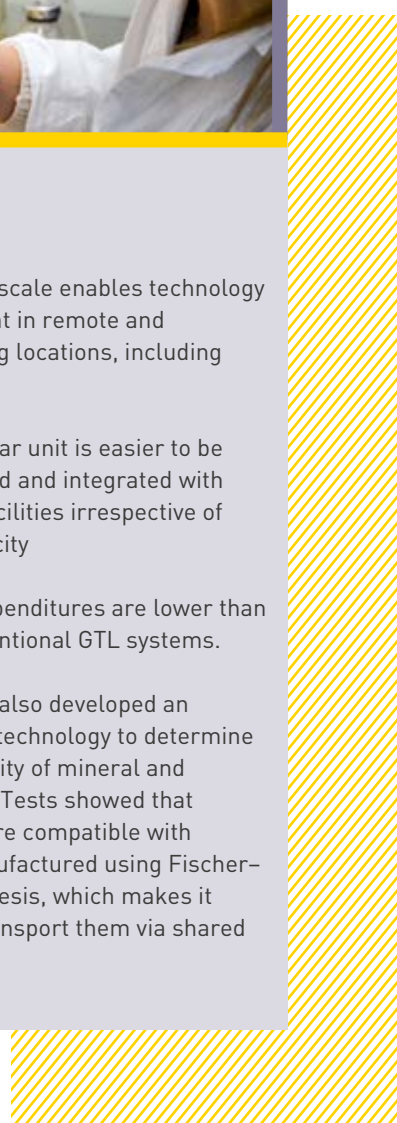
PROGRESS UNDER THE GTL TECHNOLOGY DEVELOPMENT PROJECT IN 2015

In 2015, Rosneft continued work on developing innovative technologies for the on-site conversion of natural and associated petroleum gas into synthetic crude oil. The key objective is to reduce the flaring of gas from remote fields where the Company's own energy needs are limited while tying into trunk pipelines requires heavy capital expenditures.

Rosneft also developed a mini-channel reactor and technology for small-scale Fischer-Tropsch-based GTL processes for the conversion of natural/associated petroleum gas into synthetic crude oil. This technology will enable the annual production of an additional 20 million tonnes of crude oil through natural/associated petroleum gas conversion into liquid products in the field. The key benefits of GTL technology are the following:

- The small scale enables technology deployment in remote and challenging locations, including offshore
- The modular unit is easier to be transported and integrated with existing facilities irrespective of their capacity
- Capital expenditures are lower than with conventional GTL systems.

The Company also developed an experimental technology to determine the compatibility of mineral and synthetic oils. Tests showed that mineral oils are compatible with products manufactured using Fischer-Tropsch synthesis, which makes it possible to transport them via shared oil pipelines.



- The Company developed an advanced technology to produce synthetic oils based on polyalphaolefin (PAO) with a high viscosity of 140 to 170, a low freezing point from minus 50 degrees Celsius to minus 65 degrees Celsius, and improved thermal and oxidative stability. This technology has a number of benefits, including zero wastewater and toxic gas emissions, apart from the possibility of commercial use of heat produced from the formation of oligomers. In addition, a project

was completed to develop inputs for designing a pilot production unit with an annual capacity of 300 tonnes of synthetic oils based on PAO

- The Company developed an experimental technology for manufacturing ruthenium catalysts using diethyl for the metathesis polymerization of dicyclopentadiene (DCPD) with an annual capacity of 6 kg. This technology enables the Company to manufacture up to 120 tonnes of new polymers

and composite materials based on polydicyclopentadiene with unique mechanic properties per year.

In addition, the Company conducted a series of important scientific studies in Russia's Arctic area in partnership with the Arctic Research and Design Center and the Arctic and Antarctic Research Institute. See the Company Performance section for more details.



COOPERATION WITH ROSATOM IN SCIENCE AND TECHNOLOGY

On the sidelines of the St. Petersburg International Economic Forum, Rosneft signed a cooperation agreement with Rosatom to pursue joint strategic projects, as well as to develop and roll out import-substituting technologies and equipment for applications in production at the Company and its entities.

Both companies displayed interest in the following areas of cooperation: exploration technologies and equipment, support of Arctic offshore oil and gas development and production (including the support of such activities with Atomflot

icebreakers), process control and measurement systems, energy efficiency, occupational safety and environmental protection.

Rosneft and Rosatom also developed, approved and launched the medium-term Program for Science and Technology Cooperation under their bilateral agreement. The program envisages more than 30 projects to develop a wide array of technologies and equipment for well logging and drilling, automated process control systems, control and measurement systems, supercomputer programs, surface infrastructure, pumping equipment, etc.

The program provides for the exchange of information about the current and potential needs of Rosneft and its entities in Rosatom's products and services. Program activities include prototype testing, the development of pilot batches and production batches of the size agreed upon by the two companies, R&D activities, as well as the upgrade and reconstruction of core assets operated by Rosneft and its entities leveraging the research, technological and manufacturing capabilities of Rosatom's leading companies.



PARTNERSHIPS WITH LEADING UNIVERSITIES AND INNOVATION CENTERS, AND INTERNATIONAL COLLABORATION

Under its Innovation Program, Rosneft cooperates with higher education institutions, including Gubkin Russian State University of Oil and Gas, Tomsk Polytechnic University, Siberian Federal University and Moscow State Institute of International Relations known as MGIMO. In 2015, the Company also cooperated closely with Moscow State University (MSU) under a joint scientific research and innovation project (see the Environment section below for more details).

Rosneft also pursued joint projects with the Skolkovo Innovation Center. The Company's corporate research center RN-TsIR, one of Skolkovo's key residents, is responsible for the GTL project. It conducted a feasibility study for various project-related technology solutions and the construction of the pilot natural/associated petroleum gas conversion unit with an annual capacity of 300 tonnes of synthetic oil.

In 2015, the Company and General Electric founded the Advanced Research and Technology Center tasked with enhancing existing technologies for partner companies and developing new technologies for the benefit of both parties to the arrangement.

The Company also signed the first project agreement for the development of a high-performance heat exchanger for LNG plants. Work is in progress to draft terms of reference for project agreements on the development of:

- Renewable energy technology to improve the energy efficiency of hydrocarbon pipeline transportation (telemetry and diagnostic systems)
- Organic Rankine cycle technology to reduce the amount of waste heat produced by refineries.

IMPROVING INDUSTRY INNOVATION MANAGEMENT STANDARDS

Rosneft is committed to developing its own innovation management standards to improve innovation process management practices and design techniques for the implementation of Program Innovation Projects. In 2015, Rosneft developed and adopted important internal regulations to ensure robust innovation process management.

The introduction of a one-stop-shop mechanism for driving innovation was one of the key initiatives implemented in 2015. Small and medium-sized enterprises are invited to use this mechanism to share their innovative ideas with Rosneft, with the framework also establishing the procedure for

evaluating their bids. The one-stop-shop module can be accessed from Rosneft's website. The initiative is aimed at giving owners of innovative solutions a point of contact within Rosneft for submitting their ideas, bringing consistency and transparency to processes, reducing handle time and improving decision-making on the implementation of cutting-edge solutions.

Thus, Rosneft has developed a fully functioning innovation process management framework in line with best practices and international standards which allows the Company to timely identify risks inherent in innovation projects, add value to such initiatives and obtain an organization-wide effect from technology deployment.

EFFICIENCY IMPROVEMENTS

The Company pursues efficiency improvement projects and inventive activities in accordance with established standards. In 2015, Rosneft received 875 improvement suggestions from 1,082 authors, recognizing 410 suggestions as sound and implementing 251 to improve production processes. Inventors received monetary rewards.

The economic effect from the implementation of improvement suggestions in 2015 totaled RUB 1.7 billion.

OCCUPATIONAL HEALTH AND SAFETY



OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT SYSTEM

As Russia's top oil and gas producer and a leading global industry player, Rosneft responsibly manages the scale and nature of the impact caused by its business, products and services, and maintains a strong focus on accident-free operations and workplace safety.

While striving to adopt industry best practices in occupational health and safety (OHS), including health care, road safety, fire prevention, radiation safety, blowout prevention, production asset integrity, management of fire and explosion hazards, accident and incident prevention and response, Rosneft aspires to become a company with:

- zero industrial injuries and occupational diseases, and
- zero incidents and accidents, including fires.

In 2015, Rosneft's Board of Directors adopted a new version of the Company's Occupational Health and Safety Policies. Rosneft revised these policies to adjust them for its operational growth driven by new asset integration, global footprint expansion and regulatory changes, while establishing a framework for promoting a culture of safety and developing leadership skills in OHS management.

The policies set out the following top priorities in OHS:

- The health and safety of workers takes precedence over operational performance
- All levels of management play a crucial role in strengthening workplace safety
- Each Rosneft employee and contractor recognizes their individual responsibility for their own and other people's safety and is aware of their right to intervene in unsafe actions
- Each Rosneft employee plays their part in the safety effort aimed at the prevention of industrial injuries, fire and explosion hazards, accidents and incidents, and occupational diseases
- Prevention comes before incident detection and management.

In 2015, the Company also worked on refining its draft OHS Strategy.

In addition, Rosneft continued to promote a culture of safety and informed leadership in OHS under a dedicated program adopted for the period until 2020. The program is intended to prioritize operational safety above everything else, stimulate employees to use safe behaviors on the job and establish rigorous control over safety performance by employees and contractors. The program envisages the implementation of 100 initiatives in industrial safety, fire prevention, workplace health, health care, health education, social security and other employee support activities. Twenty-three program initiatives

were completed in 2015; 44 were a continuous improvement process and 33 were in the preparation phase.

In mid-2014, Rosneft adopted the Occupational Health and Safety Standards to establish a framework for all levels of management at Group entities to build and develop strong leadership skills in OHS. The Company believes that its successful operational performance is contingent on OHS excellence in line with identified targets. All Rosneft managers are responsible for achieving robust

IN 2015, ROSNEFT UNDERWENT ANOTHER AUDIT OF ITS INTEGRATED OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEM, OHSAS 18001:2007, WHICH TARGETED COMPANY MANAGEMENT AND 21 GROUP ENTITIES



performance in OHS by demonstrating safe behaviors and leadership, defining and segregating related duties and responsibilities, mobilizing resources and enabling the continuous improvement of processes through regular assessment and monitoring. The leadership role in OHS is above all about promoting a culture of compliance among employees by personal example, awareness raising activities, guidance and inspiration.

The Company adopted leadership criteria for all managers to build and hone their leadership skills in OHS. The key marks of leadership include a clarity of vision, passion, professionalism and integrity. There



IN MID-2014, ROSNEFT ADOPTED THE OCCUPATIONAL HEALTH AND SAFETY STANDARDS TO ESTABLISH A FRAMEWORK FOR ALL LEVELS OF MANAGEMENT AT GROUP ENTITIES TO BUILD AND DEVELOP STRONG LEADERSHIP SKILLS IN OHS

are well-defined performance indicators and criteria for each management level and skill. Rosneft conducts regular assessments of OHS leadership performance demonstrated by managers.

To increase employee engagement and awareness of OHS issues, the Company introduced checklists for OHS inspections conducted by Group managers.

In 2015, Rosneft also adjusted its key performance indicators (KPI) to motivate managers, ranging from vice president equivalents to executives at Group entities and HSE leaders in the Company's business segments, to better performance. The list of KPIs was amended to include the

occupational injury frequency rate. In addition, the Company introduced restrictions on the payment of annual executive bonus for employee safety to withhold it for failures to prevent a fatal or non-fatal accident at a facility classified as Hazard 1 or 2. The weight of this indicator in individual and team performance assessment was revised upward.

Rosneft also holds an annual competition to pick the Best Entity of the Group in OHS management, providing an additional source of motivation. The 2015 winners across the Company's business segments were Verkhnechenskneftegaz (Oil and Gas Production), Neftegor'sk Gas Processing Plant (Oil Refining and Petrochemicals), Rosneft-Stavropol'ye (Distribution and Sales) and the Orenburg division of RN-Bureniye (Oilfield Services). Group entities also regularly win awards for safety performance at local competitions among companies.

In 2015, Rosneft underwent another audit of its integrated occupational health, safety and environmental management system, OHSAS 18001:2007, which targeted Company management and 21 Group entities. The certification authority established the conformity of the system to the standard, as well as identified the Company's strengths in OHS and areas for potential improvement. In 2015, Rosneft and 48 Group entities obtained certification to OHSAS 18001 as part of the Company-wide certification processes. Twenty-two Group entities

applied and received such certification independently.

In addition, the OHS Department regularly performs walkthroughs of the HSE information management system for conformity to legislation, internal regulations and the requirements of the OHSAS 18001 standard. Such inspections result in the development of proposals for enhancing the OHS management framework.

Employee training is an important component of the OHS management framework. Rosneft organized special training sessions in 2015, apart from running its ongoing comprehensive training program in OHS. The Company's grassroots organization of the Russian Oil, Gas and Construction Workers' Trade Union initiated a training course for 1,150 OHS Officers of more than 55 Group entities. In 2015, members of certification commissions responsible for compliance at the level of business and functional units underwent the training and attestation process at the Federal Service for Environmental, Technical and Nuclear Oversight (Rostekhnadzor), while in-house commissions assessed the safety competencies of Rosneft employees.

The Company also engaged international experts of BP Exploration Operating Company Limited to evaluate Rosneft's Industrial Safety Management System. The expert team met with top managers and staff of two Group entities, Ryazan Oil Refinery and RN-Yuganskneftegaz. They





1,150

OHS OFFICERS WERE TRAINED IN THE THE COMPANY'S GRASSROOTS ORGANIZATION OF THE RUSSIAN OIL, GAS AND CONSTRUCTION WORKERS' TRADE UNION



COOPERATION WITH ROSTEKHNADZOR

In 2015, Rosneft and the Federal Service for Environmental, Technical and Nuclear Oversight (Rostekhnadzor) signed a cooperation agreement to combine efforts toward improving Russia's legal framework on occupational safety. The agreement commits the two parties to provide each other with technical, scientific research and technology support in initiatives aimed at increasing the safety of crude oil and petroleum product pipelines, and hydrocarbon production, storage and processing facilities. Rosneft also pledged to share its experience in upstream and downstream operations.

Bilateral cooperation provides Rostekhnadzor with access to Rosneft's expertise and massive regulatory database, while Rosneft can make an important contribution to work on enhancing legislation and aligning it with international industry standards.

evaluated Rosneft's Industrial Safety Management System against the BP production management system and reviewed the existing approaches to equipment integrity management, risk assessment and the promotion of a culture of safety. As a result of their comprehensive assessment, the experts issued a report and recommendations that Rosneft relied on when developing an action plan to improve its Industrial Safety Management System.

The OHS Department made significant progress in developing automated business processes in OHS under the Company's dedicated project in 2015. It produced conceptual design for IT solutions, ran tests and held procurement procedures to buy server hardware for installation and pilot and commercial operation.

Rosneft also contributed to discussions on HSE bills which were held by the Rostekhnadzor Science and Technology Council's Subpanel on Oil and Gas Industry Safety and the Industrial Safety Committee of the Russian Union of Industrialists and Entrepreneurs. In 2015, the Company submitted proposals for the elaboration of 22 draft laws and other regulations governing industrial safety and fire prevention.

The Company is committed to providing substantial financial support for activities aimed at improving OHS management practices. In the reporting period, it spent a total of RUB 44 billion on OHS activities, including fire prevention and blowout prevention.

RUB 44 BILLION

ON OHS ACTIVITIES INCLUDING
FIRE PREVENTION, BLOWOUT
PREVENTION AND RADIATION
SAFETY INITIATIVES

OHS PERFORMANCE IN 2015

Workplace safety

In 2015, Rosneft recorded a total of 127 incidents at work, in which 158 workers were injured and 23 were killed. Contractors reported 114 incidents, in which 126 people were injured and 22 were killed.

There was an increase in injuries in 2015 due to the fault of third parties, traffic violations by contractors'

drivers, a lack of experience in non-core activities and unsafe cargo handling operations. The higher injury rate was also partially attributed to the acquisition of new assets and the subsequent extension of the perimeter for OHS data collection.

The most fatal accident for Rosneft in 2015 was the crash of a Mi-8t helicopter owned by the air company Turukhan which carried workers of Rosneft's subsidiary Vankorneft on board from the town of Igarka to Oil



CONTEST «BEST OCCUPATIONAL SAFETY OFFICER OF ROSNEFT'S GRASSROOTS TRADE UNION»

In 2015, the Inter-regional Trade Union Organization "Rosneft" held a contest, entitled "Best Occupational Safety Officer of Rosneft's Grassroots Trade Union." The winners were honored at a ceremony held on the sidelines of a Moscow meeting between the CEOs and Chief HSE Officers of Group entities.

This contest was the first of its kind organized by the Company's grassroots trade union as part of its fundamental commitment to reduce industrial injuries and occupational diseases across Rosneft and motivate its trade union cells to perform better in occupational safety.

1,299 officers of different Rosneft entities competed for the title. The

contest had two stages: participants made presentations about their achievements in occupational safety at enterprises and at the level of the Inter-regional Trade Union Organization "Rosneft."

They were judged on a combination of criteria: the non-occurrence of collective injuries and fatalities at their division over the last year and a reduction in the industrial injury and occupational disease rate at their enterprise over the last two years. The key criterion was compliance with all occupational safety policies and procedures. The winners were awarded certificates and monetary prizes.

INJURY PREVENTION IS A TOP CONCERN FOR THE COMPANY WHICH IS STRIVING TO BUILD A STRONG CULTURE OF SAFETY AND PROMOTE INFORMED LEADERSHIP IN OHS UNDER A DEDICATED PROGRAM

Pumping Station 2. The accident, which occurred on 26 November 2015, left 12 people killed and 13 injured. Rosneft's Emergency Response Center responded quickly by setting up search and rescue operations to transport injured workers to hospitals and provide other assistance to victims and their relatives as necessary. The search and rescue patrol included 170 people and was equipped with 42 vehicles.

Injury prevention is a top concern for the Company which is striving to build a strong culture of safety and promote informed leadership in OHS under a dedicated program. Rosneft's upstream entities pursue a wide range

of safety activities based on the nature of their business to prevent road accidents or otherwise improve safety performance across the Group, its contractors and subcontractors.

The prevention of contractor injuries is another critical issue for Rosneft. According to its internal regulations, the Company must include safety clauses in all contracts, requiring the contractors to comply with HSE standards as provided for in applicable legislation and Rosneft's policy documents. Around 116,000 occupational safety violations were detected as a result of inspections conducted across the Company's contractors in 2015.



Injury rates at the Company and its contractors

Indicator	2013	2014	2015
Total occupational injuries – employees	92	149	158
including fatalities	9	18	23
Total occupational injuries – contractors	70	97	126
including fatalities	15	19	22
Incidence rate of fatal injuries (per 100 million hours worked)	2.14	3.98	4.76
the same rate per million hours worked	0.021	0.04	0.048
Incidence rate of non-fatal injuries (per million hours worked)	0.219	0.330 ²⁶	0.327
the same rate per 200.000 hours worked	0.044	0.066	0.065
Incidence rate of road injuries (per million kilometers of mileage) ²⁷	0.075	0.053	0.055
excluding injuries due the fault of third parties	0.02	0.005	0.02
Lost-time incident rate (days away from work due to an incident or occupational disease per million hours worked)	10.874	12.015	18.267
the same rate per 200.000 hours worked	2.175	2.403	3.653
Incidence rate of occupational diseases (per million hours worked)	0.045	0.097	0.118
the same rate per 200.000 hours worked	0.009	0.019	0.024

²⁶ The 2014 incidence rate of non-fatal injuries was 0.3295, if rounded to four decimal places.

²⁷ Data on the 2013 mileage is presented only for the fleet of RN-Service; 2014 and 2015 data was collected across the entire Company.



MORE THAN 50,000 OCCUPATIONAL SAFETY INSPECTIONS WERE CONDUCTED AT GROUP ENTITIES BY INTERNAL AND ROSNEFT'S INSPECTORS IN 2015

Occupational safety

Rosneft takes a disciplined and structured approach to delivering strong safety performance. The Company regularly shares incidents through an organization-wide network to ensure that entities learn lessons and take corrective action. It keeps rigorous records of all incidents, investigates their causes and develops action plans to prevent future occurrences.

Rosneft uses a five-step control procedure highlighting its commitment to strong OHS programs. More than

50,000 occupational safety inspections were conducted at Group entities by internal and Rosneft's inspectors in 2015. HSE teams at the Company's business units regularly perform both integrated and special-purpose safety audits to assess compliance with applicable legislation and the Company's policy documents.

Incidents and accidents at Rosneft's facilities

Rosneft takes every and each step to prevent incidents and accidents at work. When investigating every serious incident, accident or fire, the

Company focuses on not only their immediate and underlying causes but also the root causes. Based on the results of such probes, Rosneft shares lessons learned with employees and communicates the action plan. Subsequent checks are conducted at the Group entities to monitor the implementation of the action plan. Such initiatives led to a y-o-y reduction in accidents and incidents by 10% and 22%, respectively, in 2015. However, in 2015 the Company failed to avoid a few serious accidents that caused fatalities and serious damage.

Accidents at Rosneft's facilities

Indicator	2013	2014	2015
Total accidents, cases ²⁸	3	10	9
including with environmental effects ²⁹	1	0	5
Total fires, cases	22	18	19
Total accidents and incidents relating to oil, gas and water inflows and blowouts, cases	10	6	2

²⁸ Total accidents, excl. blowouts and uncontrolled flows of oil, gas and water.

²⁹ According to the classification of the Federal Service for Natural Resource Management (Rosprirodondozor), an environmental effect occurs when environmental damage extends beyond the industrial site.

AS COMPANY PLACES AN INCREASED FOCUS ON THE QUALITY OF FIRE PROTECTION SERVICES AT ITS EXPLOSIVE AND FLAMMABLE UPSTREAM AND DOWNSTREAM FACILITIES, A DEDICATED COMPANY CALLED RN-FIRE SAFETY WAS SET UP TO PROVIDE SUCH SERVICES TO THE MOST OF GROUP ENTITIES



Fire safety

In 2015, Rosneft drafted, refined and approved new fire safety regulations, including:

- Regulation on the Preparation of the Company's Facilities for Safe Operations in the Fire Season
- Guidelines for Hot Work at the Company's Facilities and Checklist for Safe Hot Work, an information aid for risk assessment and self-control
- Guidance on the Inspection and Performance Assessment of Fire Brigades Providing Fire Prevention and Fighting Services to Rosneft and Group Entities
- List of Standard Measures to Improve a Culture of Fire Safety.

Group entities implement initiatives to bring their facilities in compliance with fire safety regulations under a dedicated program for 2015-19.

The number of fires caused by process violations dropped by 33% in 2015 from a year earlier, while the fire rate due to unsafe hot work halved. Rigorous prevention measures made it possible to avoid vehicle fires altogether in the reporting period.

Safety measures taken in 2015 included inspections that were performed at Moscow-based office buildings owned and leased by Rosneft to assess fire hazards and develop a corrective action plan. Safety briefings were held for fire safety officers appointed at the Company's business units, with Rosneft also organizing regular evacuation drills at its corporate headquarters.

As Company places an increased focus on the quality of fire protection services at its explosive and flammable upstream and downstream facilities, a dedicated company called RN-Fire Safety was set up to provide such services to the most of Group entities.

In addition, the HSE teams across the Company's business segments take extensive measures under a wildfire preparedness and response program to timely prevent forest fires around oil production sites and other facilities in the fire season.

In 2015, the Company continued strengthening and upgrading its fire fighting capabilities under a dedicated program for 2013-16. Rosneft bought 67 fire engines, 118 firefighting equipment units and 161 tonnes of foam-generating agent in the reporting period.

The Company's 2015 spending on fire safety and blowout prevention/radiation safety totaled RUB 10,475 million and RUB 1,106 million, respectively.

Emergency preparedness

In 2015, Rosneft continued to concentrate efforts on preventing man-made disasters, eliminating the possibility of natural disasters and increasing the Company's overall emergency preparedness to minimize potential damage.

The Emergency Response Center completed work on drawing up the Company's policy framework on civil defense, emergency prevention and emergency management to ensure the Company's full compliance with the respective requirements laid out by Russia's emergency management authorities.

To reduce the chance of emergencies and prevent them from escalating into man-made disasters, the Company engaged in the following activities in 2015 as part of the continuous improvement of its core operations and HSE performance:

- Upgrading core production assets with more reliable equipment
- Monitoring compliance with process requirements on a regular basis
- Performing regular checks to inspect units and hazardous production facilities, as well as routine maintenance on tanks and pipelines
- Maintaining technical preparedness for the containment and management of fires and other emergencies
- Organizing process simulations and drills for the personnel of hazardous production facilities and search-and-rescue patrols.

Command post exercise



In the reporting year, the Company held a command post exercise to enhance the emergency readiness of management and on-site teams that are part of the Company's Unified State Emergency Prevention and Response System and ensure trouble-free operations, as well as the safety of workers and assets during spring floods. Action was also taken to reduce the risk of flooding at the Group's production sites in summer and fall when floods are frequent. The measures allowed the Company to avoid flooding during the flood season.

To maintain high emergency preparedness, Group entities mobilize their own permanent and ad hoc

emergency response teams or outsource emergency management services.

Rosneft has also built up extensive financial and technical capabilities, as well as an emergency alert system and a notification and alert system to transmit messages to managers and on-site teams. Work is under way to upgrade local-level alert, firefighting and alarm systems, while the Company's explosive and flammable facilities have been equipped with emergency management and shutdown systems.

Rosneft spent a total of RUB 3 billion on emergency prevention and

response in 2015. The spending was down compared with the previous year, primarily due to the establishment of emergency response teams at many Group entities and improved procurement procedures.

The Company strives to minimize the impact of emergencies, maintaining a strong focus on the competencies of its employees, as well as the managers and on-site teams of the Unified State Emergency Prevention and Response System. Around 145,000 managers and workers participated in training and on-site drills in 2015. Rosneft organized a total of 30 comprehensive emergency training exercises, 133 command post exercises, 29 special

Rosneft's spending on emergency prevention and response

Indicator	2013	2014	2015
Expenditures for emergency prevention and response, RUB million	2,970.0	3,540.6 ³⁰	2,951.7
including expenditures for financial and technical capabilities, RUB million	1,507.8	1,662.4	1,664.57
including expenditures for the maintenance of emergency response teams, RUB million	1,462.2	1,878.2	1,287.13

³⁰ Total expenditures exclude emergency management expenditures which amounted to RUB 349 million in 2014. Emergency management expenditures in 2013 and 2015 were zero.

tactical training exercises and 12,935 on-site drills.

Rosneft organized a large-scale educational event at Novokuybyshevsk Refinery in June 2015, which featured an exhibition of innovative products and a forum on the efficiency and effectiveness of emergency prevention and management actions in war and peace times. A demonstration emergency exercise was conducted to demonstrate the oil spill and fire response capability in deployed conditions at the refinery.

In 2015, the Emergency Response Center inspected 29 Group entities to examine their emergency prevention practices.

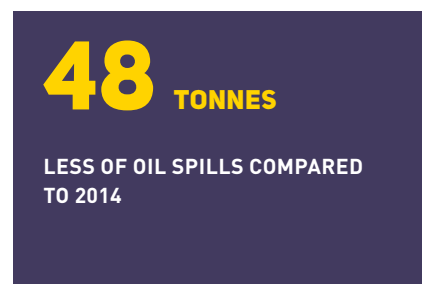
Work also continued to develop and deploy a risk management IT solution for applications in emergency management. The following activities were carried out: a risk management IT solution infrastructure was designed, equipment specifications were drawn, design and documentation for the construction were developed

and estimated, installation and fit-out phases and procurement procedures were organized to perform engineering and construction work.

Pipeline safety

In 2015, Rosneft launched a large-scale program for the period until 2019 to strengthen the safety requirements for its network of pipelines in order to minimize environmental and economic risks inherent in the Company's operations. The key goal of the program is to reduce pipeline accidents by at least 30% by the end of 2019 from the 2013 level. The rate dropped by 6.4% y-o-y in 2015 as a result of program initiatives implemented in the reporting period. There were 8,841 pipeline ruptures, with 5,688 of them causing oil spills that released 855 tonnes of oil into the environment, 48 tonnes less than in 2014.

Rosneft regularly conducts the diagnostics of the external and internal surfaces of its pipelines to monitor their technical condition.



Pipeline ruptures and associated oil spills

Indicator	2013	2014	2015
Total pipeline ruptures (in-field oil pipelines, gas pipelines and water pipelines)	10,425	9,450	8,841
Total pipeline ruptures per million tonnes of oil and gas condensate produced	50.4	46.1	43.6
Total pipeline ruptures causing oil spills	6,782	6,048	5,688
Crude oil and petroleum product spills due to ruptured pipelines, tonnes	1,015	903	855
Crude oil and petroleum product spills due to ruptured pipelines per million tonnes of oil and gas condensate produced	4.9	4.4	4.2
The rate of pipeline ruptures per kilometer	0.17	0.15	0.14

Pipelines: basic characteristics and safety improvements, kilometers

Indicator	2013	2014	2015
Total length of in-field pipelines	83,245	84,352	85,652
Total length of in-field pipelines in operation at period-end	61,006	61,481	61,522
Reconstruction and repair projects at in-field pipelines	1,120	1,140	1,320
Inhibition of in-field pipelines	21,261	22,713	24,118
Internal cleaning of in-field pipelines	10,141	10,855 ³¹	10,968
Diagnostics and examination of in-field pipeline safety	15,923	18,991	21,233

³¹ Data on the length of sections subject to cleaning was updated.



ROSNEFT'S SPENDING UNDER ITS PIPELINE SAFETY PROGRAM STOOD FOR RUB 21.2 BILLION IN 2015



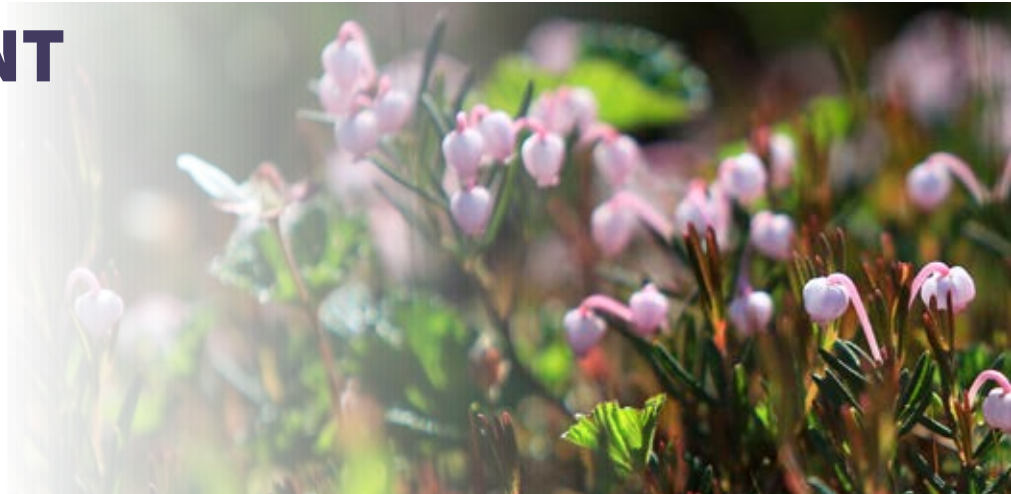
The results of such diagnostics show whether the pipeline can be safely operated further or whether it needs repairs. The Company invested around RUB 0.5 billion in the diagnostics and examination of in-field pipelines in the reporting period, which also included pilot tests of unmanned aircraft before their launch into full-scale operation in regions of Rosneft's presence. Pilot projects were launched in the Tomsk region, Stavropol Krai and the Udmurt Republic. The Company uses two automated record-keeping solutions – Poryv and OIS Pipe – for registering failure events. The OIS Pipe solution was rolled out to five more Group entities in 2015.

In 2015, Rosneft also carried out routine and major repairs at its pipelines, including large-scale repair

operations and rehabilitation projects as necessary. The Company uses corrosion resistant pipes, as well as corrosion inhibitors and anti-corrosion technologies. Overall, Rosneft's spending under its pipeline safety program increased by 12.7% y-o-y to RUB 21.2 billion in 2015.

However, despite its great focus on the safe performance of pipelines, Rosneft failed to prevent two serious oil spills that occurred in the Sakhalin region and Khanty-Mansi Autonomous Okrug in 2015. In both instances, the spills were promptly captured, with the Company holding public hearings and taking extensive measures to restore the physical and biological attributes of the area.

ENVIRONMENT



ENVIRONMENTAL MANAGEMENT SYSTEM

MINIMIZING ANY POTENTIAL NEGATIVE IMPACT ON THE ENVIRONMENT IS A NUMBER ONE PRIORITY FOR ROSNEFT, WITH ENVIRONMENTAL SUSTAINABILITY LYING AT THE HEART OF ITS DOING BUSINESS APPROACH.

In 2015, Rosneft's Board of Directors adopted the organization-wide Environmental Protection Policies that set forth the Company's mission – environmentally sustainable production operations in the interests of present and future generations – and its goal of becoming a top environmentally friendly producer in the oil and gas industry. The policies also confirm Rosneft's key priorities in environmental management.

The Company's environmental management framework is based on the following principles:

- Full compliance with applicable legislative and regulatory environmental requirements, including international law
- Preservation of a favorable natural environment and biodiversity
- Striking a balance between development and resource protection in the interests of local communities

- Zero tolerance to environmental risks
- Deployment of innovative environmental technologies
- Focus on prevention rather than detection and management
- Open and transparent environmental reporting
- Commitment and consistency in environmental sustainability.

In the reporting period, the Company continued work toward fulfilling its environmental stewardship strategic plan approved by the Board of Directors and meeting quantity targets across its environmental protection activities. Rosneft set quantity indicators for environmental management for the period until 2025 when updating the HSE section of its Long-term Development Program in 2015.

Pursuant to its Growth Strategy and Long-term Development Program, Rosneft developed and approved the Environmental Management Efficiency Program for the period until 2025 to outline key activities that will enable it to achieve environmental sustainability targets set by the Board of Directors. By monitoring the progress toward the achievement of quantity indicators under the Long-term Development Program, the Company is able to promptly develop and implement

corrective action to navigate difficulties.

In 2015, the Company developed and adopted a program for the preservation of biological diversity in marine ecosystems at its license blocks in Russia's Arctic region. The key objective of the program is to ensure safe and responsible operations in the Arctic and minimize the adverse impact on the environment from any economic activity. The program envisages the following:

- Planning environmental protection initiatives in line with regulations and based on design solutions
- Studying plant and animal species at Rosneft's license blocks in Russia's Arctic region and implementing research and preservation projects focusing on Arctic ecosystems
- Developing mechanisms for the creation of a database and a comprehensive analysis of environmental parameters and biological diversity.

The goals of the program are to study the species diversity, identify flagship species whose abundance in a marine ecosystem is believed to indicate its overall health, define and minimize environmental risks through preventive action, determine steps to conserve biodiversity, and leverage technical, scientific research and



environmental protection capabilities to support exploration operations.

In accordance with its accounting policies, the Company conducted a stocktaking of its environmental liabilities for accounting purposes in 2015, adjusting liabilities arising from both production operations in 2015 and emissions produced in prior periods.

In 2015, an independent certification authority performed an audit to assess the compliance of the Company's integrated HSE system to the ISO 14001 standard for environmental management systems and identify its strengths.

Rosneft also runs voluntary environmental programs, including a voluntary environmental liability insurance scheme using a risk management tool to shift the potential

ROSNEFT ALSO RUNS VOLUNTARY ENVIRONMENTAL PROGRAMS, INCLUDING A VOLUNTARY ENVIRONMENTAL LIABILITY INSURANCE SCHEME USING A RISK MANAGEMENT TOOL TO SHIFT THE POTENTIAL FINANCIAL BURDEN FROM THE OCCURRENCE OF INSURED EVENTS TO THE INSURER

financial burden from the occurrence of insured events to the insurer. The Company's ongoing 2014-16 general liability insurance program covering environmental liability is designed to protect Rosneft, its entities and affiliates, including foreign projects, against the potential liability that may arise across its current and future operations.

Rosneft also strives to build strong technological and other capabilities under its environmental innovation program to address the environmental challenges that Group entities are faced with.

The Company contributed RUB 44.6 billion in direct and indirect investment into environmental protection initiatives in 2015. The overall 2015 spending on environmental sustainability totaled RUB 71.6 billion.

Rosneft's operating expenses went up, largely due to the extension of the perimeter for environmental data collection to include Slavneft-Krasnoyarskneftegaz, Slavneft-Megionneftegaz, Novokuybyshevsk Petrochemical Company and other Group entities, and as a result of increased charges for gas flaring that are calculated using a multiplier.

Environmental expenditures, RUB million

Indicator	2013	2014	2015
Environmental capital expenditures	36,843	36,930	44,646 ³²
Operating environmental expenditures	16,986	21,803	27,000
Payments to budgets at all levels associated with environmental protection and the sustainable use of natural resources	3,872	4,134	5,153
including charges for adverse environmental effects	3,028	1,819	2,621
including compensation for environmental damage	664	969	997
Pollution fines	55	88	201
Non-financial sanctions, cases	0	0	0

³² The value was increased by one by rounding up.



SAMARANIPINEFT'S SUPPORT OF WATERWAYS CLEANUP CAMPAIGNS

For the fourth year in a row, SamaraNIPIneft joined the volunteer effort organized on the International Day of Action for Rivers to clean up the river Volga. Employees are always enthusiastic about doing their part in the clean-up of this popular attraction with locals in the city of Samara. The event is usually held the first weekend in June when the warm season begins. The company supports the campaign in partnership with local aqua clubs whose members dive for rubbish in the Volga and clean the coastline.

International collaboration and cooperation with environmental advocacy groups

In 2015, Rosneft conducted environmental monitoring of marine mammals in Russia's Arctic region and undertook an effort to repopulate native aquatic species under the Declaration on Environmental Protection and Biodiversity Preservation in Exploration and Development at Russia's Continental Shelf inked by the Russian oil producer, ExxonMobil, Eni and Statoil.

In 2015, Rosneft and the World Wildlife Fund (WWF) in Russia continued their work together and an Action Roadmap was signed in June, 2015. The key actions outlined in the roadmap include sharing of best practices, bilateral consultations on social and environmental commitments, and activities to mitigate the negative environmental impact of ongoing operations and preserve biodiversity in the key habitats of Arctic birds and mammals.

RUB **44.6** BILLION

THE COMPANY CONTRIBUTED IN DIRECT AND INDIRECT INVESTMENT INTO ENVIRONMENTAL PROTECTION INITIATIVES IN 2015

As part of consistent realization of the Action Roadmap, in 2015 the parties held a series of bilateral consultations to discuss work on a draft program for the preservation of biological diversity of marine ecosystems at Rosneft's license blocks in Russia's Arctic region, which aims to reduce the environmental impact of in-field oil spills. Summarizing work undertaken in the reporting period the parties were satisfied with development of their cooperation.

Pursuant to a bilateral cooperation agreement with the Russian National Committee for the United Nations Environment Program (UNEP), Rosneft closely cooperates with the Russian Academy of Sciences under its board-level fundamental studies program for Russia's Arctic region (the task force on the Arctic, Environment Section) and with the Coordinating Research Council at the Russian Federal Agency of Research Organizations.

Environmental capital expenditures, RUB million

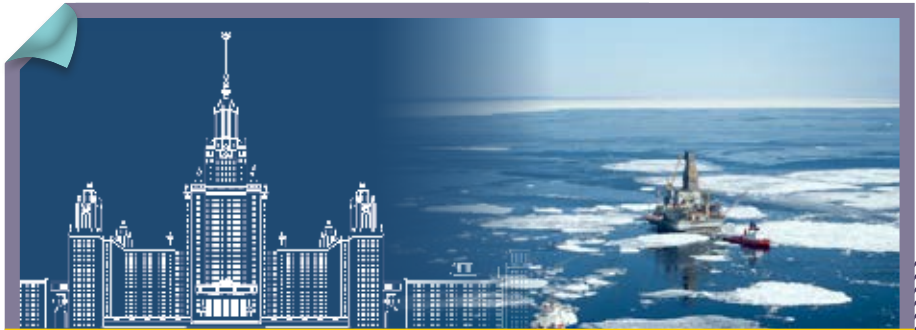
Indicator	2013	2014	2015
Environmental capital expenditures, including	36,843	36,930	44,646 ³²
Special Environmental Program	832	340	210
capital construction of major environmental protection facilities	12,953	9,343	7,653
materials and equipment	2,343	38	83
associated investment	15,698	22,977	29,919
other	5,017	4,232	6,780

³² The value was increased by one by rounding up.

Cooperation with regulators

In 2015, Rosneft actively cooperated with stakeholders to gather their support for its projects and environmental policy. This included collaboration with the Civic Chamber of the Russian Federation, the public councils at federal-level executive government agencies that comprise representatives of the UNEP Russian National Committee (the Ministry of Natural Resources and the Environment, Federal Service for Natural Resource Management, Federal Agency for Mineral Use, Committee on Hydrometeorology, Federal Marine and River Transport Agency, Federal Consumer Rights and Welfare Service, and Ministry of Health), as well as the Expert Council at the Government of the Russian Federation.

In the reporting period, the Company also took part in meetings held by federal-level executive authorities to discuss work on Best Available Techniques Reference Documents. Rosneft contributed to the development of a reference document for wastewater treatment technologies at large companies engaged in manufacturing and service operations. The Company also started work under its Long-term Development Program for 2015 to formalize assessment processes for technologies used to determine best available techniques, developing an internal guide on the assessment of technologies used.



COLLABORATION WITH MGU IN PERSONNEL TRAINING AND ENVIRONMENTAL TECHNOLOGY DEVELOPMENT

Retraining course in Sustainable Offshore Oil and Gas Development

The education program for the retraining course in Sustainable Offshore Oil and Gas Development was developed by MGU's Department of Biology under an agreement between Russia's leading university and Rosneft. It was prepared by leading academicians of the university's five departments (Biology, Geology, Law, Geography and Business School) and visiting professors who provide assistance with delivering the program. The program includes theoretical and practical training in planning, management and

organizational aspects of integrated environmental protection activities and environmental impact assessments. Rosneft's personnel retraining programs focus on exploring different scenarios for addressing specific operating challenges in offshore development, improving competencies in environmental research and sustainable offshore oil and gas development, and providing practical training in marine ecology and industry-specific environmental protection activities.

Development of oil-eating bacteria for cold waters

The Microbial Biotechnology Laboratory at MGU's Biology Department is working on developing an oil spill bioremediation product for Arctic waters. The oil-degrading product is intended for use in marine environments, at shorelines and at tankers and offshore platforms. It is based on cold-adapted psychrophilic oil-degrading bacteria that are naturally occurring in polluted environments. A group of researchers at the Microbial Biotechnology Laboratory conducted expeditions to chronically contaminated Arctic areas – large ports and shorelines around big cities in the north part of Russia (Murmansk, Vladivostok, Petropavlovsk-Kamchatsky, etc.). The team screened 73 bacteria with good

degrading abilities in low temperatures from 265 samples, using an innovative method to select microbes with the highest oil degradation rates.

The bacteria selected from natural sources and bacterial consortia are being tested at MGU's White Sea Biological Station. The year-round, permanent research station allows conducting bioremediation experiments in an Arctic physical environment. The microorganisms are kept in a flow-through seawater basin in which oil contamination is simulated.

The team is expected to come up with a safe product for the efficient and efficient cleanup of oil spills.

Participants of the first All-Russian Ecological Children Festival



Rosneft's environmental education and awareness initiatives

As the Company strives to become a recognized leader in environmental sustainability among global oil producers and improve its overall environmental performance in the interests of present and future generations, it places a strong focus on environmental education and awareness initiatives. Rosneft sits on the Environmental Awareness and Education Commission at the Federal Environmental Council of the Ministry of Natural Resources and the Environment. Group entities run an array of programs to improve environmental awareness and provide education to employees, their families, preschool and school age children, including kids in foster care. These include workshops and lectures, excursions to museums and parks,

art and photo competitions, tree and flower planting campaigns, and participation in academic and research conferences on environmental topics.

The Company actively supports significant ecological projects. In 2015 Rosneft participated in the All-Russia Saturday Volunteer Clean-Up "Green Spring – 2015" and was honored with award for "Contribution to Improving Environment and Raising Environmental Awareness". The event aims at supporting new formats of environmental education and shaping environmental culture among children and young people.

Group entities and the corporate headquarters played an active role in the first All-Russian Ecological Children Festival which unites two big holidays – Children's Day and Earth Day. Festival was organized by the Ministry of Natural Resources and

Environment of the Russian Federation and Federal Service for Natural Resource Management and intends for development of environmental culture and education of the younger generation as well as drawing public attention to conservation initiatives in the sphere of national environmental heritage. In the course of the Festival the Company was announced to be an eco-friendly company and was awarded a commemorative diploma.

In 2015, Rosneft conducted its regular corporate event called the Ecologists' Day for environmental officers of the corporate headquarters and Group entities who were invited to participate in dedicated workshops and training courses. The event program also included a rhododendron planting event at the Peter the Great Botanical Garden in St. Petersburg.

GROUP ENTITIES AND THE CORPORATE HEADQUARTERS PLAYED AN ACTIVE ROLE IN THE FIRST ALL-RUSSIAN ECOLOGICAL CHILDREN FESTIVAL WHICH UNITES TWO BIG HOLIDAYS – CHILDREN'S DAY AND EARTH DAY

Key environmental initiatives in 2015: exploration and production

In 2015, RN-Purneftegaz completed a successful reclamation of 20 hectares of heritage sites contaminated with oil as a result of operations.

RN-Uvatneftegaz injected more than 88,000 cm of drilling waste deep into formations.

Another subsidiary of Rosneft, Tyumenneftegaz, prepared project documentation and obtained regulatory environmental approval for the construction of a waste disposal site at the Russkoye field.

Samaraneftegaz reached the 90% milestone in the construction of a facility for the treatment of oily waste originating from the Gorbatovskoye field, providing more than RUB 98 million in finance. Work was also completed to prepare project documentation for the construction of similar facilities for the Kuleshovskoye and Yablonevskoye fields. A total of RUB 104 million is expected to be spent in 2016-17 on the completion of the first project and the implementation of the other two.

East Siberian Oil and Gas Company completed construction and installation work to start Phase 1 in the Sludge Collector 2 Project at the Yurubcheno-Tokhonskoye field, providing more than RUB 111 million in finance. The company also conducted a pre-project survey for the construction of Sludge Collector 3 to store oily sludge and other drilling

waste. The project capital expenditures in 2016-17 are estimated at RUB 643 million. In 2015, East Siberian Oil and Gas Company also continued to support Siberian Federal University's project aimed at preserving the wild reindeer population in Evenkia (see the Society section for additional details). The company also teamed up with the Research and Development Institute of Sustainable Fish Farming to support its Hucho taimen artificial rearing project in the river Podkamennaya in Tungusk in the Evenk Autonomous Okrug, Krasnoyarsk Krai.

In 2015, RN-Exploration undertook a rehabilitation effort to mitigate the environmental impact of marine 3D seismic, gravimetric and magnetic surveys at the Yuzhno-Chernomorsky license block. In partnership with a fish farm in Dinskaya, the company released 50,707 baby Russian sturgeon into the river Kuban. In addition, the company obtained regulatory environmental approval required by law for an engineering and geochemical survey program at the Yuzhno-Chernomorsky license block, including an environmental impact assessment.

In 2015, Priazovneft received environmental permits for the drilling of an exploration and appraisal well, Geologicheskaya 1, with all drilling waste taken ashore for treatment and disposal and action taken to repopulate marine species disturbed by offshore activities. In addition, environmental monitoring activities were conducted at the Temryuksko-Akhtarsky license block.



DEVELOPMENT OF AN ENVIRONMENTAL CONTROL SYSTEM WITH A SUBMERSIBLE UNMANNED VEHICLE FOR OFFSHORE PROJECTS

The Company has launched a special innovation project to develop a control system with an unmanned underwater vehicle for performing environmental checks at the heads of offshore exploration wells in Russia's Arctic at a depth of 20 to 300 meters. The goal of the project is to develop Russia's own unmanned underwater vehicle for environmental tests in ice-covered waters that will be able to stay out for at least 10 months at a time. Activities in 2015 included the development of technical specifications for the Arctic and sub-Arctic offshore underwater control system and potential solutions to customize existing and advanced models to project needs.

The project plan for 2016 covers the development of design solutions, including a schematic drawing and a 3D model of the vehicle, which will be followed by experimental prototyping and field studies, planned as the next stage.

*Underwater survey of exploration wells
in the Pechora Sea*



In 2015, RN-Shelf-Arctic carried out an underwater survey of the heads of exploration wells drilled in the Barents Sea in Russia's Arctic region in 1985-2001. The survey that covered the Zapadno-Prinovozemelsky, Yuzhno-Russky and Pomorsky license blocks allowed the company to get a high-precision 3D model of the contours of the surrounding seabed and a video of downhole equipment. The wells did not have any negative impact on the environment, with no hydrocarbon spills or man-made hazards identified.

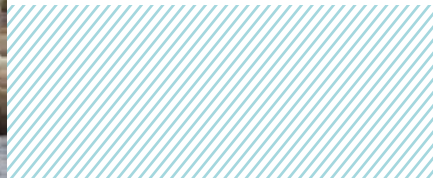
RN-Shelf-Arctic also undertook an effort to repopulate river and lake species as compensation for damage caused to the local ecosystems by geophysical studies at the Zapadno-Prinovozemelsky and Zapadno-Matveyevsky license blocks in 2014 and at the Zapadno-Matveyevsky block in 2015. As a result of the project in the Vologda region, the company released over 2.6 million nelva larvae into the river Kubena, over 300,000 Sterlet fingerlings into the river Sukhona and 150,000 nelma fingerlings into Lake Kubenskoye (the estuary of the river Kubena).

In 2015, RN-Shelf-Arctic obtained regulatory environmental approval for 12 engineering and geochemical survey programs and several geophysical and electrical exploration programs, including an environmental impact assessment. When preparing the programs, the company aimed to benefit from synergies by including adjacent blocks in the scope of a combined survey. The environmental permits were issued for five years.

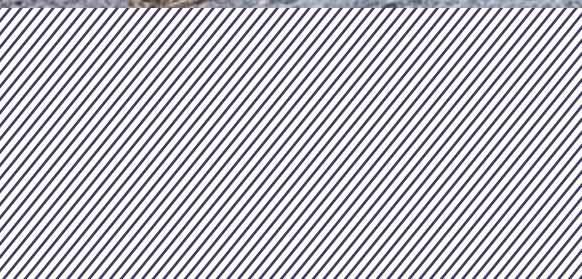
In 2015, Arcticshelfneftegaz conducted an underwater survey of the heads of exploration wells drilled at the Medynsko-Varandeyevsky license block in the Pechora Sea. The survey enabled the company to get a high-precision 3D model of the contours of the surrounding seabed and a video of downhole equipment. No incidents were reported.

In the same year, Arcticshelfneftegaz also implemented a comprehensive environmental monitoring program on the population of an Atlantic walrus subspecies at the Nenetsky State Nature Reserve during exploration operations at the Medynsko-

IN 2015, ARCTICSHELF-NEFTEGAZ CONDUCTED AN UNDERWATER SURVEY OF THE HEADS OF EXPLORATION WELLS DRILLED AT THE MEDYNSKO-VARANDEYSKY LICENSE BLOCK IN THE PECHORA SEA. THE SURVEY ENABLED THE COMPANY TO GET A HIGH-PRECISION 3D MODEL OF THE CONTOURS OF THE SURROUNDING SEABED AND A VIDEO OF DOWNHOLE EQUIPMENT



Monitoring program of the population of an Atlantic walrus subspecies at the Nenetsky State Nature Reserve



Varandevsky license block. The monitoring activities were conducted from ship, aircraft and land observation platforms to study transects along the coastline of the islands of Golets, Matveyev and Dolgy that are part of the nature reserve. The objective of the program was to assess the potential impact of geophysical studies on the Atlantic walrus population and other mammal species inhabiting the islands and marine ecosystems adjacent to the nature reserve. As many as 887 Atlantic walrus species were registered, with observers failing to detect any rapid changes in movement patterns or behavior or other signs of anxiety among the mammals. The environmental monitoring did not reveal any visible signs that exploration activities in the area were disturbing the animals.

In 2015, Arcticshelfneftegaz obtained regulatory environmental approval for three engineering and geochemical survey programs and several geophysical and electrical exploration programs, including an environmental impact assessment. The environmental permits were issued for five years.

Under joint projects with Eni, on 28 and 29 May 2015, the company released 227,560 juvenile Atlantic salmon into the rivers Kola and Srednyaya in the Murmansk region to compensate for damage caused to the ecosystems by field operations at the Fedynsky license block under a geophysical survey program in 2014. A comprehensive environmental monitoring program was undertaken at the Zapadno-Chernomorskaya Area license block to study the baseline conditions of the marine ecosystem and assess potential natural and man-made influences that future exploration operations may have on the site-specific environment. The program included the following stages:

- Baseline monitoring conducted from 20 stations, including hydrometeorological observations, hydrochemical surveys, air, salt water and seabed pollution surveys, hydrobiological surveys, radiological air and seabed sediment surveys, marine mammal and bird observations
- Ichthyological surveys conducted from 10 stations which are part

of baseline monitoring stations (a survey of the fish fauna structure and the distribution of native fish species with a description of their community indicators such as density, age, size and weight structure, habitat conditions, physiological and epizootic condition and depth distribution.

Under joint projects in the Sea of Okhotsk, Rosneft and Statoil undertook an environmental effort in accordance with Russian legislation to compensate for damage caused to the marine ecosystem by operations at the Lisyansky and Magadan 1 license blocks by releasing juvenile Chum salmon into the sea at the former block and carrying out rehabilitation activities to build artificial Pacific herring spawning grounds at the latter block.

In accordance with project design, Vankorneft, along with Suzun and Tagulskoye, repopulated valuable fish species in aquatic ecosystems affected by infrastructure construction and operation, releasing more than 460,000 baby Coregonus and more than 300,000 baby Thymallus.



Key environmental initiatives in 2015: natural gas business

In 2015, Rosneft's air pollutant emissions decreased by a total of 13.5% compared with 2014 despite its hydrocarbon production y-o-y growth.

Rosneft's subsidiary RN-Service-Ecology assisted its another subsidiary, Rospan International, with reducing the accumulated volume of drilling waste by 14% as part of ongoing waste management activities.

With new reserves increasingly coming onstream, drilling waste dropped 38% from 463 to 336 tonnes per thousand meters.

Water consumption and disposal dropped by 13%, resulting in a 35% decrease in pollutant emissions to water after treatment.

Discussions were held to consider the possibility of drilling wells without using a pit at the Kynsko-Chaselstkoye field as part of pilot infrastructure development at the license block.

Work was completed to prepare basic design documents for the construction of a landfill at the Novo-Chaselstkoye field for the disposal of all kinds of industrial and municipal solid waste produced at construction and operation stages. The landfill is to be built during Phase 1 of the infrastructure development project.

Investment in environmental protection activities rose by 32% y-o-y in 2015, primarily due to greater associated investment into the design, construction and reconstruction of Rospan International facilities.

Natural gas business

BY **38%**

FROM 463 TO 336 TONNES PER THOUSAND METERS DROPPED DRILLING WASTE

BY **13%**

DROPPED WATER CONSUMPTION AND DISPOSAL

35%

TOTALLED DECREASE IN POLLUTANT EMISSIONS TO WATER AFTER TREATMENT



Key environmental initiatives in 2015: oil refining and petrochemicals

While building environmental protection infrastructure and improving environmental compliance is central to reducing the overall impact of downstream operations on the environment, Rosneft is working under a multilateral agreement with the Federal Antimonopoly Agency, the Federal Agency for Technical Regulation and Metrology and the Federal Service for Environmental, Technical and Nuclear Oversight to improve its capabilities:

- Angarsk Petrochemical Company is building an advanced wastewater treatment facility on its premises. Project activities planned for the 2015 phase included design development, equipment and material procurement, and the beginning of construction work. In particular, 10 Russian-made UV systems for the disinfection of wastewater were additionally installed at the company's wastewater treatment plant to boost its capacity. The new systems added more than 30% of the plant's installed capacity. The UV disinfection plant of Angarsk Petrochemical Company is one of the largest facilities of the kind in Siberia and is capable of treating up to 250,000 cm of both industrial and municipal wastewater

RN-TUAPSE REFINERY CONTINUED CONSTRUCTION WORK (PHASE 2) IN ITS PROJECT TO BUILD WASTEWATER TREATMENT FACILITIES, A UNIT FOR PRIMARY WASTEWATER TREATMENT PRIOR TO BIOLOGICAL TREATMENT AT THE TUAPSE PUBLIC UTILITY, WATER REUSE SYSTEMS, A FLOODING-RESISTANT DRAINAGE SYSTEM



- RN-Tuapse Refinery continued construction work (Phase 2) in its project to build wastewater treatment facilities, a unit for primary wastewater treatment prior to biological treatment at the Tuapse public utility, water reuse systems, a flooding-resistant drainage system and a water-carrying element, water-carrying element (No. 3) at the On-site Water Supply and Sewage Disposal Network. In addition, work was completed to put into operation water-carrying elements (Nos. 1 and 2) at this network
- Novokuybyshevsk Oil and Additive Plant finalized design documentation and began the construction of an industrial wastewater treatment plant and a water reuse unit (No. 3). In 2015, the company mounted filters, pumping equipment at the mechanical and chemical treatment unit and pretreatment settling tanks, planning to commence the facility in 2016
- The Novokuybyshevsk CHPP-2 combined heat and power plant completed an upgrade project to connect its sewage pipes to the treatment facility at the plant's Shop Floor No. 23. This will help to perform industrial wastewater treatment of the Novokuybyshevsk CHPP-2 using biological treatment equipment of Shop Floor No. 23 and significantly reduce pollutant emissions into the river Krivusha
- Eastern Petrochemical Company obtained regulatory environmental approval for its project documentation to construct a marine tank terminal in Vostok Bay, Primorsky Krai
- Nizhny Vartovsk Oil Refinery continued to build an enclosed flare system that offers many advantages compared with open, elevated flares such as no smoke, no steam, no visible flame, no odor, no thermal plume, no radiation and controlled emissions.

Key environmental initiatives in 2015: distribution and sales

In 2015, Irkutsk-Terminal, a company incorporated into Irkutsknefteproduct, completed a pre-project survey and started the reconstruction of treatment facilities at its division in Ust-Kut. The total costs of the project are estimated at around RUB 60 million, with the project completion date set for 2017.

RN-Tuapsenefteproduct completed the upgrade of the treatment plant "Coalescent," investing RUB 16 million in the project.

RN-Nakhodkanefteproduct started construction and installation work under a treatment plant reconstruction project scheduled to be completed in 2018. Project activities in 2015 included design preparation, equipment and

material procurement, and the beginning of construction work. The total costs are estimated at around RUB 66 million. Phase 1 of the project is to be completed in 2016.

In 2015, Sheremetyevo Filling Station finalized project design to begin in 2016 the reconstruction of the industrial stormwater runoff facility at its fuel and lubricant warehouse. The total costs are estimated at around RUB 114 million, with the project completion date set for 2018.

In 2015, RN-Arkhangelsknefteproduct completed a pre-project survey to build a RUB 200 million waste treatment unit scheduled to be put into operation in 2018.

Key environmental initiatives in 2015: oilfield services

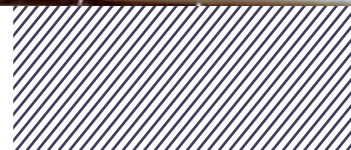
The remediation of affected lands and mud pits under drilling agreements and the safe waste disposal according to the type and class of hazards are an integral part of robust environmental management that Group entities are striving to achieve by contracting third parties that are licensed to provide such environmental services.

In 2015, RN-Bureniye acquired and put into operation an on-site sewage treatment facility, intending to buy more such units in 2016 and build a thermal treatment plant.

Special protection and environmentally sensitive areas

Rosneft employs a rigorous approach to evaluating and mitigating its overall impact on biodiversity in line with major international and Russian regulations that govern economic activities at special protection and environmentally sensitive areas. The Company keeps its own register of special protection areas which it uses as a framework for regular analysis and monitoring of their ecosystems.

Angarsk Petrochemical Company



The register is updated annually. In 2014, the Company operated 237 facilities which were either located within and near protected areas or had a significant impact on their biodiversity. Biodiversity risks were evaluated for 31 major facilities in operation. Group entities regularly conduct on-site environmental monitoring activities to assess the impact of their production facilities on biodiversity and develop corrective action to eliminate environmental damage.

In 2015, the Company also conducted studies on polar bears (ship, air, and land-based monitoring) and implemented an environmental monitoring program on the population of Atlantic walrus subspecies and other mammal species inhabiting the Nenetsky State Nature Reserve. No impact on marine mammals was identified from geophysical studies during the entire period of observations.

IN 2015, THE COMPANY CONDUCTED AN ENVIRONMENTAL MONITORING PROGRAM ON THE POPULATION OF POLAR BEARS (SHIP, AIR, AND LAND-BASED MONITORING) INHABITING THE NENETSKY STATE NATURE RESERVE. NO IMPACT ON MARINE MAMMALS WAS IDENTIFIED FROM GEOPHYSICAL STUDIES DURING THE ENTIRE PERIOD OF OBSERVATIONS





RUB 15,6 BILLION

TOTALED CAPITAL
EXPENDITURES UNDER THE
APG UTILIZATION PROGRAM

ENVIRONMENTAL PROTECTION PERFORMANCE IN 2015

Air pollution

The flaring and venting of associated petroleum gas and its derivatives is the most significant source of air pollution from the Company's operations. In 2015, the Company scaled down its total emissions as a result of measures taken under its Gas Investment Program.

It also continued to implement initiatives aimed at improving associated gas utilization and reducing pollutant emissions into the atmosphere.

Air pollutant emissions by business segment³³, thousand tonnes

Indicator	2013	2014	2015
Total air pollutant emissions, including:	1,802	1,619	1,575
oil and gas production	1,610	1,436	1,393
oil refining	156	144	139
gas business	11	18	16
distribution and sales	18	17	19
oilfield services	6	3	8

Air emissions by pollutant, thousand tonnes

Indicator	2013	2014	2015
Total air pollutant emissions, including	1,802	1,619	1,575
particulate matter	94	86	87
sulfur dioxide	63	58	55
carbon monoxide	948	828	810
nitrogen oxide	53	49	50
hydrocarbons (excl. volatile organic compounds)	328	326	282
volatile organic compounds	313	266	288
benz(a)pyrene	0.000014	0.000011	0.000014
other	3	6	3

Rate of air pollutant emissions, tonnes per thousand tonnes of coal equivalent

Indicator	2013	2014	2015
SO ₂ emissions			
oil and gas production	0.06	0.05	0.05
oil refining and petrochemicals	0.34	0.33	0.29
NO _x emissions			
oil and gas production	0.11	0.1	0.09
oil refining and petrochemicals	0.1	0.1	0.13
Hydrocarbon emissions (incl. volatile organic compounds)			
oil and gas production	1.51	1.39	1.24
oil refining and petrochemicals	0.79	0.66	0.63

³³ Numbers may not add up to totals due to rounding.

At the same time, sulfur dioxide emissions from the Company's downstream operations dropped by 11% y-o-y as a result of refinery upgrade projects, including the conversion of coal boilers to natural gas and the installation of floating roofing at tanks.

Greenhouse gas emissions

The Company is working to lower its greenhouse gas emissions through initiatives provided in its Gas Investment Program and Energy Efficiency Program. In 2015, Rosneft's greenhouse gas emissions totaled 74.1 million tonnes of CO₂ equivalents, with direct emissions³⁴ standing at 46.0 million tonnes of CO₂ equivalents and indirect emissions from the consumption of purchased electricity

and heat³⁵ at 28.1 million tonnes of CO₂ equivalents.

When calculating its greenhouse gas emissions, the Company relies on the Quantitative Greenhouse Gas Emission Estimation Methodologies for Organizations Engaged in Business and Other Activity in the Russian Federation, approved by the Russian Ministry of Natural Resources and the Environment by Order No. 300 of 30 June 2015.

Indirect emissions from the use of the Company's products totaled 292.3 million tonnes of CO₂ equivalents³⁶.

Use of associated petroleum gas

In 2015, Rosneft continued with its dedicated program to achieve the 95%³⁸ milestone in the utilization

rate of associated petroleum gas (APG). The APG utilization rate in the reporting period increased to 87.9%, 7.1 percentage points above the 2014 level. Capital expenditures under the APG utilization program totaled RUB 15.6 billion³⁹.

In 2015, the Company launched 20 projects to increase its APG utilization rate, which primarily included the construction and reconstruction of the following surface infrastructure:

- Gas final-stage compression facilities: a low-stage compression facility at the Gorbatovskoye field (Samaraneftegaz), a low-stage compression facility at Booster Pump Station No. 5 at the Malobalykskoye field (RN-Yuganskneftegaz), a compression station at the Ust-Kharampurskoye field (RN-Purneftegaz) and compressor facilities at the Uzunskoye and Zapadno-Ust-Balykskoye fields (Slavneft-Megionneftegaz)
- Power generation facilities: a natural gas-fueled piston engine power plant at the Zapadno-Asomkinskoye and Arigolskoye fields (Slavneft-Megionneftegaz) and on-site power plants at the Verkhnechonskoye field (Verkhnechonskneftegaz)

Greenhouse gas emissions by sector, tonnes of CO₂ equivalents per thousand tonnes of coal equivalent³⁷

Indicator	2014	2015
Greenhouse gas emissions		
oil and gas production	0.161	0.141
oil refining	0.138	0.175
gas business	0.102	0.067
distribution and sales	0.014	0.007

APG utilization⁴⁰

Indicator	2013	2014	2015
APG utilization CAPEX, RUB billion	28.7	21.8	15.6
APG well production, billion cubic meters	32.8	35.5	37.7
APG utilization, billion cubic meters	22.9	28.7	33.1
APG utilization rate, %	69.8	80.8	87.9 ⁴¹
APG (hydrocarbons) flared as part of usual operations, billion cubic meters	9.9	6.8	4.6
APG flared, % of total APG production	30.2	19.2	12.2 ⁴²
Hydrocarbons venting, billion cubic meters	0	0	0

³⁴ Scope 1 as defined in the Corporate Accounting and Reporting Standard of the Greenhouse Gas (GHG) Protocol, developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD)

³⁵ Scope 2 as defined in the above standard

³⁶ Other indirect GHG emissions (Scope 3) were calculated based on the sales of oil products in 2015

³⁷ These calculations were made taking into account both direct (Scope 1) emissions and indirect (Scope 2) emissions from the consumption of purchased electricity and heat

³⁸ The target is set for the Company's active fields and is to be achieved by 2020

³⁹ The total value is adjusted for VAT and includes 100% of expenditures incurred by all Group entities irrespective of the equity size held by the Company.

⁴⁰ The utilization rates across the Company's assets in Russia

⁴¹ If calculated using the data presented in this table, the utilization rate will be 0.1% lower due to rounding

⁴² The percentages of APG utilization and flaring do not add up to 100 due to rounding.



- Gas pipelines (Samaraneftegaz, RN-Stavropolneftegaz and Orenburgneft).

The Company's APG utilization program spans its regions of presence, with most developed APG utilization infrastructure concentrated in West Siberia and central and south Russia. Rosneft takes a rigorous approach to planning the full cycle of exploration and development operations at new fields, which includes the preparation of project documentation for setting and achieving targeted APG utilization rates.

The improved APG utilization rate in 2015 was due to a combination of the following:

- Vankorneft increased its APG utilization rate by 3.2 bcm of APG to 88% after the launch of facilities in April 2014 to transport gas to the Unified Gas Supply System operated by Gazprom

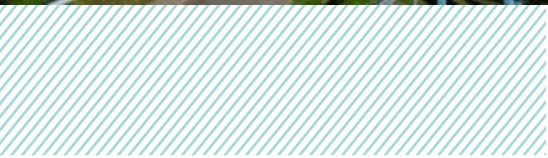
- RN-Uvatneftegaz increased its APG production by 0.1 bcm after the launch of a gas-turbine thermal power plant at the Tyamkinskoye field as a gas utilization option
- More gas was transported from the RN-Purneftegaz and RN-Yuganskneftegaz fields to Sibur's facilities (an increase of 0.3 bcm).

The Company is determined to continue with the program in 2016. The key initiatives scheduled for the next year include the launch of a compressor for gas reinjection into formations and the temporary storage facility at the Verkhnechonskoye field operated by Verkhnechonskneftegaz. The compressor will have an annual capacity of up to 1 bcm of gas.

Water consumption and wastewater discharge

Water consumption levels at Rosneft rose in 2015 as the Company extended its perimeter for environmental data collection to include Slavneft-Krasnoyarskneftegaz, Slavneft-Megionneftegaz, Novokuybyshevsk Petrochemical Company and other Group entities. Another factor behind the greater use of water resources was an increase in the production of well water that is used as an injection fluid after treatment to maintain formation pressure.

Rosneft recognizes its responsibility for the sustainable use of natural resources, including water, and maintains a strong focus on achieving better environmental outcomes. By reclaiming and reusing more water in 2015, the Company reduced withdrawals from surface and ground water sources compared with the previous year – by 7 % in upstream operations and by 5% in downstream operations.



In line with its commitment to use natural resources in a responsible, sustainable manner, the Company released 41% less produced water into soils in 2015 compared with 2014.

In 2015, the disposal of third-party wastewater using the Company's facilities increased by 76%, or around 17,698,000 cm, with Ryazan Oil Refinery accounting for more than 90% of such disposal operations. The disposal by the Company of its own wastewater remained at a flat level. However, Rosneft produced more wastewater in 2015, which led to the increased release of undertreated wastewater into the environment. There were two more contributing factors - the scaled down operations of the biological treatment plant at Syzran Oil Refinery due to a reconstruction project and the extension of the data collection perimeter to include Novokuybyshevsk Petrochemical Company.

Water consumption, million cubic meters

Indicator	2013	2014	2015
Use of water from all sources (total consumption), including	1,444.7	1,514	1,754.1
oil and gas production	1,339.5	1,411	1,642.6
oil refining	98.3	96.8	105.2
gas business	0.1	1.9	1.6
distribution and sales	2.5	3	2.3
oilfield services	4.3	1.3	2.4

Water withdrawals from all sources⁴³, million cubic meters

Indicator	2013	2014	2015
Water withdrawals from all sources	1,713.1	1,778.6	2,055
ground water	85.4	83.9	94.2
surface water	204.5	203.4	222.3
third-party water supply networks	38.4	35.7	36.1
own reservoirs	1.1	1.2	1.3
stormwater	8.9	8.4	7.1
wastewater	112.2	106.1	113.3
produced water	1,229.8	1,310.7	1,563.4
bottom water	32.8	29.2	17.2

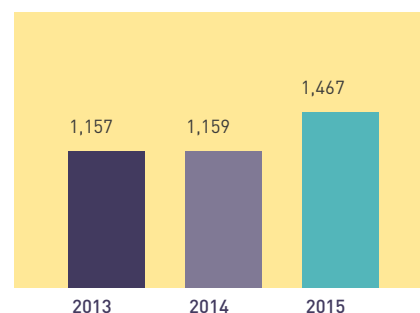
⁴³ Сумма цифр в некоторых строках может не совпадать с общим итогом вследствие округления.

The Company is highly concerned about the wastewater management issue and continues a large-scale effort to build and upgrade centralized wastewater disposal systems at its oil refineries to improve their environmental sustainability.

Waste management and contaminated land remediation

In 2015, the Company met its targets for the non-accumulation of waste. Despite the significant increase in the volume of drilling waste, which more than doubled due to heavier exploratory drilling, Rosneft managed to effectively remove such waste

Reused and recycled water, million cubic meters



Produced water

Indicator	2013	2014	2015
Total produced water, million cubic meters	1,229.8	1,310.7	1,563.4
Injection without treatment, million cubic meters	26.1	28.5	13.2
Injection after treatment, million cubic meters	1,117	1,193.9	1,438.5
Produced water use, million cubic meters, including			
injections into formations	84.5	86.13	110.1
discharges into waterways	0	0	0
discharges into soils	2.2	1.93	1.1
Total hydrocarbons in oil and gas wastewater, thousand tonnes	17.5	17.5	18.5

Total wastewater discharges, thousand cubic meters

Indicator	2013	2014	2015
Wastewater discharges into third-party networks for reuse	401	356	307
Domestic wastewater discharges	98,757	92,835	71,906
Industrial wastewater discharges, including			
into surface waterways	90,835	91,037	110,719
into formations	68,366	74,681	78,655
into soils	2,062	1,780	1,417
including:			
properly treated wastewater	110,629	111,987	112,456
contaminated and poorly treated wastewater	50,634	55,511	78,336

Wastewater discharges into surface waterways, thousand cubic meters

Indicator	2013	2014	2015
Wastewater discharges into surface waterways, including			
oil and gas production	33	59	106
oil refining	89,462	90,434	110,058
gas business	0	21	20
distribution and sales	674	452	425
oilfield services	666	71	110

from the environment. The volume of accumulated oily waste rose as a result of a more accurate count of waste stored at evaporation ponds operated by RN-Stavropolneftegaz, which led to the upward revision of the volume of third-party oily sludge by around 4,174,000 tonnes.

The total area of oil-contaminated lands decreased, though the total area of newly contaminated lands slightly expanded. Ruptured oil pipes were the main source of soil contamination. To prevent soil pollution, the Company implements comprehensive measures to enhance pipeline safety and improve oil spill response strategies, including containment and clean-up techniques.

Waste management, thousand tonnes

Indicator	2013	2014	2015
Waste stored at the beginning of the year, thousand tonnes	7,567 ⁴⁴	11,289 ⁴⁴	10,349 ⁴⁵
including oily waste	1,420	5,988	5,975
including drilling cuttings	3,992	3,109	2,140
Adjustment for waste in the current period	4,913	295 ⁴⁶	4,694
including oily waste	4,732	120	4,226 ⁴⁷
including drilling cuttings	155	187	391
Waste produced during the year	3,056	3,253 ⁴⁶	5,393
including oily waste	458	755	591
including drilling cuttings	1,484	1,357	3,186
New waste inventories (third-party waste and waste taken over as a result of a reorganization of another legal entity)	1,348 ⁴⁸	945 ⁴⁸	1,578
including oily waste	222	164	271
including drilling cuttings	1,121	777	1,304
Waste used during the year	348	469 ⁴⁶	995
including oily waste	142	152	100
including drilling cuttings	78	112	487
Waste treated and recycled	154	235 ⁴⁶	266
including oily waste	129	128	236
including drilling cuttings	18	0	0
Waste buried	152	125	95
including oily waste	3	2	3
including drilling cuttings	91	67	28
Waste transferred to third parties	4,940 ⁴⁸	5,069 ⁴⁸	5,925
including oily waste	570	886	602
including drilling cuttings	3,456	3,437	4,164
Waste at the end of the year	11,289 ⁴⁴	9,883 ⁴⁴	14,734 ⁴⁹
including oily waste	5,988	5,858	10,122
including drilling cuttings	3,109	1,813	2,342

⁴⁴ Data for the beginning of 2013 was slightly revised to include third-party oily sludge accumulated on the site of Ryazan Oil Refinery. Waste data for the end of 2013 and the beginning of 2014 and 2015 was updated accordingly

⁴⁵ Data for the beginning of 2015 differs from data for the end of 2014 due to the extension of the environmental reporting perimeter

⁴⁶ Waste management data for 2014 was slightly updated

⁴⁷ The adjustment was due to the updated volume of third-party oily waste that was revised upward by around 4,174,000 tonnes following the 2015 physical count of waste stored at the evaporation ponds of RN-Stavropolneftegaz

⁴⁸ Data on waste taken over from, or transferred to, third parties in 2013-14 was updated to include waste taken over from legal entities that are part of the Rosneft group.

⁴⁹ The volume of waste at the year-end was revised upward after the physical count of oily waste (see footnote 47 above) and the extension of the environmental reporting perimeter.

11,719

HECTARES

OF LANDS REMEDIATED DURING 2015



Crude oil and petroleum product spills, tonnes

Indicator	2013	2014	2015
Total crude oil and petroleum product spills	4,226	8,815	4,581

Land contamination and remediation, hectares

Indicator	2013	2014	2015
Contaminated land at the beginning of the year	4,715	4,344	4,222 ⁵⁰
Contaminated land as adjusted after a pre-project survey	84	65 ⁵¹	212
Newly contaminated lands	439	378	413
Contaminated lands at the end of the year	4,344	4,171 ⁵¹	4,136
Lands remediation during the year	14,143	13,789 ⁵¹	11,719
Including contaminated lands	792	603	707
Natural recovery of disturbed and contaminated lands	105	12	72

Total mud pits

Indicator	2013	2014	2015
At the beginning of the year	1,304 ⁵²	992 ^{52,53}	808 ⁵⁰
At the end of the year	980 ⁵²	764 ⁵²	719
Built during the year	240	311	327
Remedied during the year	564	539	416

⁵⁰ Data for the beginning of 2015 differs from data for the end of 2014 due to the extension of the environmental reporting perimeter

⁵¹ Data on the total area of contaminated and remedied lands in 2014 was updated

⁵² Data on mud pits at the beginning of 2013 was slightly updated. Data for the end of 2013 and the year 2014 was updated accordingly

⁵³ Data for the beginning of 2014 differs from data for the end of 2013 due to the extension of the environmental reporting perimeter.



Green fuel production

In 2009, the Company launched a long-term effort to upgrade its refineries. The dedicated program provides for the reconstruction and construction of new facilities and the deployment of world-class measurement and automated process control systems. The goal of the program is to ensure the Company's compliance with new technical regulations and create capabilities for increasing the depth of refining and converting to the production of Euro 4 and 5 fuel to fully satisfy domestic demand for such fuel.

More than 30 plants with a total installed capacity of 60 million tonnes a year are to be built or reconstructed under the program until 2020, excluding auxiliary facilities.

In 2015, Rosneft completed major upgrades across its refineries to convert them to the exclusive production of Euro 5 gasoline and diesel fuels for the domestic market, meeting its commitment to launch the production of environmentally friendly fuels as scheduled. Rosneft's two Siberian-based refineries – Angarsk Petrochemical Company

and Achinsk Refinery – converted to the production of Euro 5 fuel in 2015. Earlier, such programs were completed at the Company's refineries in Komsomolsk-on-Amur, Kuybyshev, Novokuybyshevsk, Syzran, Ryazan and Saratov.

In 2015, the Company also launched isomerization units at its refineries in Kuybyshev, Novokuybyshevsk and Ryazan. In addition, it completed the reconstruction of a catalytic reforming unit at the Syzran refinery and the reconstruction of a reforming unit at the Kuybyshev refinery.

The Company will focus on efforts to increase refining complexity.

Output of diesel fuels, thousand tonnes

Indicator	2013	2014	2015	% of total output product
Class 3	8,095	4,989	—	
Class 4	3,617	4,341	6,051	34.7%
Class 5	11,337	12,337	11,386	65.3%
Total output of motor gasolines above Class 2	23,049	21,667	17,437	100%

Production of motor gasolines, thousand tonnes

Indicator	2013	2014	2015	% of total output product
Class 3	3,915	2,600	—	
Class 4	1,973	2,566	2,101	19%
Class 5	7,410	7,350	8,584	76%
Total output of diesel fuels above Class 2	13,298	12,517	10,685	95% ⁵⁴

⁵⁴ The 2015 output of Euro 2 motor gasolines totaled 581,000 tonnes, or 5% of all gasolines produced.



ENERGY CONSUMPTION AND ENERGY EFFICIENCY

Rosneft continues to invest resources in achieving better production efficiency, an imperative to become a global industry leader. Energy efficiency is an integral part of this process. The Company met its energy efficiency targets set for 2015 as a result of initiatives implemented under its dedicated program.

In particular, the Company reduced its energy consumption⁵⁵ by 1,014,000⁵⁶ tce, or 17.3 million GJ, which was 18% above the target level set by Rosneft's

Board of Directors. In monetary terms, the Company saved around RUB 7.3 billion, 19% more than it planned, while its expenditures under the energy efficiency program totaled RUB 1.1 billion.

Under its energy efficiency program, Rosneft achieved the following energy savings in 2015:

- Oil and gas production: 673,000 tce, or 7.9 million GJ, 16%⁵⁷ above the target
- Oil and gas processing: 335,000 tce, or 9.3 million GJ, 21%⁵⁸ above the target
- Distribution and sales: 5,400 tce, or 0.07 million GJ, 20%⁵⁹ above the target
- Drilling and oilfield services: 1,300 tce, or 0.03 million GJ, 11%⁶⁰ above the target.

Energy consumption, million gigajoules

Indicator	2013	2014	2015
Total consumption of renewable and non-renewable energy resources in energy production	257.8	283.9	290.1
Total consumption of electricity	127.3	154.2	160.0
Total consumption of heat	76.0	79.9	90.6
Total energy consumption ⁶¹	391.0	442.8	450.3

⁵⁵ Hereinafter the total energy saving indicators are cited in accordance with the "Methodological Provisions for Russian Federation Fuel and Energy Balance Estimations in Accordance with the International Practice procedure" (approved by the State Statistics Committee of the Russian Federation Resolution No. 46 dated June 23, 1999), accepted in the Company, which provides for recalculation of electric energy by taking into account the electric energy generation efficiency factor. The total energy saving, calculated by conversion of units in accordance with GOST R 51750-2001. "Energy Saving. Procedure for Determining Energy Consumption in Manufacturing Produce and Rendering Services in Technological Energy Systems. General Provisions" is given in the footnotes

⁵⁶ This equals 589,110 tce in accordance with the GOST R 51750-2001 Standard

⁵⁷ This equals 269,010 tce (124.1% of the target) in accordance with the GOST R 51750-2001 Standard

⁵⁸ This equals 316,620 tce (121.4% of the target) in accordance with the GOST R 51750-2001 Standard

⁵⁹ This equals 2,540 tce (1.0% of the target) in accordance with the GOST R 51750-2001 Standard

⁶⁰ This equals 940 tce (0.1% of the target) in accordance with the GOST R 51750-2001 Standard.

⁶¹ The values in the above lines do not add up to total energy consumption, as total electricity and heat consumption includes energy produced by assets owned by the Group. The indirect consumption of primary energy from all sources totaled 504.4 million GJ in 2015, 491.7 million GJ in 2014 and 406.8 million GJ in 2013.



FORUM ON ENERGY EFFICIENT OIL PRODUCTION

The Company annually holds a corporate conference, entitled “Forum on Energy Efficient Oil Production,” intended to provide an organization-wide platform for discussing energy efficiency issues. At the forum hosted by RN-Krasnodarneftegaz in 2015, participants discussed reports on pilot tests of energy efficiency equipment and technologies, as well as technology solutions for reducing energy costs without heavy investment.

The forum, held under the theme “Energy Efficient Oil Production: 2016 Goals and Objectives,” for the first time featured delegations of energy intensive equipment manufacturers and engineering companies who presented innovative energy efficiency solutions and equipment. The Company considers turning the 2016 forum into an industry-wide event by inviting Russia’s all major oil producers to it.



18% ABOVE

THE TARGET LEVEL REDUCTION IN ENERGY CONSUMPTION IN 2015

In 2015, the Company implemented many energy efficiency initiatives in accordance with its energy efficiency policies and the Corporate Standard “Energy Management System: Procedures and Guidance.” In addition, the Company updated its roadmap for deploying the Energy Management System and improving energy efficiency levels in 2015-17.

Rosneft’s Committee on Energy Efficiency continued work in accordance with energy management procedures, approving at its two meetings in 2015 steps toward achieving better energy efficiency and building a strong Energy Management System across the Company. In particular, the

committee developed and approved model terms of reference for the implementation of, and certification to, the ISO 50001 standard, as well as developed implementation processes for Group entities. Two Group entities were certified to the standard in 2015. Twenty-seven entities more are expected to obtain such certification by the end of 2016.

The Company also continued work on enhancing its internal energy efficiency regulations, approving energy consumption guidelines for upstream and downstream entities.

In 2015, Rosneft introduced an employee motivation system using



TWO GROUP ENTITIES WERE CERTIFIED TO THE ISO 50001 STANDARD IN 2015. TWENTY-SEVEN ENTITIES MORE ARE EXPECTED TO OBTAIN SUCH CERTIFICATION BY THE END OF 2016

annual KPIs in energy efficiency for the top managers of the corporate headquarters and Group entities.

It also instituted the position of energy manager across its upstream and downstream entities in accordance with the 2014 and 2015 staffing plan.

Rosneft continues to implement its centrally managed program on the deployment of an energy efficiency control IT system spanning 13 upstream and 10 downstream entities.

An important milestone was the inclusion of energy efficiency requirements in bidder qualification criteria. In 2015, the Company also

developed and approved a guidance on the selection of well pumping equipment manufacturers based on their energy efficiency, planning to extend such sustainability requirements to manufacturers of other core power equipment used in Rosneft's operations.

The Company conducts regular energy efficiency checks in accordance with its internal regulations, which are critical to the implementation of a strong energy management system. In 2015, such checks were performed at 29 upstream and downstream entities accounting for 95% of the Company's total energy consumption to share energy efficiency recommendations

and recognize top performers in energy efficiency. The 2014 top performers were Samotlorneftegaz and Varyeganneftegaz in the upstream segment and Saratov Refinery, Ryazan Refinery and RN-Tuapse Refinery in the downstream segment. They received monetary awards.

EMPLOYEES



HR MANAGEMENT SYSTEM

In 2015 Rosneft confirmed its status as one of the largest employers in the Russian Federation. The headcount of Group entities increased by 15,800 in 2015, reaching a total of 258,800 by year end. This increase was due largely to newly acquired assets and new employees hired from third-party service contractors.

In 2015 Rosneft continued to pursue its HR and social policy in accordance with the HR Strategy to 2020. As part of the strategy's focus on labor efficiency management, labor efficiency indicators were approved in 2015 for the Company as a whole and for individual business segments. All approved indicators were communicated to Group entities for use in business planning and included in the performance indicators of Rosneft's top managers and the heads of Group entities, effective in 2016. In 2015 a list of initiatives to enhance the Company's labor efficiency was prepared and added to the updated Long-Term Development Program.

To improve manageability and optimize business processes as well as to cut Group entities' costs in the segments of Exploration and Production, Refining, and Commerce and Logistics, the following structural changes were made in 2015:

- In the Exploration and Production segment, RN Drilling and the RN Service Group were reorganized; TsEPiTR BN RiD, a branch of RN Management in Tyumen, was liquidated; and RN-GRP,

a specialized holding company, was created and integrated into the Company. In addition, Rosneft made the transition to in-house servicing of energy assets and in-house drilling supervision

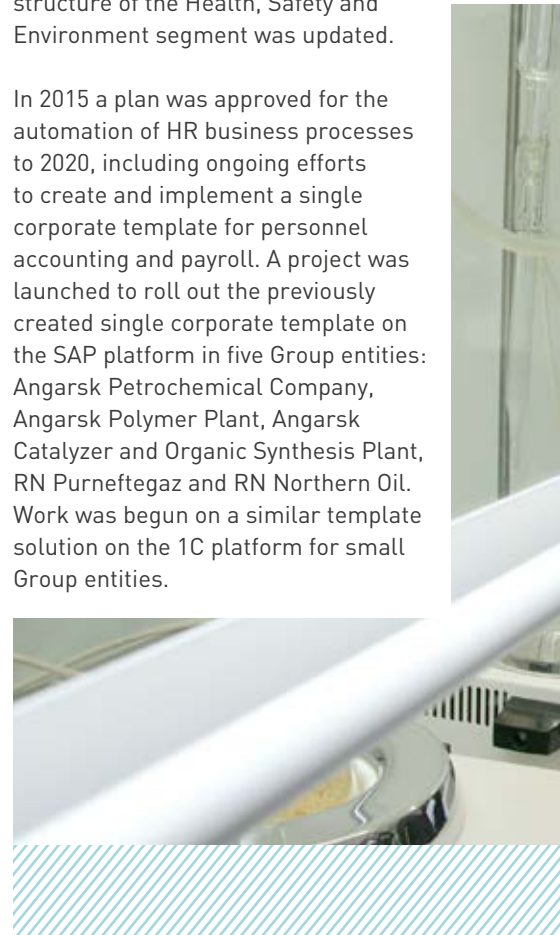
- To facilitate the integration of Novokuybyshevsk Petrochemical Company, a new organizational structure and staffing plan were developed and approved
- To enhance the regional sales business, an organizational structure was designed for RN Regional Sales, positions were evaluated, and a matrix of pay ranges was prepared
- A project was completed to transfer the logistics services of six oil refineries to a specialized company, RN Trans
- A standard filling station structure was developed for implementation at Group entities in the retail business
- 15 terminal companies were combined with companies in the Oil Product Supply Segment, and their operational management was transferred
- HR support was provided for a project to restore the power divisions at four oil refineries: Angarsk Petrochemical Company, Novokuybyshevsk Refinery, Kuybyshev Refinery and Novokuybyshevsk Oil and Additive Plant.

A key measure to optimize HR business processes in 2015 was the development and implementation of model organizational structures in the following functions and subsegments:

- Geology and Field Development (in the Oil and Gas Production segment)
- Personnel and Social Programs (a model organizational structure was introduced in key Group entities other than oil and gas companies)
- Tax Management.

In 2015 the model organizational structure of the Health, Safety and Environment segment was updated.

In 2015 a plan was approved for the automation of HR business processes to 2020, including ongoing efforts to create and implement a single corporate template for personnel accounting and payroll. A project was launched to roll out the previously created single corporate template on the SAP platform in five Group entities: Angarsk Petrochemical Company, Angarsk Polymer Plant, Angarsk Catalyzer and Organic Synthesis Plant, RN Purneftegaz and RN Northern Oil. Work was begun on a similar template solution on the 1C platform for small Group entities.





Staff structure

In 2015 Rosneft's staff structure was not significantly different from the year before. The majority of Company employees (97%) were located in Russia, while the largest share outside of Russia (2%) were employed in Group entities in Ukraine. The decline in the percentage employed in Ukraine had to do with a partial transfer of employees to entities in Russia.

The average age of Rosneft employees also remained practically the same at 39.7 years. Employees in management positions made up 12.6% (32,500

employees) of the total year-end headcount. The percentage of women employees remained at the level of 2014: 34%. Women held 24% of the Company's management positions at the end of 2015 and represented 17% of top management.

HR MANAGEMENT PERFORMANCE IN 2015

Employee remuneration

Social and benefit payments and one-time bonuses included in gross payroll averaged RUB 41,700 per employee in 2015. The average monthly salary for



EMPLOYEE SURVEYS

To monitor employee satisfaction with social and personnel programs, periodic surveys are done of Company employees. 8,326 employees of 35 Group entities in various regions of Russia were surveyed in 2015, representing at least 10% of the total headcount of each participating company.

These surveys give employees the opportunity to evaluate the work environment in Group entities. The criteria that received the highest ratings were "observance of safety regulations," "constructive relations with immediate supervisors," "teamwork" and "benefits package." Surveyed employees noted such corporate initiatives as the Spartakiad sports tournament, the Best in the Profession Competition, science and technology conferences and such social programs as voluntary health insurance, corporate pension schemes and personnel training and development.





RATING OF DEPUTY CEOs RESPONSIBLE FOR PERSONNEL AND SOCIAL PROGRAMS

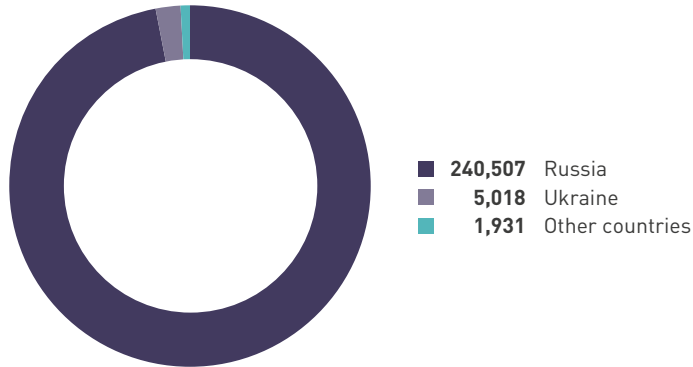
In 2015, to enhance HR management, a procedure was developed for monitoring the quality of HR functions in Group entities. Based on the monitoring and analysis of HR indicators for 2015, an annual rating will be generated for deputy CEOs responsible for personnel and social programs (heads of HR services) in Group entities. Annual ratings will be generated for each of four groups of entities:

- oil and gas production companies
- oil refineries and oil and gas chemical companies
- oil product supply companies (regional sales)
- corporate service companies and other Group entities

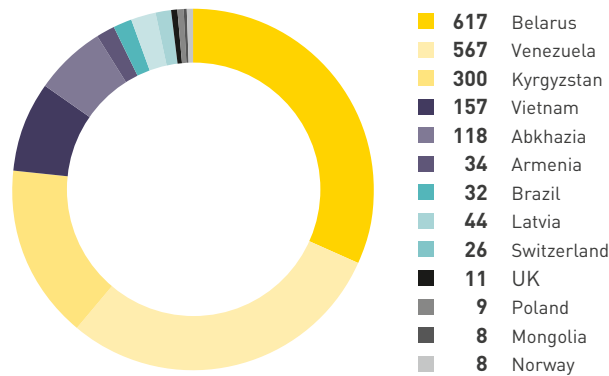
The winners in each group will receive honorary certificates and a money reward; those who place second and third will receive certificates.

THE AVERAGE MONTHLY SALARY FOR ALL GROUP ENTITIES REACHED RUB 69,900 IN 2015

Staff breakdown by country, employees



Staff breakdown by country, employees



all Group entities reached RUB 69,900 in 2015, and the great majority of these entities have traditionally paid higher salaries than other companies in the same regions.

Effective 1 April 2015, to enhance the real value of salaries and compensate for inflation, salaries were indexed 7.5% for employees of Group entities in Russia (with the exception of upper-level managers). By a decision of Rosneft management, the salaries of employees at the corporate headquarters and upper-level managers of Group entities were not indexed in 2015.

Each year Group entities take part in an integral rating to determine which entity is the best in various business sectors: oil and gas production, oil refining, gas processing, petrochemical and lubricant production, oil product supply and R&D Institute. To improve the rating method and provide incentives for Group entities' employees to achieve high

collective results in 2015, Rosneft's local rules for tallying the results were substantially revised. One key change was a significant increase in the rewards for first-place rating and and the introduction of second- and third-place rewards. The revised rules are currently in the process of being approved.

Another important effort in 2015 to improve the incentive system and motivate employees to meet ambitious targets was the development of project rewards for employees. At the end of 2015, the concept of project-oriented rewards was in the process of being approved.

A system of key performance indicators (KPIs) is an essential element of the Company's HR policy. Pursuant to directives of the Russian government, a number of new KPIs were developed in 2015, including the following in the area of sustainable development:

Social payments (social payment fund), benefit payments and one-time bonuses included in gross payroll in 2015, RUB million



- **954.70** Wellness programs for employees and members of their families
- **492.34** Employee termination
- **833.93** Retirement
- **1,731.61** Voluntary health insurance
- **1,885.05** Other social payments
- **4,415.40** Benefit payments and one-time bonuses included in gross payroll

SOCIAL AND BENEFIT PAYMENTS AND ONE-TIME BONUSES INCLUDED IN GROSS PAYROLL AVERAGED

RUB 41,700

PER EMPLOYEE IN 2015

- fuel and energy savings – added to the list of personal performance indicators of the vice president for energy and localization
- injury frequency rate – added to the collective performance indicators of all production segments
- purchasing efficiency of small and medium-sized businesses – added to the performance indicators of the top manager in charge of Rosneft’s procurement function.

Comparison of monthly salaries in select Rosneft Group entities and their regions of operation, RUB

Key regions of operation	Subsidiary	Average salary paid by the subsidiary in 2015	Average salary in the same region in 2015	Ratio of the subsidiary’s average salary to the average salary in the same region in 2015, %
Arkhangelsk Region	RN Arkhangelsk Nefteprodukt LLC	35,908	38,193	94%
	Angarsk Petrochemical Company OJSC	61,229	32,625	188%
Irkutsk Region	Angarsk Polymer Plant OJSC	54,389	32,625	167%
	Irkutsknefteprodukt CJSC	35,666	32,625	109%
	Verkhnechonskneftegaz OJSC	105,305	32,625	323%
	RN Krasnodarneftegaz LLC	44,557	26,706	167%
Krasnodar Territory	RN Tuapse Refinery LLC	50,600	26,706	189%
	RN Tuapsenefteprodukt LLC	39,592	26,706	148%
	RN Kubanefteprodukt OJSC	23,747	26,706	89%
	Vankorneft CJSC	127,678	35,737	357%
Krasnoyarsk Territory	East Siberian Oil and Gas Company CJSC	111,532	35,737	312%
	Achinsk Refinery VNK OJSC	61,113	35,737	171%
	RN Krasnoyarsknefteprodukt LLC	49,577	35,737	139%
	Buguruslanefit LLC	37,883	24,935	152%
Orenburg Region	Orenburgneft OJSC	50,268	24,935	202%
	Eastern Petrochemical Company CJSC	116,857	33,819	346%
Primorsky Territory	RN Nakhodkanefteprodukt LLC	50,088	33,819	148%
	Rosneft-Dagneft PJSC	24,365	19,046	128%
Republic of Dagestan	Dagneftegaz OJSC	20,059	19,046	105%

**Comparison of monthly salaries in select Rosneft Group entities and their regions of operation, RUB
(continued)**

Key regions of operation	Subsidiary	Average salary paid by the subsidiary in 2015	Average salary in the same region in 2015	Ratio of the subsidiary's average salary to the average salary in the same region in 2015, %
Republic of Ingushetia	RN Ingushneft OJSC	23,376	21,784	107%
	RN Ingushnefteprodukt LLC	22,646	21,784	104%
Komi Republic	RN Severnaya Neft LLC	93,582	40,766	230%
Ryazan Region	Ryazan Refinery CJSC	69,611	25,385	274%
	Ryazannefteprodukt OJSC	28,764	25,385	113%
Samara Region	Samaraneftegaz OJSC	50,548	27,277	185%
	Kuybyshev Refinery OJSC	53,299	27,277	195%
	Novokuybyshevsk Refinery OJSC	50,536	27,277	185%
	Syzran Refinery OJSC	52,446	27,277	192%
	Novokuybyshevsk Oil and Additive Plant LLC	49,254	27,277	181%
	Samaranefteprodukt OJSC	24,149	27,277	89%
Saratov Region	Saratov Refinery OJSC	57,931	22,541	257%
	Saratovnefteprodukt OJSC	25,965	22,541	115%
Sakhalin Region	RN Sakhalinmorneftegaz LLC	83,835	61,217	137%
	RN Shelf Far East JSC	262,721	61,217	429%
Stavropol Territory	RN Stavropolneftegaz LLC	40,027	23,677	169%
	Rosneft–Stavropolye Oil Company PJSC	28,082	23,677	119%
Tyumen Region	Tyumenneftegaz OJSC	224,486	56,810	395%
	RN Uvatneftegaz LLC	108,962	56,810	192%
	Tyumen Oil Scientific Center LLC	153,148	56,810	270%
Khabarovsk Territory	RN Komsomolsk Refinery LLC	69,532	38,067	183%
Khanty-Mansi Autonomous District	RN Yuganskneftegaz LLC	80,925	60,270	134%
	Varyeganneftegaz OJSC	118,408	60,270	196%
	RN Nyaganneftegaz OJSC	98,940	60,270	164%
	Samotlorneftegaz OJSC	85,519	60,270	142%
	Krasnoleninsky Refinery LLC	88,074	60,270	146%
	Nizhnevartovsk Refinery LLC	88,439	60,270	147%
	Zapsibnefteprodukt LLC	51,359	60,270	85%
	Grozneftegaz OJSC	28,922	22,101	131%
Chechen Republic	RN Chechennefteprodukt LLC	13,068	22,101	59%
	RN Purneftegaz LLC	88,662	77,540	114%
Yamalo-Nenets Autonomous District	Rospan International CJSC	212,353	77,540	274%

*Accommodation for Rosneft employees
in Grozny*



IN 2015 THE CORPORATE MORTGAGE PROGRAM INVOLVED ONGOING COLLABORATION WITH PARTNER BANKS: THE RUSSIAN REGIONAL DEVELOPMENT BANK AND THE FAR EASTERN BANK

Quality living conditions

For many years Rosneft has had a comprehensive housing program, including corporate mortgages, housing construction and housing provided by the Company. In 2015, 839 Rosneft employees improved their living conditions under the program, with program-related expenses totaling RUB 740.5 million.

In 2015 the corporate mortgage program involved ongoing collaboration with partner banks: the Russian Regional Development Bank and the Far Eastern Bank. The general mortgage rate was 12.5% in 2015, and the rate for young employees was 11.5%. The mortgage period was increased from 17 to 20 years. In addition to loans from partner banks, employees who take advantage of the mortgage program are granted an interest-free loan covering 25%-35% of the estimated value of an apartment in accordance with Rosneft's internal documents. 695 such loans were provided in 2015 for a total of RUB 546.1 million.

Rosneft provides temporary housing to highly qualified employees from other cities. In 2015 such company apartments were provided to 289 families of employees. A regulation developed in 2015 and expected to take effect in 2016 establishes a mechanism – common to all Group entities – for compensating rental expenses incurred by employees hired from other cities. The document calls for the formation of a housing committee or other standing committee in Group entities to consider employees' applications for benefits and compensation. The regulation is designed to facilitate housing rental, eliminate tax risks and minimize ineffective expenses by Group entities.

In order to attract the most qualified employees, the Company builds housing for employees. In 2015, such construction was carried out in the cities of Tuapse, Komsomolsk-on-Amur and Achinsk, with expenses totaling RUB 192.2 million.

Employee training and development

Rosneft has a single corporate system of career development across all business sectors and categories of personnel. Rosneft meets its legal requirements in terms of education and works to raise the competency level of employees in line with business needs, corporate policies and procedures and the best Russian and international practices. 325,900 man-courses were provided in 2015, including mandatory, occupational and management training.

Development of the in-house training system was a key achievement in 2015. Catalogs of in-house seminars and training courses for 2015 were prepared for the corporate headquarters and Group entities, the former containing 181 offerings and the latter, 780. Seminars and courses were led by 558 in-house trainers at Group entities and 133 in-house trainers at corporate headquarters: these are employees who are experts in their fields and have also been



PARTICIPATION IN THE WORLD SKILLS COMPETITION

The Company took part in Hi-Tech 2015, the second National WorldSkills Competition for Multi-Application Blue-Collar Occupations in High-Tech Industries, in the City of Ekaterinburg. The Rosneft team took second place in the Chemical Testing category.

trained in methods of developing and conducting training.

In-house trainers at corporate headquarters led 245 seminars/courses for over 4,000 trainees. Training provided by in-house trainers at corporate headquarters and Group entities in 2015 amounted to over 69,000 man-courses, representing 21% of total training.

Group entities' own training platforms were actively developed in 2015. 24 simulators were purchased and used in training 96 trainers/instructors. Two new training centers were opened at Ulyanovsknefteprodukt and Krasnoyarsknefteprodukt. In 2015 the Company had a total of 59 corporate training units: training centers, rooms, areas and practical training areas.

Training plays a key role in developing a culture of job safety. As part of Rosneft's program to promote job safety and informed leadership in occupational health and safety, training is provided for employees at all levels. Two distance learning courses were developed in 2015: "Safe Use of Electrical Appliances and Office Equipment" and "The Golden Rules of Job Safety." In-house trainers were recruited and trained to lead the corporate training courses "Leadership in Occupational Health and Safety," "Incident Investigation" and "Risk Assessment and Management." Corporate programs were launched, and in-house trainers at corporate headquarters trained over 500 section heads from corporate headquarters and Group entities.

Rosneft has traditionally put special emphasis on managing its employees' knowledge and skills. In 2015 a project was completed to update the model of corporate and management competencies, taking into account the experience and best practices of Russian and international oil and gas companies. The new competency model was used to begin evaluating candidates for Rosneft's talent pool. The corporate system for evaluating corporate, management and

ROSNEFT IS WORKING ON A PROJECT TO INTRODUCE CORPORATE EDUCATIONAL STANDARDS FOR BLUE-COLLAR OCCUPATIONS. TOOLS FOR EVALUATING KNOWLEDGE AND SKILLS IN 10 KEY PROFESSIONS WERE INTRODUCED IN THE OIL REFINING SEGMENT, AND OVER 1,500 EMPLOYEES WERE EVALUATED

professional competencies facilitates the following key business tasks:

- planning of employee training and development
- formation of a talent pool and expert communities
- hiring and job reassignment.

The Company has launched a target innovation project: "Introduction of competency-based performance evaluation and career development across all business segments." The project, to be completed in 2017, is a collaborative effort with Gubkin Russian State University of Oil and Gas (National Research University), Tomsk Polytechnic University and leading advisory firms in Russia. In 2015, competency maps were actively developed in a number of the Company's business segments. Based on the materials developed, around 2,000 employees were evaluated in the segments of Oil and Gas Production, Geology and Exploration, Corporate R&D Institute, Oil Production, and Commerce and Logistics.

Along with the target innovation project, Rosneft is working on a project to introduce corporate educational

standards for blue-collar occupations. Tools for evaluating knowledge and skills in 10 key professions were introduced in the Oil Refining segment, and over 1,500 employees were evaluated.

Company-wide, a total of some 17,000 employees were evaluated in 2015, including their professional, corporate and management competencies.

Rosneft is involved in a state project to develop a system of national qualifications and contributes to the work of task forces of the National Council for Professional Qualifications under the President of the Russian Federation. In 2015 the National Council created a Council for Professional Qualifications in the Oil and Gas Sector, and the new council included representatives of Rosneft.



COMPETITION OF PROFESSIONAL EXCELLENCE «THE BEST IN THE PROFESSION»

For more than 10 years Rosneft has been organizing professional competition «The Best in the Profession», aiming at increasing prestige of workers and engineers, encouraging use of best practices and strengthening corporate culture of the Company. The Competition evaluates both theoretical and practical knowledge of participants. An emphasis is put on expertise in the area of industrial, health, fire and

ecological safety. In 2015 competitions took place at «Samaraneftegaz», «Novokuybyshevsk Refinery», «Samaranefteprodukt» and «Samara-Terminal». Moreover, competitions were held among engineers and technical workers of production Group entities with such awards as «Best Geologist», «Best Technologist». Overall more than 460 employees from 101 Group entities participated in competitions.

Comprehensive performance evaluation system

Description	2013	2014	2015
Number of profiles developed (cumulative total)	942	1,100	1,712
Evaluation of vocational competencies, persons	506	812	6,493
Evaluation of corporate and management competencies, thousand persons	11.9	13.1	11.3

Training and development of Rosneft staff in 2015, man-courses

Description	2013	2014 ⁶²	2015 ⁶³
Total for the year	201,500	261,247	325,890
By category			
Managers	38,038	46,403	74,443
Talent pool	2,547	2,009	2,259
Professionals	46,809	69,549	81,855
Young professionals	3,122	5,268	6,556
Workers	110,984	138,018	160,777

⁶² Including Tomskneft VNK.

⁶³ Within the perimeter of centralized business planning, including Tomskneft VNK.



BUSINESS GAMES FOR YOUNG PROFESSIONALS

To identify young professionals with leadership potential and form a pool of young talent, five business games (“Measure Thrice, Cut Once”) were conducted in 2015. 312 young professionals from 59 Group entities took part.

A business game was specially developed for Rosneft’s purposes and conducted in the form of a business simulation. The game, distinguished by its maximum realism and high intensity, let players try their hand at the helm of a production company and experience some of the challenges they may face in their future careers.



Work with young professionals

Rosneft puts great emphasis on work with recent university graduates, promoting their work and career growth via accelerated adaptation; involvement in innovation, research and project activities; and the development of professional, corporate and management competencies. In 2015, 90 Group entities employed 3,667 young professionals, 1,398 of whom were hired in 2015. Councils of young professionals and a mentoring program help young employees adapt in Group entities. Training and career growth are in line with young professionals’ development plans. 6,556 man-courses were provided in 2015 as part of programs to develop the professional and management competencies of young specialists and their mentors.

The Company holds annual workshops for young professionals. 1,632 young professionals participated in 2015, and 86 of these were winners at the

concluding interregional workshop in Moscow.

A focus of Rosneft’s youth policy in 2015 was a comprehensive program of career planning and training of young engineers in the Exploration and Production segment for 2015-25. A task force was created to realize the program, including 40 employees from six business sectors – Geology, Drilling, Well Intervention, Development, Production and Offshore Projects – and a plan of action was developed. Training targets were set for two categories of personnel: young engineers for strategic projects and positions requiring scarce skills as well as an internal succession pool for key management positions. 71 target competency profiles were prepared for approved positions, and recruitment sources and selection criteria were determined. Work was begun to develop training programs in the six business sectors.

3,667
YOUNG PROFESSIONALS WERE
EMPLOYED BY 90 GROUP ENTITIES
IN 2015

Young professionals at Rosneft

Description	2013	2014	2015
Number of young professionals hired after completing their higher education	1,069	1,197	1,398
Number of young professionals in the Company	3,515	3,324	3,667
Number of young professionals who participated in science and technology conferences	1,828	1,862	1,632
Expenditures on corporate programs targeting young professionals, RUB million	77.8	88.2	84.3

Employee training for strategic projects

Targeted corporate training is provided to ensure qualified personnel for strategic projects at Rosneft.

In 2015 70 professionals received training in innovative modular continuing education programs at Moscow State University and Gubkin Russian State University of Oil and Gas: "Russian Offshore Oil and Gas Geology," "Environmental Protection on Offshore Oil and Gas Fields" and "Offshore Oil and Gas Fields." The Moscow State University programs included internships at the Pertsov White Sea Biological Station in the Republic of Karelia.

Flow control measures included mandatory corporate training for supervisors, industrial safety specialists, foremen, and drilling and workover specialists in international Well Control courses. Managers and professionals went through five training programs with instructors of GE's Crotonville Corporate University under the strategic partnership agreement between Rosneft and General Electric.

In 2015 the CEO University program was launched to develop the management competencies of CEOs. 87 CEOs of Group entities and CEO reservists received training at St. Petersburg State University's Higher School of Management.

Talent pool program

The Company forms an internal talent pool to ensure the long-term availability of valuable human resources. The talent pool program identifies talented employees so that the Company can make maximum use of their potential and retain the best people by giving them opportunities for development and career growth.

The talent pool cycle at Rosneft includes the following stages:

- analyzing the numerical strength of the talent pool for first- and second-tier management positions

- quarterly performance monitoring and appointment of reservists.

806 reservists were approved in 2015: 359 for top-level management positions.

Systematic development of the talent pool included two continuing MBA programs in collaboration with the International Institute for Energy Policy and Diplomacy of Moscow State Institute of International Relations (under the Russian Ministry of Foreign Affairs) and St. Petersburg State University's Graduate School of Management as well as a third MBA program launched with Gubkin



- evaluating employees and proposing candidates for the talent pool
- deciding on a list of key positions and the composition of the talent pool
- evaluating the competencies of reservists and formulating individual development plans
- determining reservists' categories and their degree of readiness to fill the target positions
- targeted training and development of reservists.

Russian State University of Oil and Gas. The MBA programs had 64 students in 2015.

In 2015 a Regulation on "Rotation of the Company's First- and Second-Tier Managers" was developed and approved. In the rotation program, employees who are effective in their current positions and ready to take on new challenges in Rosneft's regions of operation are appointed to first-tier management positions in the Company and second-tier positions at corporate headquarters. The program has two key goals:

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CEOs OF GROUP ENTITIES AND CEO RESERVISTS RECEIVED TRAINING AT ST. PETERSBURG STATE UNIVERSITY'S HIGHER SCHOOL OF MANAGEMENT



IN 2015 A WORKSHOP WAS HELD AT MOSCOW STATE UNIVERSITY FOR DIRECTORS OF GENERAL SCHOOLS THAT OFFER ROSNEFT CLASSES. THE WORKSHOP WAS ATTENDED BY 40 DIRECTORS FROM 37 RUSSIAN CITIES

skill-upgrading workshops for school directors and instructors of Rosneft Classes. In 2015 a workshop was held at Moscow State University for directors of general schools that offer Rosneft Classes. The workshop was attended by 40 directors from 37 Russian cities.

- meeting the Company's needs for highly qualified and motivated personnel
- effective managerial and professional development of managers and reservists earmarked for those positions.

Work with youth in the Company's regions of operation

In accordance with Rosneft's HR policy and to ensure an influx of highly qualified young professionals, the Company has a corporate continuing education program, School-University-Company, which is designed:

- to create an external talent pool for the Company and ensure that graduates of Rosneft Classes provide a steady influx of highly educated young people with good professional training
- to identify and support gifted children
- to support the university education of successful Rosneft Class graduates and potentially bring them into the Company as new hires.

The first step in the corporate continuing education system is setting up Rosneft Classes in Rosneft's

regions of operation. In 2015 Rosneft Classes were offered to tenth-graders in the Village of Turtas (Uvat District, Tyumen Region), the City of Yuzhno-Sukhokumsk (Republic of Dagestan) and also in Moscow, where a Rosneft Class was introduced at General Secondary School No. 199 as part of a project of the Moscow Department of Education: "An Engineering Class for a Moscow School." The Company's partner on this project is Gubkin Russian State University of Oil and Gas.

In 2015 a total of 98 Rosneft Classes were attended by 2,359 students in 52 schools in 46 cities and villages in the Central, Southern, North Caucasus, Volga, Northwestern, Ural, Siberian and Far Eastern federal districts.

To establish uniform requirements for Rosneft Classes at key general schools in the Company's regions of operation, a Company regulation, "Organization of Rosneft Classes," was developed in 2015. This regulation governs the procedure for establishing and organizing Rosneft Classes and for supporting the education of gifted young people.

The high quality of Rosneft Classes is the result of an in-depth study of physics and mathematics, additional instruction in career-related subjects by instructors from partner universities, and annual

Rosneft Classes include active career guidance. In 2015, nine Ladder to Success workshops were attended by 1,112 tenth-graders from 48 schools. "Career Guidance in Rosneft Classes," a compilation based on the experience of participating schools, was prepared and published for more effective career guidance.

Rosneft puts special emphasis on employing graduates of Rosneft Classes in its companies. In 2015, after completing their higher education, 91 young professionals who took Rosneft Classes in career-related areas were hired by Rosneft.

As part of its School-University-Company continuing education program, Rosneft is actively developing partnership relations with leading Russian universities. In 2015 the number of universities with which Rosneft and Group entities have signed long-term package agreements grew to 47, of which 18 are partners of Rosneft and 29 are regional institutions. In 2015 Rosneft signed five new partnership agreements with universities: Admiral Makarov State University of Maritime and Inland Shipping, St. Petersburg State Maritime Technical University, the Gorny National Mining and Mineral University, Tyumen State University and Ukhta State Technical University. These agreements promote cooperation in the areas of education, science and technology, innovation and infrastructure.

OVER **4,500**

STUDENTS ARE PROVIDED WITH JOB PLACEMENTS EACH YEAR AT ROSNEFT ENTITIES

1,398

UNIVERSITY GRADUATES WERE HIRED BY THE COMPANY IN 2015



IN 2015, AS PART OF ROSNEFT'S PARTNERSHIP WITH UNIVERSITIES, WORK WAS CONTINUED TO ESTABLISH AN OFFSHORE DRILLING SCIENCE AND EDUCATION CENTER, USING THE RESOURCES OF GUBKIN RUSSIAN STATE UNIVERSITY OF OIL AND GAS. THE CENTER, TO BE OPENED IN LATE 2016,

WILL BE THE CORE FACILITY TO TRAIN PROFESSIONALS FOR THE COMPANY'S OFFSHORE PROJECTS.

Ten core departments were developed as part of infrastructure cooperation with partner universities. Two new departments were opened in 2015: an RN KrasnoyarskNIPIneft department (Design of Oil and Gas Facilities) at Siberian Federal University's Oil and Gas Institute and an RNPk department

(Organic Chemical Technology) at Ryazan State Radio Engineering University.

With the support of Novokuybyshevsk Petrochemical Company, an oil and gas processing laboratory was opened at Samara State Technical University's Novokuybyshevsk branch. The laboratory has all the required equipment and will be used to study the properties of catalyzers, the composition of oil fractions and oil refining processes as a whole.

Each year Rosneft entities provide job placements to over 4,500 students, and the Company hired 1,398 university graduates in 2015.

Rosneft and Group entities support gifted students by awarding corporate scholarships to the most talented. 508 such scholarships were disbursed in 2015. Scholarship holders receive priority consideration for internships with Group entities and subsequent employment with the Company.

To promote the corporate School–University–Company continuing education system in Rosneft's regions of operation and to support participating educational institutions, Rosneft and Group entities provide charitable assistance to schools, technical schools, colleges and universities. This assistance goes toward:

- establishing and supporting Rosneft Classes, including costs for additional student education,



Rosneft Classes project

Description	2013	2014	2015
Number of Rosneft Classes	82	87	98
Number of students	2,023	2,050	2,359
Number of regions	20	20	23
Investments in Rosneft Classes, RUB million	109.2	126.1	147.6

Partnerships with universities

Description	2013	2014	2015
Number of partner universities	30	34	47
Number of students who received work placements	3,822	4,833	4,839
Expenditures on partnerships with universities, RUB million	216.2	492.3	769.4

Financing of the Company's continuing education system in 2015, RUB million

Activity	2015
Skill upgrading programs at universities	42.1
Training at the school level	147.6
Partnership with universities (development of university infrastructure, work placements and internships, stipends, grants for instructors)	769.4
Work with young professionals	84.3
Conferences:	26.0
TOTAL	1069.4



Visit of students from Cuba to RN-Yuganskneftegaz production sites

upgrading the qualifications of instructors, acquiring equipment for dedicated rooms and career guidance. These expenditures totaled RUB 139.4 million in 2015

- developing partnership relations with vocational and higher educational institutions, including: the modernization of education programs, the maintenance of core departments and specialized master's programs at partner universities, the development of infrastructure and the academic base of educational institutions, scholarships for gifted students and grants for teaching staff. At total of RUB 654.9 million was donated to technical schools, colleges and universities in 2015.

In 2015, programs to train staff for the Company's international projects was continued. In 2015, with Rosneft's support, 35 citizens of Cuba and Venezuela studied at Gubkin Russian State University of Oil and Gas as part of a three-year language and master's preparation program. Nine citizens of Mongolia pursued bachelor's degrees at Moscow State University, Moscow State Institute of International Relations (under the Russian Ministry of Foreign Affairs) and Gubkin Russian State University of Oil and Gas.



ROSNEFT DAY AT SIBERIAN FEDERAL UNIVERSITY

A key focus of Rosneft's HR policy in Krasnoyarsk Territory is to ensure that Group entities in the region are staffed with qualified professionals. Siberian Federal University is one of the Company's key partners in training students in specializations needed in the oil and gas sector. In 2015 the traditional Rosneft Day at Siberian Federal University's Oil and Gas Institute took the form of a competition among high-achieving, creative and motivated students who aspired to join the Rosneft team. Rosneft Day was attended by some 300 students and by representatives of Rosneft and Group entities: Vankorneft, East Siberian Oil and Gas Company, Achinsk Refinery, the East Siberian branch of RN Drilling, RN Krasnoyarsknefteprodukt, RN KrasnoyarskNIPIneft and RN Yuganskneftegaz.

Students had a chance to prove themselves in three categories: best at solving business cases, best creative video on their future profession, and best personal application. In addition to academic excellence, practical work and community service, students were asked in the applications to describe their personal characteristics from the standpoint of Rosneft's needs. The applicants were judged by a panel representing Rosneft and Group entities and the administration of Siberian Federal University's Oil and Gas Institute.

The 56 winners received priority consideration for paid internships at Group entities in Krasnoyarsk Territory.



RUB **5.8** BILLION

EXPENDITURES FOR THE
DEVELOPMENT OF SHIFT CAMPS, FIELD
SUPPORT BASES, AREAS AND SHOPS
IN 2015

Education support for employees and members of their families

Rosneft's social policy includes financial support for the education of employees and their children. The education loan program was continued in 2015, and 176 education loans totaling RUB 11.75 million were granted to employees or their children over 16 years of age who are full-time students at higher or specialized secondary educational institutions.

Creation of favorable working conditions

In 2015 Rosneft continued its comprehensive program to create favorable working conditions for employees. A key element of this program is the development and enhancement of 95 shift camps and trailer camps that in 2015 housed some 22,000 employees of Rosneft and its contractors.

In 2015, methodological guidelines were approved and implemented on meal requirements for shift workers in the Group's oil and gas production entities as well as for employees of the Group's oil and gas processing entities. Methodological work was done in 2015 to unify the functions and structure of Group entities' divisions responsible for the program to develop the industrial and social base. Work was

also done to update the Instruction on the Application of Standard Technical Solutions to the Design of Shift Camps for the Oil and Gas Complex and the Instruction on the Standard Design of the Company's Field Support Bases, Areas and Shops.

In 2015, the health, safety and environmental due diligence committee did field audits of work-related social facilities at East Siberian Oil Company and Samotlorneftegaz.

In 2015 the Company continued its efforts to fulfill the Plan for the Modernization of Work-Related Social Facilities, including the construction, reconstruction and capital repairs of dormitories, cafeterias, administration buildings, brigade points, stores, bakeries, sports and fitness centers, trailer camps, and bathing and laundry facilities. The work planned for 2015 was fully completed.

Expenditures for the development of shift camps, field support bases, areas and shops came to RUB 5.8 billion in 2015.

Support for employee health

The health of Rosneft employees is a key component of the Company's

social programs. 2015 was no exception, and work continued in all the traditional areas: occupational medicine, voluntary health insurance, personal injury insurance, treatment at sanatoriums and resorts, and the promotion of a health lifestyle. Rosneft spent RUB 3.1 billion to support its employees' health in 2015.

The membership and rules of procedure of the Industrial Medicine Advisory Board were approved in 2015 for purposes of coordinating efforts to develop industrial medicine and employee health care. The board includes 13 industrial medicine specialists from corporate headquarters and ten Group entities. The board's efforts focus on methodological support and expert evaluation of emergency medical aid at the Company's production sites, control over the training of medical staff, the development of preventive measures and a number of other medical issues.

The Company puts great emphasis on providing guidance for health professionals in Group entities. As part of a project carried out jointly with Moscow State University to train medical staff for the Company's medical stations, six distance



PARTNERSHIP WITH MOSCOW STATE UNIVERSITY

One of the key areas under development in 2015 was a program – part of a joint project with Moscow State University – for comprehensive quality review and monitoring of employees' health.

To organize the systemic work of experts in charge of occupational medicine at Group entities, an expanded meeting was held in Moscow on 27-28 May 2015 on employee medical services at Rosneft production sites, attended by experts from the Occupational Medicine Research Institute (Federal Scientific Institution) and Moscow State University.

Key occupational-medicine issues were discussed at the meeting: emergency medical aid and evacuation of the sick and injured by special road and air transport, equipment standards at industrial medical stations and the training of medical staff.

THE COMPANY CONTINUED TO DEVELOP ITS TELE-MEDICINE SYSTEM. IN ADDITION TO TRAINING, TELEMEDICINE TECHNOLOGIES WERE ALSO USED FOR CONSULTATIONS AND CHECKUPS AT REMOTE LOCATIONS

learning courses were provided to a total of 392 professionals in over 20 Russian regions. The training – in videoconference format and involving the use of telemedicine technologies – covered the emergency medical treatment of injuries, cardiopulmonary and cerebral resuscitation and advanced pre-hospital assistance in cases of circulatory arrest. Rosneft experts responsible for industrial medicine and a group of outside experts and scientists were involved in the training.

The Company continued to develop its telemedicine system. In addition to training, telemedicine technologies were also used for consultations and checkups at remote locations.

To regulate the procedure for emergency medical services in

In 2015, requirements for services provided by shop medical practitioners were developed, approved and communicated to Group entities. To create and develop organizational capacity, work was done in 2015 to standardize the functions of medical staff. In 2016 Rosneft plans to test 460 medical workers to ensure that the staff of all medical stations meet modern emergency medical standards.

In 2015, medical services were provided by 171 medical stations, 168 of which were at shift camps, plants and remote industrial sites. In 2015 a comprehensive audit was done of all medical departments in Group entities. Prior to the audits, a uniform evaluation methodology was developed and standardized in the form of a checklist, and evaluation criteria were developed for medical

IN 2015, MEDICAL SERVICES WERE PROVIDED BY 171 MEDICAL STATIONS, 168 OF WHICH WERE AT SHIFT CAMPS, PLANTS AND REMOTE INDUSTRIAL SITES

Rosneft entities, a regulation, "The Organization of Emergency Medical Aid at Group Entities," was put into effect in 2015, and guidance was provided throughout the year on implementing this document at Group entities. The regulation sets requirements for the organization of emergency medical services provided by the staff of medical stations at Group entities' production sites, the equipping of medical stations and the medical emergency response plan.

stations, including requirements with respect to the condition of equipment and materials as well as licensing and reporting requirements.

In 2015, as part of the Program of Enhanced Job Safety and Informed Leadership in Health and Safety, a list of licensed regional health care providers for preliminary and periodic employee checkups was developed, approved and communicated to Group entities.

RUB 3.1 BILLION

ROSNEFT SPENT TO SUPPORT ITS EMPLOYEES' HEALTH IN 2015



WELLNESS DAY AT UDMURTNEFT

A Wellness Day with the theme “Live Healthfully!” was held at Udmurtneft in July 2015. Preventing cardiovascular disease, giving up smoking and promoting a healthy lifestyle were the event’s key focuses. The idea was to identify potential risks and eliminate hazards to the life and health of employees and, where necessary, to recommend further consultations with physicians. For three and a half hours employees could consult medical personnel from local health care institutions at seven stations and have their blood pressure, pulse, vision and other measures checked. Based on the day’s results, employees could evaluate their cardiovascular response and obtain consultations on a healthy lifestyle. Some 200 Udmurtneft employees took advantage of the opportunity to be checked and obtain recommendations from specialists.



In 2015 Rosneft focused in particular on setting requirements for medical services provided to the employees of contractors, and the approved requirements were communicated to Group entities. These provisions, included in appendices to agreements with contractors and binding on the counterparties, require, among other things, that a contractor’s employees receive checkups and medical services, have at least RUB 400,000 in voluntary insurance against injury, including the risk of death and total permanent disability due to injury, and take first aid training. Rosneft employees do regular monitoring to ensure that contractors comply with these requirements, and contractors who fail to do so are fined.

signed for the medical treatment of employees of subsidiaries and contractors at remote production sites. This medical institution serves most Group entities in Irkutsk Region, including shift camps.

Voluntary health insurance (VHI) is a key part of the benefits package provided to Rosneft employees. Since 2013, the Company’s partner in providing VHI plans has been SOGAZ Insurance Company.

Rosneft has consistently worked to expand its VHI plans in accordance with the collective agreements of Group entities and to bring an ever-growing number of employees into the VHI system. In 2015 all employees in the production sphere had insurance coverage. By the end of 2015, 200,000 employees were insured under VHI agreements and 220,000 under voluntary personal injury insurance agreements. In 2015, medical services above and beyond the VHI plan were provided to 83 people, including 41 retirees.

ROSNEFT HAS CONSISTENTLY WORKED TO EXPAND ITS VHI PLANS IN ACCORDANCE WITH THE COLLECTIVE AGREEMENTS OF GROUP ENTITIES

In 2015 work continued on schedule to develop the Occupational Medicine and High Technology Center, using the resources of Medical Unit No. 36 in the City of Angarsk: Essential equipment was acquired, and agreements were

To standardize the VHI process in Group entities, conceptual approaches to VHI for employees of Group entities were formulated and approved in 2015.



ЖИВИТЕ ДОЛЬШЕ!

These approaches have the force of recommendations and apply to such issues as VHI in newly acquired assets and health insurance for foreign employees.

Rosneft assigns high importance to the treatment of employees at sanatoriums and resorts. In 2015 the Company's health improvement and recreation program continued along the same lines as before. Over 54,000 employees, members of their families and retirees improved their health, including over 2,000 in Cuba.

The Company believes in the importance of sports and a healthy lifestyle for its employees. Inasmuch as 2015 was the Year of the Fight against Cardiovascular Disease in Russia, the Company's program to promote a healthy lifestyle focused on the prevention of cardiovascular disease. In 2015 the program concentrated on two areas: Wellness Days and the Live Longer! program.

Wellness days – one-day events held in offices and Group entities – were dedicated to staying healthy and preventing illness, disability and early death due to illness. In 2015, wellness days were held in four offices of

LIVE LONGER!

THE PURPOSE OF THE LIVE LONGER! PROGRAM IS TO PROMOTE AN ACTIVE AND HEALTHY LIFESTYLE. IN 2015 A VARIETY OF EVENTS WERE HELD TO GET EMPLOYEES INVOLVED IN FOUR KINDS OF SPORTS: NORDIC WALKING, RUNNING, SKIING AND TRIATHLON

Company headquarters and over 40 Group entities.

The purpose of the Live Longer! program is to promote an active and healthy lifestyle. In 2015 a variety of events were held to get employees involved in four kinds of sports: Nordic walking, running, skiing and triathlon. Employees received training and met with experts, and efforts to promote a healthy lifestyle were explained and publicized.



IN 2015 THE UNITED RITUO HAD A TOTAL MEMBERSHIP OF AROUND 160,000

THE FOURTH ELECTION CONFERENCE OF THE ROSNEFT INTERREGIONAL TRADE UNION ORGANIZATION (RITUO)

In 2015 RITUO held its fourth election conference, attended by over 250 delegates from regional trade union organizations, CEOs of Group entities and executives of Rosneft and the Russian Oil, Gas and Construction Workers' Union. The delegates gathered in the Company's central office on Sofiysky Embankment to discuss and sum up the trade union's work from 2010 through 2015.

The RITUO's chairman provided a comprehensive report on all the activities of the organization in the past 5 years, analyzed joint work in the sphere of social partnership – putting into practice provisions of the collective bargaining agreement, progress in the work of social corporate projects, solution of issues related to industrial safety, employee training, defense of employee rights.

The speakers expressed satisfaction with RITUO's efforts and made proposals for further improvement. After the speeches, the delegates proceeded to elect RITUO's chairman and deputy chairman and determine the membership of the board and its presidium as well as the audit committee.

Collective bargaining agreement

In 2015 Rosneft continued to implement its model collective bargaining agreement. Group entities switch to the corporate template when their previous agreements expire. At the end of 2015, 282 Group entities had standard collective bargaining agreements, with 164 entities adopting new agreements in 2015.

As part of the Company's social partnership program, Rosneft and the Rosneft Interregional Trade Union Organization hold preliminary discussions of amendments and additions to the Model Collective Bargaining Agreement. This practice yields a better understanding of problems faced by workers and results in solutions that are optimal for both sides. Following a joint review in the course of 2015, the template was revised to provide employees with additional social benefits.

Partnership with trade union organizations

Rosneft Interregional Trade Union Organization (RITUO), an equal partner of the Company, and its constituent primary trade union organizations at Group entities play an important role in the area of HR and social policy. The Company currently has constructive relations with trade union organizations. In 2015 the united RITUO had a total membership of around 160,000.

RITUO is actively involved in shaping the Company's social policy and is active in the areas of health and safety, career development and motivation of

Group entities' employees. Proposals made by RITUO and primary trade union organizations are considered and taken into account as far as possible in the development and implementation of corporate standards. Representatives of trade union organizations are permanent members of the organizing committees of the Best in the Profession Competition, the Rosneft Lights Up the Night Festival and the corporate summer and winter Spartakiads.

As part of the program to promote a culture of job safety and informed leadership in the area of health and safety, RITUO is active in developing and implementing measures to popularize the principles of safe and accident-free work, injury prevention and minimization of accident risks. Trade union organizations monitor compliance with health and safety regulations via the institution of health and safety monitors.

Corporate pension benefits and care for veterans

The corporate pension program – a key element of the Company’s HR and social policy – is designed to enhance the corporate pension benefits of Rosneft employees. In 2015 Rosneft and Group companies paid a total of RUB 5.38 billion in pension contributions to Neftegarant Non-State Pension Fund, of which RUB 0.45 billion went to the Veterans Social Support Project.

Pensions are indexed on an annual basis. The average monthly corporate pension grew to RUB 5,090 in 2015. Corporate pension payments made by Neftegarant in 2015 reached RUB 1.7 billion under two programs: the corporate pension program and the Veterans Social Support Project. Some 62,200 persons received corporate pensions in 2015: around 34,200 retirees and 28,000 veterans.

The Company has made consistent efforts to develop the Veterans Social Support Project⁶⁴. 2,100 veterans of new assets who were included in the project in 2015 receive corporate pension payments via Neftegarant.

Four expanded information sessions held in 2015 to inform employees about corporate pension benefits were

attended by over 420 employees at the Company’s corporate headquarters.

Training was also provided in 2015 to upgrade the qualifications of Group entities’ employees in charge of pension programs. Representatives of Neftegarant and the Interregional Trade Union Organization took part in three two-day seminars in Krasnodar, Ruzhny and Izhevsk, where participants were acquainted in detail with corporate pension programs,

2,100 VETERANS⁶⁴ OF NEW ASSETS WHO WERE INCLUDED IN THE PROJECT IN 2015 RECEIVE CORPORATE PENSION PAYMENTS VIA NEFTEGARANT



pension fund software and the latest changes in corporate pension benefits for Rosneft employees. The seminars had over 160 participants, all of whom noted the high information content and relevance of these events.

In 2015, due to changes in Russian pension law and in order to enhance the corporate pension program in light of its practical implementation in the period of 2011-14, the Company needed to update the Standard of Corporate Pension Benefits for employees of Rosneft and Group entities. The purpose of this standard is to establish uniform rules for the

functioning of the Company’s corporate pension system. As a result, a new version of the standard was drafted and is to be approved and implemented in 2016.

The Rosneft Veterans Council continued its important mission to support retired oil workers. The Council’s work was especially meaningful in 2015, when Russia marked the 70th anniversary of its victory in the Great Patriotic War.

In 2015 the Company paid veterans of Group entities some RUB 340 million for holidays, treatment at sanatoriums and resorts and other critical purposes.

Corporate pension benefits in 2015

Description	2013	2014	2015
Rosneft’ contributions to Neftegarant under the pension plan, RUB million	3,934	5,093	5,380
Number of persons receiving corporate pensions	57,654	59,702	62,207
Pension payments, RUB million	1,321	1,513	1,706
Total value of personal pension plans with Neftegarant, RUB million	2,178	3,133	3,963
Number of persons with personal pension plans	41,348	48,715	51,996
Number of Rosneft employees covered by the pension system	over 182,000	over 187,000	over 206,000

⁶⁴ Veterans are former employees who were employed at Rosneft or a Group entity for 10 or more years, who left before Rosneft or the Group entity concluded a pension agreement with a private pension fund under the uniform corporate pension program, and who qualified for pension benefits under Russian law when their employment was terminated.

The 70th Anniversary of Victory in the Great Patriotic War

In 2015 Russia celebrated the 70th anniversary of its victory in the Great Patriotic War. Rosneft's numerous projects in Russian cities made an important contribution to the celebration. The tour of Moscow's Sretensky Monastery Choir, along with the Lyudmila Zykina Academic Russian Folk Ensemble "Russia" and New Opera soloist Alexey Tatarintsev, was a key holiday event. The tour, whose theme was "Rosneft: To the Great Victory," featured works dedicated to the Great Patriotic War. Between 28 April and 9 July 2015, the tour reached an audience of over 13,000 in 20 cities where the Company operates as well as Milan, Beijing and cities in Venezuela.



> 13,000

PEOPLE ATTENDED PERFORMANCE OF THE SRETENSKY MONASTERY CHOIR

Rosneft has always given special consideration to war and labor veterans, and veterans are honored guests at all of Rosneft's corporate events. In 2015 the Company also gave extra financial assistance to former employees who were soldiers or war workers during the Great Patriotic War as well as to concentration camp survivors.

The Company supported "Pages of Victory," a photo exhibition on Tver Boulevard in the capital that featured materials from the archive of Ogonyok magazine as well as photographs from Rosneft's own archive. The photos showed military operations, the labor of Soviet citizens on the home front, including in the oil industry, the Victory Parade in Moscow on 24 June 1945, and a special place was given to photos illustrating the role of women on the front lines and in the rear.

Group entities were also active in celebrating the holiday and commemorating the Soviet victory.

Ahead of the holiday, oil workers of Rosneft-Dagneft made a gift to the City of Yuzhno-Sukhokumsk: the Company financed the construction of the Eternal Glory Memorial Complex. Employees of Group entities in Krasnodar Territory organized military-historical marches.

In the Republic of Ingushetia, 300 oil workers took part in a march sponsored by RN Ingushneft. Marching with local residents and high school students from Rosneft Classes in the cities of Malgobek and Karabulak, they honored the memory of those who died in the Great Patriotic War and paid tribute to oil workers who fought on the front lines and labored in the rear. After the march, war and labor veterans were presented with commemorative badges from Rosneft



in honor of the Seventieth Anniversary of the Great Victory.

The employees of Angarsk Petrochemical Company put together a whole program of events. Employees in Angarsk took part in a city parade, and the Company helped to beautify the burial places of those who fought in the Great Patriotic War. In 2015, therapeutic stays at sanatoriums and recreation centers were arranged for war and labor veterans. Veterans were given additional financial assistance and awarded "70th Anniversary of the Great Victory" medals. The Angarsk Victory Museum dedicated an exhibit to veterans of the Great Patriotic War who worked at Angarsk Petrochemical Company.

Orenburgneft sponsored a number of events to mark the holiday in cities of Orenburg Region. War veterans and equivalent categories of citizens received commemorative gifts and medals as well as financial assistance. The holiday preparations included the restoration of monuments, obelisks and memorial sites dedicated to the Great Patriotic War. Orenburgneft's regional veterans councils in the cities of Buzuluk, Orenburg, Buguruslan and Sorochinsk organized wreath-laying ceremonies at memorials to fallen oil workers. Russian popular music stars and local amateur groups performed at holiday concerts for veterans, and there were city parades, holiday games and competitions and a museum exhibit in Buzuluk.

In Samara, Victory Day was heralded by a flower-laying ceremony at the Eternal Flame on the Square of Glory. Among those who came to pay tribute were veterans, management and young professionals of Samaraneftgaz. The enterprise's veterans also took part in holiday celebrations in Otradnoye, Neftegorsk, Pokhivistnevo, Zhigulevsk, Sukhodol and Bezenchuk and received commemorative gifts. In 2015 the Veterans Council of Samaraneftgaz put out its 13th edition of the Veterans' Glory collection. Ahead of the holiday, young professionals from Samaraneftgaz met with war and labor veterans.



SOCIETY



SOCIAL IMPACT MANAGEMENT SYSTEM

Rosneft takes an active part in socioeconomic programs in its areas of operation under various agreements and provides funding for individual charity projects. Rosneft takes a systemic approach to social issues and social investments. In its charity programs and support for local areas, the Company adheres strictly to the principle of opposing any involvement in corruption.

In 2015 Rosneft implemented a policy for regional development and partnership with constituent entities of the

Russian Federation. The policy calls for involvement in social and charity programs in a wide range of areas, including health care, education and patriotic upbringing, support for sports, culture and the arts, assistance for disadvantaged groups, job creation, etc.

In its charitable activities, the Company pursues the following objectives:

- promotion of socioeconomic development in regions where Rosneft has a presence
- development of partnerships with local regions

RUB 2.3 TRILLION

WERE ROSNEFT TAX AND CUSTOMS PAYMENTS





- support for state policy in the field of education
- support for public health programs, physical education and sports, science and technology, environmental protection, etc.

In 2015 Rosneft maintained its status as one of Russia's largest taxpayers, making tax and customs payments of RUB 2.3 trillion, including RUB 212.9 billion to regional budgets.

SOCIAL PERFORMANCE IN 2015

Regional partnerships

Rosneft has a large number of socially oriented projects in its key regions of operation. These efforts help to create favorable economic, legal and organizational conditions for broad regional development and to promote the Company's business in constituent entities of the Russian Federation.

The programs are largely financed under partnership agreements with government bodies in regions of key importance for the Company. These are framework agreements concluded for several years. The obligations assumed under these agreements are performed in accordance with agenda that indicate the specific projects to be realized in a given region.

In 2015 Rosneft signed partnership agreements with the governments of the Republic of Ingushetia, the Republic of Karelia, the Republic of Sakha (Yakutia), Murmansk Region, Samara Region, Khanty-Mansi Autonomous District–Yugra,

IN 2015 ROSNEFT SPENT RUB 4,069 BILLION TO FINANCE SOCIOECONOMIC PARTNERSHIP AGREEMENTS WITH VARIOUS REGIONS

Irkutsk Region, the Kabardino-Balkar Republic, Yamalo-Nenets Autonomous District, Magadan Region, Krasnoyarsk Territory, Stavropol Territory, Primorye Territory, Khabarovsk Territory, Saratov Region and the Chechen Republic. The parties to these agreements are to cooperate on a number of specialized industrial, financial, investment and social programs. Agreements with 35 Russian regions were in effect during 2015.

In 2015 Rosneft spent RUB 4,069 billion to finance socioeconomic partnership agreements with various regions.

In Khanty-Mansi Autonomous District, a kindergarten building for 260 children is under construction in the Central District of Nizhnevartovsk, the bridge over the Ryazanka River is being thoroughly repaired, a section of Municipal Multidisciplinary High School No. 1 in Izluchinsk (Nizhnevartovsk District) is being rebuilt, streets and access drives in the City of Nefteyugansk are being upgraded, and construction has begun on a dormitory for small families. Funding was provided for a number of events: The 12th Boxing World Cup for Oil-Producing Countries in Memory of Farman Gurban oglu Salmanov, the 2014 World Free Pyramid Billiard Championship, a stage of the Biathlon World Cup, etc.

In the Chechen Republic, funds were allocated under a partnership agreement for the construction and reconstruction of waterworks and flood-control installations.

In Primorsky Territory, Rosneft is financing the construction of ice arenas.

In the Republic of Karelia, the Company is supporting state-funded educational and cultural institutions and is helping to restore Blagoveschensk Cathedral in the City of Kem.

In Saratov Region, funding was provided to complete the construction of a new section of Saratov Regional Children's Clinical Hospital.

In Murmansk Region, funds were allocated for the construction of an open sports and recreation center in a residential area of Roslyakovo Administrative District in the City of Murmansk.

In Samara Region, funds are traditionally provided to municipal administrations for the development of social infrastructure. The Company continues to finance the construction of ice rinks in the cities of Novokuybyshevsk and Syzran and the renovation of Neftyanik Cultural Center in Kuybyshev Subdistrict of Samara Urban District.



In the Republic of Ingushetia, under a partnership agreement, the Company provided substantial funding for the construction of a kindergarten building for 240 children and a school for 540.

In Khabarovsk Territory, funding was allocated for the development and popularization of football in the region.

In Krasnodar Territory, the bus fleet in Tuapse District was upgraded as a

social financing initiative. The Park of Culture and Leisure and the downtown riverside were landscaped in Tuapse, and funding was provided for the construction of a children's playground on Rabfakovskaya Street as well as for the illumination of buildings and streets in the city center. A portion of the funds was used to repair public road surfacing and ensure good sidewalks on city streets.



CONSTRUCTION OF A SCHOOL IN THE REPUBLIC OF INGUSHETIA

In 2015, under a partnership agreement between Rosneft and the Republic of Ingushetia, RUB 360 million in funding was provided for the construction of a school.

The general school for 540 children is located on 2.99 ha of land in the Village of Ordzhonikidzevskoye, Sunzha Municipal District, Ingushetia. In the floor plan, classroom areas are laid out by age and department. Recreation facilities are located adjacent to classroom areas.

The school, designed for 23 classrooms, is a three-story H-shaped building with sections divided by aseismic joints. It is to have elevators, a gymnasium, a basement and an underground crawl space, and the elementary school will have a separate entrance.

Expenditures for regional social projects, RUB million

	2013	2014	2015
Financing of regional social projects	3,684.7	1,667.0	4,069.1

Expenditures for regional social projects by area in 2015, RUB million

Areas of regional social financing	RUB million
Health care	147
Education and science	404.3
Sports	1,380.7
Culture	93.2
Preschools	282.7
Renewal of the cultural heritage	50
Infrastructure development	1,676.9
Other expenses	34.3 ⁶⁵

⁶⁵ Including support for veterans, the disabled, retirees, low-income families, youth organizations, city events and social and agricultural institutions.



Charity

Key charity initiatives, in accordance with Federal Law No. 135-FZ “On Charity and Charitable Organizations” and the Company’s goals, are as follows:

- the development of social infrastructure in the Company’s regions of operation
- support for veterans and the disabled, including retirees as well as employees and members of their families
- support for indigenous peoples of the North
- support for education, science, culture, the fine arts, patriotic upbringing and personal development

Rosneft’s charity expenditures, RUB million

Description	2013	2014	2015
Charity expenditures	1,429.9	2,572.8	2,282.5 ⁶⁶

Charity expenditures by category in 2015, RUB million

Description	RUB million
Health	36.1
Education and science	809.5
Sports	44.6
Culture	84.3
Preschools	2.5
Support for veterans, the disabled and people in need	144.9
Orphanages	15.8
Charities, NGOs, humanitarian aid	585.5
Renewal of the cultural heritage	435.7
Support for indigenous peoples of the North	39
Other	84.6 ⁶⁷

- support for general, occupational and higher educational institutions as well as Rosneft’s own training centers used for its corporate continuing education program, School–University–Company
- support for health care and disease prevention, promotion of a healthy lifestyle and improvement of the psychological climate
- environmental protection and wildlife preservation
- support for physical education and amateur sports.

In selecting specific projects and initiatives for funding, Rosneft gives priority to social and infrastructure projects that have the maximum social impact and directly affect the quality of life of the local population in its regions of operation (including the employees of Group entities). Charity projects are undertaken by decision of an authorized Rosneft management body in accordance with the approved business plan.

⁶⁶ In the 2015 annual report, charity provided to educational institutions in 2015 was indicated separately in the Youth Policy section and not included in Rosneft’s total charity expenditures for 2015.

⁶⁷ Including support for retirees, low-income families, youth organizations, city events and social and agricultural institutions.

The Company spent a total of RUB 2,283 million for charitable purposes in 2015.

Support for indigenous peoples of the North

Support for indigenous peoples of the North in Rosneft's regions of operation has traditionally been an important focus of the Company's charitable activity. Rosneft actively promotes the socioeconomic development of areas that are home to indigenous peoples

of the North and works to preserve the traditional way of life and cultural traditions of the indigenous population. Group entities in Sakhalin and Yamalo-Nenets Autonomous District as well as in Krasnoyarsk and Khabarovsk territories make a valuable contribution in this area. For example, to preserve the culture of indigenous peoples, the Company helps in organizing traditional events such as Reindeer Herder's Day in the Village of Kharampur on Yamal Peninsula.



POLAR BEAR PRESERVATION PROGRAM

Rosneft has a program for the preservation of endangered animal species, including polar bears. The world's polar bear population currently stands at 20,000-25,000 and may fall to a third of that by 2050 due to human interference. In 2015 Rosneft supported Russian zoos that have polar bears in Omsk Region, the Udmurt Republic, Krasnoyarsk Territory, Sverdlovsk Region, Perm Territory, Chelyabinsk Region and the Sakha Republic (Yakutia). The species preservation program includes improving the living conditions and care of the animals, enlarging and maintaining cages, monitoring the animals with modern equipment, improving security, etc.



Expenditures to support indigenous peoples of the North by category in 2015, RUB million

Description	2015
Expenditures for housing construction	0.08
Expenditures for infrastructure construction and maintenance	3.6
Software expenditures	47.4
Expenditures to preserve the native culture and for health-improvement programs	3.1

Expenditures to support indigenous peoples of the North, RUB million

Description	2013	2014	2015
Expenditures to support indigenous peoples of the North	57.6	102.4 ⁶⁸	54.1

⁶⁸ The value for 2014 includes payments of RUB 49.8 million to compensate losses incurred by traditional users of natural resources and reclamation work in connection with the construction of Company facilities.



SUPPORT PROVIDED BY EAST SIBERIAN OIL AND GAS COMPANY FOR INDIGENOUS PEOPLES OF THE NORTH

East Siberian Oil and Gas Company supports the indigenous population of Evenk District, Krasnoyarsk Territory, and works to preserve their traditional culture, way of life and ecosystem.

East Siberian Oil and Gas Company has supported the Sled Dog Sport Federation of Krasnoyarsk Territory since its founding. In 2015 the company acted as the general partner of the first Krasnoyarsk Open Cup (Siberia

85 kilometers is for sleds with teams of 4–6 dogs and skijoring, a form of mushing in which a skier covers the distance in free style, assisted by one or more dogs. The long distance of 340 kilometers, divided into five legs, is for sleds with teams of 6–8 dogs. The pace was fast, and the mushers covered the route in five days. Each leg of the race crossed several passes with differences in elevation of 300–400 meters.

information on reindeer migration was gathered and analyzed.

The Evenk Reindeer Project was launched in 2014. The first stage of the program involved a series of efforts to collect key data on the reindeer population: land and air surveys were done to determine the borders of the reindeer's winter ranges and the size of the animal population; the findings of air surveys were analyzed,



Quest Dog Sled Races). The race is distinguished by its unique route which follows the Sayan Mountains, the Stolby Nature Reserve and the Yenisei and Mana rivers. There were seven competitors from Krasnoyarsk Territory and Irkutsk, Omsk and Tyumen regions. The safety of the dog sledgers in the taiga was ensured by two snowmobile brigades of the Emergency Situations Ministry.

The Krasnoyarsk Open Cup includes two distances. The short distance of

In 2015 East Siberian Oil and Gas Company continued its work with Siberian Federal University on the Evenk Reindeer social and environmental project to preserve the largest population of wild reindeer. Research on the wild reindeer, which forms the basis of the ecosystem in the Evenk and Taimyr districts of Krasnoyarsk Territory, is vital for the indigenous peoples of the North. This is the first large-scale study of the reindeer population in Russia in over twenty years, and a large volume of

and information was gathered from the local people. As a result of these efforts, a lost population of Evenk reindeer was found. In the second stage of the project, scientists were able to trace the reindeer's migration. In future, experts will do a detailed assessment of current threats to the reindeer, and a joint plan of action will be developed to reduce these risks.



Sports and cultural events

Summer and Winter Spartakiads

Summer and winter multi-event competitions, known in Russia as Spartakiads, are an essential component of the Company's program aimed at promoting a healthy lifestyle among employees. Corporate sports events allow Rosneft employees to be active and give them an opportunity to demonstrate their sporting achievements. Around 25,000 employees of 92 Group entities took part in the 2015 Spartakiads.

The Fifth Winter Spartakiad was held in Krasnoyarsk from 1 to 7 March, with venues including the Biathlon Academy's ski runs and the ice rinks of the Rassvet and Pervomaysky sports arenas. Around 400 employees of 21 Group entities and Rosneft's management team competed in four events: ice hockey, cross-country skiing, speed skating and team relay

luge. The Achinsk Oil Refinery VNK team came in first for the second year in a row, followed by the Angara team set up by several Rosneft entities in East Siberia and the RN Fire Safety team.

The Eleventh Summer Spartakiad was held in two stages: regional and corporate-wide events. The finals of the summer games were held in Sochi from 22 to 26 September. Seventeen employee teams and one management team comprising more than 700 participants competed in 14 events: futsal, volleyball, basketball, sprints, relay races, table tennis, tug-of-war, weightlifting, chess, shot put, billiards and bowling. The Angara team walked away with the gold prize for the third year in a row. The Samaraneftgaz team came in second, and the RN Security team was third. The jury also selected winners in three special categories: Best Disciplined Team, Most Committed Team and Most Progressive Team.





MORE THAN **5,000**

EMPLOYEES PARTICIPATED
IN «ROSNEFT LIGHTS THE STARS»
IN 2015

“Rosneft Lights the Stars” Festival

In 2015, Rosneft held its fifth annual corporate festival “Rosneft Lights the Stars”, which brought together more than 5,000 employees from 89 Group entities. Also involved were employees’ children from 7 to 18 years of age, Rosneft Class participants, students studying industry disciplines at the Company’s partner universities and holders of Rosneft scholarships. The participants showcased their talent in the categories of vocal and instrumental music, dance, magic, circus art, fine arts and photography.

The festival was held in three stages: a qualifying round at Group companies, local contests in Krasnodar, Moscow, Samara and Krasnoyarsk, and finals that featured a gala event at the Russian Army Theater in Moscow. The 2015 event was held in commemoration of the 70th anniversary of the Soviet Union’s victory in the Great Patriotic War.





Independent Assurance Report on the Sustainability Report 2015

To the Board of Directors and Stakeholders of Rosneft Oil Company

Identification and description of the subject matter

At the request of Rosneft Oil Company (hereinafter 'Rosneft') we have provided a limited level assurance on the qualitative and quantitative information disclosed in the Sustainability Report 2015 of Rosneft (hereinafter 'the Report') except for the following matters:

- ▶ Forward-looking statements on performance, events or planned activities of Rosneft; and
- ▶ Correspondence between the Report and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting developed by the International Petroleum Industry Environmental Conservation Association and American Petroleum Institute ('IPIECA/API'), Basic Performance Indicators issued by the Russian Union of Industrialists and Entrepreneurs ('RUIE'), and UN Global Compact principles.

Identification of the criteria

The criteria of our engagement were the GRI Sustainability Reporting Framework (hereinafter 'the GRI Framework'), including version G4 of the Sustainability Reporting Guidelines (hereinafter 'the GRI G4 Guidelines') and the sustainability reporting principles of Rosneft as set out in section 'About the report' on pages 10-11 of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of Rosneft is responsible for the preparation of the Report and for the information therein to represent fairly in all material respects sustainability policies, activities, events and performance of Rosneft for the year ended December 31, 2015 in compliance with the GRI Framework and the sustainability reporting principles of Rosneft that are described in section 'About the report' on pages 10-11 of the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusions that:

- ▶ The information in the Report is, in all material respects, a reliable and sufficient representation of sustainability policies, activities, events and performance of Rosneft for the year ended December 31, 2015;
- ▶ The Report is prepared 'in accordance' with the GRI G4 Guidelines using the Core option.

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by IFAC, and accordingly included the following procedures:

- ▶ Interviews with representatives of Rosneft management and specialists responsible for its sustainability policies, activities, performance and relevant reporting,
- ▶ Analysis of key documents related to Rosneft sustainability policies, activities, performance and relevant reporting,
- ▶ Analysis of Rosneft's stakeholder engagement activities via reviewing minutes of stakeholder meetings conducted by Rosneft,
- ▶ Benchmarking of the Report against sustainability reports of selected international and Russian peers of Rosneft and lists of sector-specific sustainability issues raised by stakeholders,
- ▶ Review of a selection of corporate and external publications with respect to Rosneft sustainability policies, activities, events, and performance in 2015,
- ▶ Analysis of material issues in field of sustainable development identified by the Company,
- ▶ Identification of sustainability issues material for Rosneft based on the procedures described above and analysis of their reflection in the Report,
- ▶ Review of data samples regarding human resources, use of energy resources, environmental protection, health and safety, and charitable activities for key indicators for the year ended December 31, 2015, as well as data collection processes to assess whether these data have been collected, prepared, collated and reported appropriately at the central office level,

- ▶ Visit to the Rosneft oilfield services subsidiary — RN-Burenie LLC — in order to interview executives responsible for human resources, energy supply and efficiency, health, safety and environmental aspects of the operations and gather evidence supporting the assertions on Rosneft sustainability policies, activities, events, and performance made in the Report,
- ▶ Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the central office level,
- ▶ Assessment of compliance of the Report and its preparation process with Rosneft's sustainability reporting principles, and
- ▶ Assessment of compliance of information and data disclosures in the Report with the requirements of the Core option of reporting 'in accordance' with the GRI G4 Guidelines.

We believe that our procedures provide a basis on which we can provide limited assurance. Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that the information in the Report does not represent fairly in a material respects the sustainability policies, activities, events and performance of Rosneft for the year ended December 31, 2015 in accordance with the GRI Framework and sustainability reporting principles of Rosneft.

Nothing has come to our attention that causes us to believe that the Report is not prepared 'in accordance' with the GRI G4 Guidelines using the Core option.

*Ernst & Young Valuation
and Advisory Services, LLC*

Moscow
26 August 2016

ANNEX 1

PROGRESS AGAINST THE 2015 OBJECTIVES SET IN THE 2014 SUSTAINABILITY REPORT. OBJECTIVES FOR 2016-19

Objective	Progress
INNOVATION	
Undertake the activities included in the Innovation Program	The majority of the Program's KPIs set for 2015 were achieved.
Implement Program Innovation Projects as scheduled	<p>A project was completed to develop a computer-aided technology for the processing of 3D seismic data from unconventional hydrocarbon plays in fractured-cavernous reservoirs.</p> <p>Rosneft developed and introduced a 3D reservoir modeling tool and a geosteering program for horizontal and sidetrack drilling using an innovative technology that outperforms competing techniques.</p> <p>The Company developed a mini-channel reactor and technology for small-scale Fischer-Tropsch-based GTL processes for the conversion of natural/associated petroleum gas into synthetic crude oil.</p> <p>Two expeditions, Kara-Winter 2015 and Kara-Summer 2015, were organized by Rosneft in cooperation with the Arctic Research and Design Center for Offshore Developments and the Arctic and Antarctic Research Institute.</p> <p>A project was completed to develop catalysts for hydrotreating diesel fraction and pre-hydrotreating gasoline fraction.</p> <p>Rosneft developed an advanced technology to produce synthetic oils based on polyalphaolefin (PAO) with a high viscosity of 140 to 170, a low freezing point from minus 50 degrees Celsius to minus 65 degrees Celsius, and improved thermal and oxidative stability.</p> <p>The Company developed an experimental technology for manufacturing ruthenium catalysts using diethyl for the metathesis polymerization of dicyclopentadiene (DCPD) with an annual capacity of 6 kg.</p>
Implement the Innovative Technology and Pilot Testing Program	Under the 2011-14 Innovative Technology and Pilot Testing Program, the Company deployed 137 tested technologies worth a total of RUB 15.9 billion. The technologies helped to increase oil production by 2,668,000 tonnes and yielded an economic effect of RUB 1,642.7 million.
ENVIRONMENTAL SAFETY	
Develop a Biodiversity Preservation Program	<p>The Company developed and adopted a Program for the Preservation of the Biological Diversity in the Marine Ecosystems for its license blocks in Russia's Arctic region.</p> <p>The Program was presented and discussed in the context of relevant program tasks and development policies of Russia's energy sector at a joint forum staged by UNDP/GEF and the Russian Ministry of Natural Resources.</p> <p>A monitoring framework was implemented to analyze progress toward the Program's objectives.</p>

Objective	Progress
Develop an algorithm for integrating environmental targets	<p>The Company established an environmental target-setting mechanism that was adopted as part of its Long-term Development Program.</p> <p>The Company's environmental targets were integrated into 2016-20 business plans across the Group.</p> <p>The Company drafted an internal Regulation to integrate environmental targets into strategic planning.</p>
Establish uniform environmental requirements for contractors	<p>The Company established and approved standard environmental requirements for contractors engaged by Rosneft or its entities for the following services:</p> <ul style="list-style-type: none"> • Environmental supervision services • Full remediation of disturbed and/or contaminated land (technical and biological phases) • Waste management services • Baseline environmental conditions monitoring and laboratory testing • Sludge pit removal, including the burial, decontamination and/or disposal of drilling wastes (mud and cuttings), and the remediation of adjacent land. <p>The Company developed a concept for managing HSE aspects of its contractor relations, with such concept reflected in a relevant draft internal document.</p>
Raise APG utilization at Russian upstream assets to 84.3%	As a result of measures taken under the Gas Investment Program in 2015, the Company raised APG utilization to 87.9%.
Meet the minimum energy efficiency target of 862,000 ⁶⁹ tce, or 14.1 million GJ	The energy efficiency in 2015 was 1,014,000 ⁷⁰ tce, or 17.3 million GJ.
OCCUPATIONAL HEALTH AND SAFETY	
Reduce the incidence rate of non-fatal injuries per million hours worked	Incidence rate of non-fatal injuries was reduced to 0.327 from 0.330 in 2014.
Arrange for a re-certification audit of the occupational health and safety management system to assess its compliance with the requirements of the OHSAS 18001 standard in specific manufacturing or service operations for the purposes of obtaining and maintaining accredited certification during a certification period of 3 years	Following the ISO 14001 and OHSAS 18001 compliance audit on the integrated HSE system, the Company received an unqualified audit report and registration certificates No. OHS 634066 and No. OHS 634065.
Perform walkthroughs of the integrated OHS management system across Group entities and recommend improvements	A detailed schedule of inspections was established, all inspections were performed on schedule, with relevant findings and recommendations communicated to relevant recipients
Implement the 2015 target programs for upgrading and enhancing fire protection capabilities across (i) oil and gas production entities, and (ii) gas processing, oil refining and distribution entities	The Company approved specifications for fire engines to be purchased by Group entities under relevant target programs.
Revise internal regulations and standards and develop new ones in accordance with the established schedule	The activities scheduled for 2015 were completed.
Achieve at least a 5% annual reduction in pipeline accidents in line with the four-year program to improve the safety of the pipeline network	As a result of program initiatives implemented in 2015, the rate dropped by 6.4% from the level reported in 2014.
EMPLOYEES	
Develop labor efficiency indicators for business segments and for the Company as a whole and integrate them into business plans for 2016-20	<p>High-level labor efficiency indicators for business segments and for the Company as a whole were discussed and approved.</p> <p>An action plan to improve labor productivity was drawn up and incorporated into the Company's Long-Term Development Program.</p> <p>The target 2016 labor efficiency indicator for the Company as a whole (expressed as EBITDA per employee) was calculated and included as one of the metrics in the Company's Business Plan.</p> <p>The approved labor efficiency indicators for the Company's core business segments were communicated to Group entities for use in business planning.</p> <p>Effective in 2016, labor efficiency indicators across relevant job duties were included in annual KPIs of the Company's top managers and heads of Group entities.</p>
Roll out the single corporate template for personnel accounting and payroll that was earlier introduced at a selected group of entities on a trial basis	<p>A project was launched at five Group entities to roll out the previously created single corporate template on the SAP platform. The solution was put into pilot operation after the completion of pre-project studies, which included a gap-analysis.</p> <p>Work was started to create a similar template solution on the 1C platform for small Group entities.</p>

⁶⁹ This equals 480,960 tce in accordance with GOST R 51750-2001 Standard.

⁷⁰ This equals 589,11 tce in accordance with GOST R 51750-2001 Standard.

Objective	Progress
Continue work to develop and introduce model organizational structures for business functions	<p>The model organizational structure for the Tax Management function was introduced.</p> <p>The model organizational structure for the Personnel and Social Programs function was introduced across business segments, with the exception of Exploration and Production.</p> <p>The updated model organizational structure for the Health, Safety and Environment function was communicated to Group entities.</p> <p>The model organizational structure was approved for the Geology and Development sub-segment of the Oil and Gas Production segment.</p>
Approve and adopt a draft Regulation on Rotation of the Company's First- and Second-Tier Managers	Approve and adopt a draft Regulation on Rotation of the Company's First- and Second-Tier Managers
<p>Continue with the special innovation project to introduce competency-based performance evaluation and career development across all business segments:</p> <ul style="list-style-type: none"> • Implement competency-based performance evaluation and career development across Geology and Development, Site Survey and Investigation, Oil and Gas Production, Oil Refining, and Offshore Projects • Develop a methodology for Drilling, Distribution and Sales, Logistics and Transport, Materials and Supplies, Procurement, Economics and Finance, and HR Management 	<p>The Company continued work on the special innovation project to introduce competency-based performance evaluation and career development across all business segments in collaboration with Gubkin Russian State University of Oil and Gas, Tomsk Polytechnic University and leading advisory firms in Russia. Work is in progress to develop competency maps.</p> <p>Employee performance evaluation was conducted on a trial basis across Production (Supporting Business Processes), Distribution and Sales, and Logistics and Transport, covering over 2,000 employees.</p> <p>The Company continued to develop competency maps for Supplies, Logistics and Transport, Capital Construction, Economics and Finance, and Energy Efficiency.</p> <p>Tools for evaluating knowledge and skills in 10 key professions were introduced in Downstream segments, with over 1,500 blue-collar staff evaluated.</p>
Build group-wide occupational medicine capabilities. Develop a methodology for conducting a comprehensive audit of on-site medical services across the Company's production facilities.	The Company built occupational medicine capabilities, with relevant competency plans developed and introduced. In 2015 a comprehensive audit was done of all medical departments in Group entities. Prior to the audits, a uniform evaluation methodology was developed and standardized in the form of a checklist, and evaluation criteria were developed for medical stations, including requirements with respect to the condition of equipment and materials as well as licensing and reporting requirements.
Adopt a Regulation on the Organization of Emergency Medical Aid at Group entities	Regulation No. PZ-09 P-0127 (version 1.00), "The Organization of Emergency Medical Aid at Group Entities" was adopted by Order No. 162 of 20 April 2015.
Develop and phase in a corporate program to promote a healthy lifestyle	An annual program to promote a healthy lifestyle among Company employees was approved in March 2015 by the vice president in charge of that activity.
Unify voluntary health insurance (VHI) plans for Moscow-based employees of Group entities	<p>VHI plans were unified into four standard levels, with two additional plans established for children.</p> <p>The unified criteria are planned to be applied to 2017-19 VHI services for Group entities to be acquired in 2016 through a centralized process.</p>
SOCIETY	
Continue engagement with local communities, including through agreements with local authorities on social and economic partnership	In 2015 Rosneft signed partnership agreements with the governments of the Republic of Ingushetia, the Republic of Karelia, the Republic of Sakha (Yakutia), Murmansk Region, Samara Region, Khanty-Mansi Autonomous District–Yugra, Irkutsk Region, the Kabardino-Balkar Republic, Yamalo-Nenets Autonomous District, Magadan Region, Krasnoyarsk Territory, Stavropol Territory, Primorye Territory, Khabarovsk Territory, Saratov Region and Chechen Republic. The parties are to cooperate on a number of specialized industrial, financial, investment and social programs.

OBJECTIVES FOR 2016-19

2016	2017-2019
INNOVATION	
Undertake the activities included in the Innovation Program	<p>Maintain the reserve replacement rate at or above the 100% benchmark</p> <p>Achieve maximum allowable recovery rates from new fields and take systemic steps to increase recovery rates from mature fields</p> <p>Develop technologies to promote the economic viability of unconventional hydrocarbons</p> <p>Increase refining complexity</p> <p>Introduce new residue-conversion and petrochemical technologies</p>
ENVIRONMENTAL SAFETY	
Develop a package of measures to improve environmental awareness	Achieve environmental targets established in the 2025 Long-term Development Program
Develop standards for production and consumption waste management and the remediation of disturbed and contaminated land	
Contribute to a re-certification audit to establish the conformity of the integrated HSE system to ISO 14001 and take steps to align corporate practices with the requirements to ISO 14001:2015 "Environmental Management Systems"	
Raise APG utilization at Russian upstream assets to 88%	Raise APG utilization at current fields to 95% by 2020
OCCUPATIONAL HEALTH AND SAFETY	
Reduce the incidence rate of non-fatal injuries per million hours worked	Implement the 2020 Program of Enhanced Job Safety and Informed Leadership in Health, Safety and Environment
Enhance hazard identification and risk assessment processes	
Implement the target program for upgrading and enhancing fire protection capabilities across Group entities until the end of 2016	Develop a target program to bring the Company's facilities in compliance with fire safety regulations and implement it until the end of 2020
EMPLOYEES	
Develop and approve a standard Staff Handbook for Group entities	Establish a Corporate Training Center as a key enabler for developing and maintaining a sustainable talent pipeline and realizing the Company's innovative and intellectual potential
Develop a system of project rewards for employees	Develop and introduce a personnel retention program, including the retention of personnel in remote and disadvantaged regions
Update existing bonus plans across Group entities based on integral industry ratings	Establish a single HR data management system, leveraging automation and unification capabilities to the greatest extent possible
Continue to roll out the single SAP/1C corporate template for personnel accounting and payroll that was earlier introduced at a selected group of entities on a trial basis	Optimize HR processes to meet the Company's needs. Develop/update internal regulations governing HR management processes
Promote the Company's active involvement in establishing a national system of competencies and qualifications	
SOCIETY	
Continue engagement with local communities, including through agreements with local authorities on social and economic partnership	

ANNEX 2

GRI CONTENT INDEX. CORRESPONDENCE BETWEEN THIS REPORT AND SUSTAINABILITY REPORTING GUIDELINES OF GLOBAL REPORTING INITIATIVE (GRI G4), THE OIL AND GAS INDUSTRY GUIDANCE ON VOLUNTARY SUSTAINABILITY REPORTING BY IPIECA/ API (2010), UN GLOBAL COMPACT 'TEN PRINCIPLES' AND THE RUIE BASIC PERFORMANCE INDICATORS FOR NON-FINANCIAL REPORTING (2008)

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
GENERAL STANDARD DISCLOSURES						
Strategy and analysis						
	G4-1	Statement from the Chairman of the Management Board about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Message from the Chairman of the Board of Directors Message from the Chief Executive Officer		4-5	✓
	G4-2 IPIECA-HS4	Description of key impacts, risks, and opportunities	Message from the Chief Executive Officer Management of sustainable development Risk management and internal control Stakeholder engagement Occupational health and safety Environment Employees Society Annex 1. Progress against the 2015 objectives set in the 2014 Sustainability Report. Objectives for 2016-19		4-5, 34-47, 52-55, 62-72, 84-85, 106, 116-119	✓
For more information, please visit https://www.rosneft.ru/ .						
Organizational profile						
	G4-3	Name of the organization	Contacts		140	✓
	G4-4	Primary brands, products, and services Primary products include oil, gas and refined products.	The Company in 2015: general information		14-18	✓
	G4-5	Location of the organization's headquarters	The Company's head office is located in Moscow.		140	✓

⁷¹ Unless stated otherwise, the aspect boundaries comprise Rosneft and Group entities in accordance with the scope indicated in the Reporting boundaries section.

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
	G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	The Company in 2015: general information		14-18	✓
		See the 2015 Annual Report (1.1. Assets and regions of operation in 2015, and 1.2. Company structure, pp. 12-15)				
	G4-7	Nature of ownership and legal form	The Company in 2015: general information		14-18	✓
		See the 2015 Annual Report (Section 5: Information for shareholders and investors — 5.1. Share capital, pp. 152-153)				
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)				✓
		See the 2015 Annual Report (Improving sales efficiency of oil, gas, petroleum products and petrochemicals, pp. 102-109; Appendix 1: Consolidated financial statements, Note 9: Segment information, pp. 223-224; Appendix 6: Audit report on the financial statements, Note 25: Segment information, pp. 305-306)				
	G4-9	Scale of the organization	Key sustainability performance indicators Employees		6-8, 84-85	✓
		See the 2015 Annual Report (Operating and financial highlights in 2015, pp. 45-48; Appendix 1: Consolidated financial statements, Note 9: Segment information, pp. 223-224, Note 40: Key subsidiaries, p. 243; Appendix 6: Audit report on the financial statements, Note 25: Segment information, pp. 305-306, and Balance sheet at 31 December 2015, p. 276)				
	G4-10 RUIE – 3.1.1	Number of employees	Key sustainability performance indicators Employees — HR management system — Staff structure		6-8, 84-86	✓
		91.4% of Company employees are hired under permanent employment contracts and 99.5% of employees work on a full-time basis. 66% are men and 34% are women.				
	G4-11 UN GC Principle 3 RUIE – 3.1.4	Percentage of total employees covered by collective bargaining agreements	Employees — HR management performance in 2015 — Collective bargaining agreement		102	✓
	G4-12	Description of the organization's supply chain				✓
		See the 2015 Annual Report (Business model, pp. 36-37)				
	G4-13	Description of any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	The Company in 2015: general information		14-18	✓
	G4-14 IPIECA-EN5, HS4	Reporting whether and how the precautionary approach or principle is addressed by the organization				✓
		The Company considers it important to conduct an environmental impact assessment that provides inputs for measures to mitigate any negative environmental impact from future operations.				

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
	G4-15 RUIE – 3.3.4	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses				✓
		In 2009, the Company joined the UN Global Compact and the Social Charter of Russian Business, and it has endorsed the Anti-Corruption Charter of Russian Business since 2013.				
	G4-16 RUIE – 3.3.5	Memberships of associations (such as industry associations) and national or international advocacy organizations				✓
		The Company is a member of the following initiatives and organizations: UN Global Compact Social Charter of Russian Business Russian National Committee of the World Petroleum Council Union of Oil & Gas Producers of Russia Board of Trustees of Gubkin Russian State Oil and Gas University Chamber of Commerce and Industry of the Russian Federation Canada-Russia Business Council Nonprofit Partnership Russian National Committee for UNEP (UNEPCOM)				
Identified material aspects and boundaries						
	G4-17	List of all entities included in the organization's consolidated financial statements or equivalent documents. Report on whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	About the Report — Reporting boundaries		11	✓
		See the 2015 Annual Report (Appendix 1: Consolidated financial statements, Note 40: Key subsidiaries, p. 243).				
	G4-18	Process for defining the report content and the Aspect Boundaries. Reporting principles for defining report content	About the Report		10-11	✓
	G4-19	List of all the material Aspects identified in the process for defining report content	About the Report This Annex		10-11	✓
	G4-20	Description of the Aspect Boundary within the organization for each material Aspect	About the Report This Annex		10-11	✓
	G4-21	Description of the Aspect Boundary outside the organization for each material Aspect	About the Report This Annex		10-11	✓
		The boundaries for OHS comprise both the Rosneft Group and the contractors working at the production facilities of Group entities.				

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
	G4-22	Description of any restatements of information provided in previous reports, and the reasons for such restatements	About the Report Key sustainability performance indicators Occupational health and safety — OHS performance in 2015 Environment — Environmental protection performance in 2015		6-8, 10-11, 60, 78-80	✓
		The development and improvement of the corporate reporting system and changes in the reporting boundaries and retrospective information are the key reasons for the restatements of information provided in the Report.				
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	About the Report		10-11	✓
Stakeholder engagement						
	G4-24	List of stakeholder groups engaged by the organization	About the Report Stakeholder engagement		44	✓
	G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder engagement		44	✓
		The Company engages with all stakeholder groups which influence the Company's activities and which are influenced by the Company's activities.				
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Corporate Governance Stakeholder engagement Employees Society		32-33, 44, 84-85, 106	✓
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Stakeholder engagement		44-47	✓
Report profile						
	G4-28	Reporting period	About the Report		10	✓
	G4-29	Date of most recent previous report				✓
		Rosneft Sustainability Report 2014 was published in October 2015.				
	G4-30	Reporting cycle	About the Report		10	✓
	G4-31	Contact point for questions regarding the report or its contents	Contacts		140	✓
	G4-32	'In accordance' option the organization has chosen GRI Content Index for the chosen option Reference to the External Assurance Report	About the Report The external assurance statement for 2015 Sustainability Report This Annex		10-11, 114	✓
	G4-33	Policy and current practice with regard to seeking external assurance for the report	About the Report The external assurance statement for the 2015 Sustainability Report This Annex		10-11, 114	✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Governance						
	G4-34 IPIECA-HS4	Governance structure of the organization, including committees of the highest governance body and committees responsible for decision-making on economic, environmental and social impacts	Corporate governance		28-32	✓
See the 2015 Annual Report (Corporate governance system, pp. 114-149, Rosneft Board of Directors, pp. 124-127)						
	G4-36	Report on whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Corporate governance		28-31	✓
Ethics and integrity						
	G4-56 UN GC Principle 10	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Management of sustainable development		34-36	
For more information, please visit https://www.rosneft.ru/Investors/corpgov/						
Sustainable Development Policy https://www.rosneft.ru/upload/site1/document_file/174291/1.pdf						
Code of Business and Corporate Ethics https://www.rosneft.ru/upload/site1/document_file/Kodeks_rus(2).pdf						
	G4-57 UN GC Principle 10	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Management of sustainable development — Ethical management framework; Prevention of fraud and corruption		34-37	✓
	G4-58 UN GC Principle 10	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Management of sustainable development — Ethical management framework; Prevention of fraud and corruption		34-37	✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
SPECIFIC STANDARD DISCLOSURES						
CATEGORY: ECONOMIC						
Economic performance	G4-DMA RUIE – 1.1	Disclosures on management approach				✓
		See the 2015 Annual Report (Assessment of meeting KPIs, pp. 44-48)				
	G4-EC1 IPIECA-SE4, SE13 RUIE – 1.2, 1.3, 1.4, 1.5, 1.6, 1.7	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Key sustainability performance indicators		6	✓
	G4-EC3 RUIE – 1.8	Coverage of the organization's defined plan obligations	Employees — HR management performance in 2015 — Corporate pension benefits and care for veterans		103	✓
		According to the findings from the actuarial valuation of Neftegarant Non-state Pension Fund in 2015, the fund's current financial position is stable and it is virtually certain that the fund will be able to meet its obligations (see http://www.neftegarant.ru/pokazateli/act.php).				
G4-EC4	Financial assistance received from government				✓	
	In a number of regions, the Company and Group entities benefit from tax reliefs, mainly for MET, income tax and property tax, in accordance with federal and regional legislation					
Indirect economic impacts	G4-DMA	Disclosures on management approach	Message from the Chairman of the Board of Directors Message from the Chief Executive Officer Society		2-5, 106	✓
	G4-EC7 IPIECA-SE7	Development and impact of infrastructure investments and services supported	Key sustainability performance indicators Society — Social performance in 2015		8, 107-111	✓
	G4-EC8 IPIECA-SE6	Significant indirect economic impacts, including the extent of impacts	Message from the Chairman of the Board of Directors Message from the Chief Executive Officer Import substitution and localization Society		2-5, 22, 107-111	✓
Procurement and localization practices	G4-DMA	Disclosures on management approach	The Company in 2015: general information — Import substitution and localization		21-22	✓
		The Company uses competitive bidding procedures to select vendors. All other factors being equal, preference is given to local bidders				
G4-EC9 IPIECA-SE5	Proportion of spending on local suppliers at significant locations of operation	The Company in 2015: general information — Import substitution and localization		21-22	✓	
Proved reserves	G4 OG-DMA	Disclosures on management approach				✓
		See the 2015 Annual Report (Rosneft resource base and production map and Exploration and reserves replacement, pp. 56-61)				
GRI G4 OG1	Volume of proved reserves and production	Key sustainability performance indicators		6	✓	

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
CATEGORY: ENVIRONMENTAL (UN GC Principles 8 and 9)						
Energy consumption	G4-DMA	Disclosures on management approach	Environment — Energy consumption and energy efficiency		81-83	✓
	G4-EN3	Energy consumption within the organization	Environment — Energy consumption and energy efficiency		81-83	✓
	UN GC Principles 7, 8	Group entities use various fuels, primarily natural gas and associated petroleum gas, as well as fuel oil (87% and 10% of total fuel consumption, respectively).				
	IPIECA-E2					
	RUIE – 2.2					
	G4-EN6	Reduction of energy consumption	Environment — Energy consumption and energy efficiency		81-83	✓
UN GC Principles 8, 9	The implementation of the Energy Saving Program resulted in energy savings of 17.3 million GJ in 2015 (heat, electricity and fuel).					
IPIECA-E2						
GRI G4 OG3	Total amount of renewable energy generated by source			The indicator is disclosed partially.		✓
IPIECA-E3				Information is not available due to insignificant volumes of renewable energy generation. The Company intends to start recording this type of energy when it begins using it more extensively.		
		At present, the amount of generated renewable energy represents an insignificant portion of total energy generation.				
Water	G4-DMA	Disclosures on management approach	Environment — Environmental protection performance in 2015 — Water consumption and wastewater discharge		75-76	✓
	G4-EN8	Total water withdrawal by source	Key sustainability performance indicators		76	✓
	UN GC Principles 7, 8		Environment — Environmental protection performance in 2015 — Water consumption and wastewater discharge			
	IPIECA-E6					
	RUIE – 2.3	According to its data collection methodology, the Company publishes data on total water withdrawal, including rainwater, wastewater and bottom water.				
	G4-EN9	Water sources significantly affected by withdrawal of water				✓
UN GC Principle 8	The Company identified no significant impacts of water withdrawal on water sources. The volume of water withdrawn from surface and ground sources is within the allowable level.					
IPIECA-E6						
G4-EN10	Percentage and total volume of water recycled and reused	Environment — Environmental protection performance in 2015 — Water consumption and wastewater discharge		77	✓	
UN GC Principle 8						
IPIECA-E6						
RUIE – 2.4	In 2015, the percentage of water recycled and reused was around 45.58% [1.467 mcm].					

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Ecosystem services, including biodiversity	G4-DMA	Disclosures on management approach	Environment — Environmental management system — Special protection and environmentally sensitive areas		72	✓
	G4-EN11 UN GC Principle 8 IPIECA-E5	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment — Environmental management system — Special protection and environmentally sensitive areas		72	✓
		<p>The Company conducts exploration activities in some nature reserves of the Yamalo-Nenets Autonomous District, Krasnoyarsk Territory, Arkhangelsk Region and the Republic of Sakha, and in the Sea of Okhotsk, the Kara Sea and the Barents Sea. It also extracts, treats and transports oil in the wildlife sanctuaries and wetlands of Krasnodar Territory, in the Verkhnee Dvuobye wetlands, in the Yugansky state nature reserve in the Khanty-Mansi Autonomous District, in various specially protected areas in the Samara region, including the Sprygin Zhigulevsky state nature reserve, and near the More-Yu wildlife sanctuary and the Pym-Va-Shor natural monument in the Nenets Autonomous District. In addition, the Company conducts oil and gas extraction, treatment and transportation activities in the areas with natural resources traditionally used by indigenous peoples of the North and sells oil products in the vicinity of, or in, various specially protected areas, including the Utrish state nature reserve, the Losiny Ostrov, Samarskaya Luka, Tunkinsky and Pribaykalsky national parks, the Baikal nature reserve, the Teberdinsky state nature reserve, the Kumysnaya Polyana nature park and the Vysokovsky Bor natural monument.</p> <p>The Company is committed to full compliance with regulatory requirements and observes stricter environmental standards when working in these areas.</p>				
	G4-EN12 UN GC Principle 8 IPIECA-E5, HS4	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environment — Environmental management system — Special protection and environmentally sensitive areas	The indicator is disclosed partially.	72	✓
		<p>The main impacts on biodiversity come from Rosneft's exploration, production, treatment, transportation and marketing activities and generally last for as long as the Company leases or operates production facilities. The Company does not exert any irreversible impact on biodiversity. The most common impacting factors are the pollution of areas and the construction and use of production facilities.</p>				
G4-EN13 UN GC Principle 8 IPIECA-E5	Habitats protected or restored	Environment — Environmental protection performance in 2015 — Waste management and contaminated land remediation	The indicator is disclosed partially.	78-79	✓	
	<p>The final stage of land remediation is an independent assessment. Land remediation is evidenced by certificates of acceptance to be submitted to local authorities.</p>					

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Ecosystem services, including biodiversity	G4-EN14 UN GC Principle 8	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk				✓
		<p>Areas affected by the Company's operations are home to 246 species from the IUCN Red List and the national conservation list:</p> <p>Critically endangered (IUCN): 5 species</p> <p>Endangered (IUCN): 1 species</p> <p>Vulnerable (IUCN): 12 species</p> <p>Near threatened (IUCN): 27 species</p> <p>Least concern (IUCN): 41 species</p> <p>Threatened with extinction (Russia): 10 species</p> <p>Rare (Russia): 103 species</p> <p>Decreasing in number (Russia): 25 species</p> <p>Uncertain status (IUCN, Russia): 22 species</p> <p>Species with habitats in areas affected by the Company's operations include gray whale, cachalot, reindeer, grey heron, golden eagle, Eurasian otter, pond turtle, sturgeon and others. The Company analyzes its impact on the above species and strives to mitigate it.</p>				
	GRI G4 OG4 IPIECA-E5, HS4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	Environment — Environmental management system — Special protection and environmentally sensitive areas		72	✓
		In 2015, the percentage of significant operating sites in which biodiversity risk has been assessed was 13.08% (31 sites).				
Air pollution	G4-DMA	Disclosures on management approach	Environment — Environmental protection performance in 2015 — Air pollution		72-73	✓
	G4-EN15 UN GC Principles 7, 8 IPIECA- E1 RUIE – 2.5	Direct greenhouse gas emissions (Scope 1)	Environment — Environmental protection performance in 2015 — Greenhouse gas emissions		74	✓
	G4-EN16 UN GC Principles 7, 8 IPIECA- E1 RUIE – 2.5	Energy indirect greenhouse gas emissions (Scope 2)	Environment — Environmental protection performance in 2015 — Greenhouse gas emissions		74	✓
	G4-EN17 UN GC Principles 7, 8 IPIECA- E1	Other indirect greenhouse gas emissions (Scope 3)	Environmental protection — Environmental protection performance in 2015 — Greenhouse gas emissions		74	✓
	G4-EN18 UN GC Principle 8 IPIECA- E1	Greenhouse gas emissions intensity	Environmental protection — Environmental protection performance in 2015 — Greenhouse gas emissions		74	✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Выбросы в атмосферу	G4-EN20 UN GC Principles 7, 8 IPEICA-E7	Emissions of ozone-depleting substances The Company does not use any ozone-depleting substances on an industrial scale.				✓
	G4-EN21 UN GC Principles 7, 8 IPEICA-E7 RUIE – 2.6	NO _x , SO _x and other significant air emissions	Key sustainability performance indicators Environment – Environmental protection performance in 2015 – Air pollution		73	✓
Air pollution	G4-DMA	Disclosures on management approach	Environment – Environmental protection performance in 2015 – Water consumption and wastewater discharge – Waste management and contaminated land remediation		75, 78	✓
	G4-EN22 UN GC Principle 8 IPEICA-E9 RUIE – 2.7	Total water discharge by quality and destination According to its data collection methodology, the Company publishes data on total effluents (those of its own and of third parties) discharged via a centralized wastewater disposal system of its own and of third parties. The Company also publishes data on domestic wastewater discharge.	Key sustainability performance indicators Environment – Environmental protection performance in 2015 – Water consumption and wastewater discharge	The indicator is disclosed partially. Due to the scale of the Company's operations, it is impossible to present information by destination.	77	✓
	G4-EN23 UN GC Principle 8 IPEICA-E10 RUIE – 2.8	Total weight of waste by type and disposal method	Environment – Environmental protection performance in 2015 – Waste management and contaminated land remediation		78	✓
Effluents and waste	G4-EN24 UN GC Principle 8 IPEICA-E8 RUIE – 2.9	Total number and volume of significant spills	Key sustainability performance indicators Environment – Waste management and contaminated land remediation Occupational health and safety – OHS performance in 2015 – Pipeline safety		7, 60, 79	✓
	G4-EN25 UN GC Principle 8 IPEICA-E10	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally Oily sludge and drill cuttings are the main types of waste produced by the Company. Rosneft does not transport, import, export or treat waste deemed hazardous under the Basel Convention Annexes I, II, III, and VIII.				✓
	G4-EN26 UN GC Principle 8 IPEICA-E5	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff The Company's discharges in 2015 had no significant impact on water bodies.				✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Effluents and waste	GRI G4 OG5 IPIECA-E10	Volume and disposal of formation or produced water	Environment — Environmental protection performance in 2015 — Water consumption and wastewater discharge		77	✓
	GRI G4 OG6 IPIECA-E4	Flaring	Key sustainability performance indicators Environment — Environmental protection performance in 2015 — Use of associated petroleum gas		7, 74	✓
	In 2015, associated petroleum gas was flared only by upstream entities in Russia.					
	GRI G4 OG7 IPIECA-E10	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	Environment — Environmental protection performance in 2015 — Waste management and contaminated land remediation		78-79	✓
	In 2015, the total amount of drill cuttings from the use of water-based and non-aqueous muds was 3,165,000 tonnes and 21,000 tonnes, respectively.					
Compliance	G4-DMA RUIE – 3.4.1, 3.4.2	Disclosures on management approach	Environment — Environmental management system		62-63	✓
	G4-EN29 UN GC Principle 8 RUIE – 2.10	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Key sustainability performance indicators Environment — Environmental management system		7, 63	✓
	Some Group entities faced administrative fines for non-compliance with environmental regulations. The amounts of individual fines are insignificant. There were no non-monetary sanctions in 2015.					
Environmental investments	G4-DMA	Disclosures on management approach	Environment — Environmental management system		62-63	✓
	G4-EN31 UN GC Principles 7, 8, 9 IPIECA-E5 RUIE – 2.12	Total environmental protection expenditures and investments by type	Key sustainability performance indicators Environment — Environmental management system		7, 63	✓
	CATEGORY: SOCIAL					
	RUIE – 3.1.9	Occupational health expenditures	Key sustainability performance indicators Occupational health and safety — Occupational health and safety (OHS) management system		7, 55	✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Sub-category: Labor practices and decent work						
Employment	G4-DMA	Disclosures on management approach	Employees — HR management system		84-86	✓
	G4-LA1 UN GC Principle 6 RUIE – 3.1.2, 3.1.3	Total number and rates of new employee hires and employee turnover by age group, gender and region	Key sustainability performance indicators Employees — HR management system	The indicator is disclosed partially. Information on new employee hires and turnover by gender and age is currently not available. The Company intends to collect such information after all Group entities implement a single automated HR administration system within the scope of centralized business planning (not earlier than 2020).	8-9, 85-86	✓
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Employees — HR management performance in 2015 — Employee remuneration; Quality living conditions; Creation of favorable working conditions; Support for employee health; Collective bargaining agreement		87, 89, 98-102	✓
Occupational health and safety	G4-DMA IPIECA-HS1, HS2, HS3	Disclosures on management approach	Occupational health and safety — Occupational health and safety (OHS) management system		87, 89, 98-102	✓
	G4-LA6 IPIECA-HS3 RUIE – 3.1.5, 3.1.6, 3.1.7, 3.1.8	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	Key sustainability performance indicators Occupational health and safety — OHS performance in 2015 — Workplace safety	The indicator is disclosed partially. The information required to calculate the absenteeism rate is currently not available, as no such records are kept by the Company. It is planned to begin collecting such data not later than in 2016.	7, 55-56	✓
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation				✓
		The Company performed an analysis of historical data on injuries and occupational diseases to identify jobs with the highest risk rates. Jobs with the highest risk of injury include drilling rig and other machine operators, filling station attendants and oil and gas field workers; jobs with the highest risk of occupational diseases include machine operators, bulldozer operators and drivers of special-purpose vehicles. Rosneft makes every effort to mitigate negative impacts on these jobs.				
	G4-LA8 IPIECA-HS1, HS2, HS3, SE16	Health and safety topics covered in formal agreements with trade unions	Occupational health and safety — Occupational health and safety (OHS) management system Employees — HR management performance in 2015 — Partnership with trade union organizations		52-55, 102	✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Occupational health and safety ⁷²	IPIECA-HS2, HS3	Programs and processes for identifying and addressing significant workforce health issues	Employees — HR management performance in 2015 — Support for employee health		98-101	✓
	G4-DMA IPIECA-HS1	Disclosures on management approach	Occupational health and safety — Occupational health and safety (OHS) management system		52-55	✓
Training and education	G4-DMA RUIE – 3.1.11,	Disclosures on management approach	Employees — HR management system		84-86	✓
	G4-LA9 UN GC Principle 6 IPIECA-SE16 RUIE – 3.1.10	Average hours of training per year per employee by gender, and by employee category	Occupational health and safety — Occupational health and safety (OHS) management system Employees — HR management performance in 2015 — Employee training and development	The Report presents data on the number of trained employees. Currently, the Company does not collect data on the hours (days) of training, but it plans to begin collecting such data not later than in 2016.	54, 90-91	✓
	G4-LA11 UN GC Principle 6 IPIECA-SE16	Percentage of employees receiving regular performance and career development reviews	Employees — HR management performance in 2015 — Employee training and development	The indicator is disclosed partially. The Report presents data on the total number of employees who have been subject to reviews. Currently, the Company does not collect data on reviews by category and gender, but it plans to begin collecting such data in 2016.	91	✓
		Company-wide reviews were conducted for a total of some 17,000 employees in 2015.				
Labor practices grievance mechanisms	G4-DMA	Disclosures on management approach	Management of sustainable development — Compliance framework — Ethical management framework		34-36	✓
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Management of sustainable development — Compliance framework — Ethical management framework		35	✓
	All grievances received in 2015 were considered and analyzed. There were a total of 358 ethical conflicts in Group entities in 2015, of which 282 conflicts were resolved and 116 remain pending.					

⁷² The aspect boundaries comprise the Rosneft Group and the contractors working at the facilities of the Group's production entities.

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Sub-category: Human rights⁷³						
Freedom of association and collective bargaining	G4-DMA IPIECA-SE8, SE9 IPIECA-SE15	Disclosures on management approach	Employees — HR management performance in 2015 — Collective bargaining agreement; Partnership with trade union organizations		102	✓
	G4-HR4 UN GC Principle 3	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights				✓
		The Company is committed to comply with the requirements of legislation on freedom of association and collective bargaining. The Company has no business units or suppliers that may violate these rules.				
	IPIECA – SE18	Labor disputes				
	RUIE – 3.2.1	The Company is committed to comply with the requirements of labor legislation. The Company seeks to resolve all labor disputes by means of negotiation.				
Rights of indigenous peoples	G4-DMA IPIECA-SE15	Disclosures on management approach	Society — Social performance in 2015 — Support for indigenous peoples of the North		110-111	✓
	G4-HR8 UN GC Principle 1	Total number of incidents of violations involving rights of indigenous peoples and actions taken				✓
	RUIE – 3.2.3	The Company is committed to comply with the requirements of legislation prohibiting any forms of human rights violation. No violations involving the rights of indigenous peoples were reported in 2015.				
	GRI G4 OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Society — Social performance in 2015 — Support for indigenous peoples of the North		110-111	✓
	In some regions, the Company carries out oil and gas production operations in the areas where indigenous communities are present. In all such regions, the Company has programs to engage with, and provide support to, such communities.					
Human rights grievance mechanisms	G4-DMA RUIE – 3.1.12	Disclosures on management approach	Management of sustainable development — Compliance framework — Ethical management framework		34-36	✓
	G4-HR12 UN GC Principle 1	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms				✓
	RUIE – 3.2.2	The procedures and mechanisms in place at the Company revealed no grievances related to human rights in 2015.				

⁷³ UN GC Principles 2, 4 and 5, RUIE – 3.2.2: The Company does not conduct any activities involving the use of child labor or forced labor. In 2015, the Company recorded no incidents of human rights violations and/or discrimination

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Sub-category: Society						
Local communities	G4-DMA RUIE – 3.3.1, 3.3.3	Disclosures on management approach	Society — Social impact management system; Social performance in 2015 — Regional partnerships; Support for indigenous peoples of the North		106-111, 44-47	✓
	G4-S01 UN GC Principle 1 IPIECA-SE1, SE2, SE3, SE4, SE5,	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Society — Progress against the 2015 objectives set in the 2014 Sustainability Report		107-113	✓
		The Company implements procedures for stakeholder engagement and community impact assessment and management in key regions of operation, including when developing new projects. Such approaches affect the absolute majority of the Company's operations.				
Local communities	RUIE – 3.3.2	Engagement with government authorities when handling publicly important tasks	Society — Social impact management system; Social performance in 2015 — Regional partnerships		106-111	✓
		Social investments	Key sustainability performance indicators Society — Social impact management system		8, 106-111	✓
	G4-S02 UN GC Principle 1	Operations with significant actual and potential negative impacts on local communities				✓
		The relocation of the Company's employees and contractors in connection with the development of new projects may have an adverse impact on local communities. Other adverse factors may include environmental impacts and threats to the safety of the facilities. The Company takes action to avoid adverse impacts of employee relocation on local communities and implements measures to mitigate adverse environmental impacts and enhance safety management performance.				
Local communities	GRI G4 OG10 RUIE – 3.2.3	Number and description of significant disputes with local communities and indigenous peoples				✓
		There were no significant disputes with local communities and indigenous peoples in 2015.				

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Anti-corruption	G4-DMA	Disclosures on management approach	Management of sustainable development — Compliance framework		35-36	✓
	G4-S03 UN GC Principle 10 IPIECA-SE11, SE12	Total number and percentage of operations assessed for risks related to corruption, and significant risks identified		The indicator is not disclosed. The data on the exact number of Group entities analyzed for corruption-related risks related is confidential.		✓
		Countering corruption is part of the Code of Business and Corporate Ethics adopted by the Company. The Company has developed and adopted the Policy for Countering Corruption and the Policy for Countering Corporate Fraud. Relevant implementation activities took place in 2015 as part of the Comprehensive Fraud and Corruption Prevention Program.				
	G4-S04 UN GC Principle 10 IPIECA-SE11	Communication and training on anti-corruption policies and procedures	Management of sustainable development — Compliance framework		35-36	✓
	G4-S05 UN GC Principle 10 IPIECA-SE11, SE14	Confirmed incidents of corruption and actions taken Anti-corruption issues are also handled by the Company's Security Function and the Internal Audit and Control Function.	Management of sustainable development — Prevention of fraud and corruption		36-37	✓
Public policy	G4-DMA	Disclosures on management approach	Stakeholder engagement Society — Social performance in 2015 — Regional partnerships		44-47, 107-109	✓
	G4-S06 UN GC Principle 10 IPIECA-SE11, SE14	Total value of political contributions by country and recipient/beneficiary The Company does not provide finance for political purposes.				✓
	RUIE – 3.3.1	Position on the public policy, participation in public policy development and lobbying	Environment — Environmental management system — Cooperation with regulators Employees — HR management performance in 2015 — Employee training and development Occupational health and safety — Occupational health and safety (OHS) management system			

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
		<p>The following results were achieved through the Company's close cooperation with the authorities in 2015:</p> <ul style="list-style-type: none"> Rosneft updated its long-term development program by detailing the measures aimed at achieving long-term goals, including import substitution, localization of equipment production and technologies and human resource development, and the measures developed in accordance with the directives of the Russian Government (No. 4955p-P13 dated 17 July 2014, No. 7558p-P13 dated 12 November 2014, No. 1346p-P13 dated 5 March 2015 and No. 2303p-P13 dated 16 April 2015, and No. 7389p-P13 dated 31 October 2014) in order to improve the quality of planning In 2015, pursuant to Decision No. Pr-1553 of Russian President Vladimir Putin dated 11 July 2013 and in accordance with Regulation No. 243-p of the Russian Government dated 18 February 2015, the Rosneft Group completed the purchase of 100% - 1 share in 82 Sudoremontny Zavod JSC located in the residential area Roslyakovo in Murmansk. In 2015, the Board of Directors of Rosneft made a number of decisions pursuant to the instructions of the Russian President and the Russian Government with respect to the following issues: <ul style="list-style-type: none"> Approve an action plan (road map) to implement the recommendations of the Corporate Governance Code, and adopt a number of internal regulations in accordance with the approved road map Review the results of the analysis of the Company's internal regulations for their compliance with the Methodological Guidelines approved by the Russian Government pursuant to Instruction No. Pr-3013, and approve mandatory internal regulations Approve the analysis of the implementation of Rosneft's Program for the Disposal of Non-core Assets as at the beginning of 2015 Approve measures aimed at increasing the Company's efficiency and transparency, reducing operating expenses and ensuring import substitution Review the Company's report on charity and sponsorship principles; based on the results of the review, the Company is to develop and implement internal regulations for charity and sponsorship In 2015, the Company obtained approval for the internal regulations covering the key processes of the Company, and some of them were implemented in 2015 pursuant to the instructions of the Russian President and the Russian Government (for the full list of adopted documents, see the Annual Report, Chapter 4.4: Rosneft executive bodies, pp. 135-136). In 2015, Rosneft fully met the demand for oil products from the military units of the Russian Ministry of Defense deployed in the Central and Eastern military districts as well as from the Ministry of the Interior, the Ministry of Emergency Situations and the Federal Security Service. In 2015, the Company expanded its cooperation with federal clients and became the only supplier of motor fuels for more than 50 structural units of the investigative authorities based on a decree of the Russian Government. <p>Also see the 2015 Annual Report (Appendix 4: Delivery of instructions and directives of the President and the Government of the Russian Federation, pp. 266-271).</p>				
Emergency preparedness	G4-DMA IPIECA-HS1	Disclosures on management approach	Occupational health and safety — OHS performance in 2015 — Emergency preparedness		58-60	✓

Aspect ⁷¹	Indicator	Definition	Report section	Excluded information	Page	External assurance
Asset integrity and process safety	G4-DMA	Disclosures on management approach	Occupational health and safety — OHS performance in 2015 — Occupational safety; Fire safety; Emergency preparedness; Pipeline safety		57-61	✓
	GRI G4 OG13 IPIECA-HS1, HS5	Process safety	Occupational health and safety	The indicator is disclosed partially. The Company does not register loss of containment events according to the methodology implied by this indicator. Currently, such events are recorded and classified in accordance with the requirements of Russian legislation.	59-61	

Safety is a number one priority for the Company. To prevent accidents, the Company regularly conducts OHS reviews at Group entities, and it has also built an OHS personnel training system and practices emergency skills during training exercises and on-site drills.

There were nine accidents at the Company's facilities in 2015, including five accidents with environmental consequences. The crash of a Mi-8t helicopter owned by the air company Turukhan which carried workers of Vankorneft on board from the town of Igarka to Oil Pumping Station 2 is classified as an emergency.

ANNEX 3

The terms Rosneft Oil Company, Rosneft, the Company used in this Report mean either Rosneft Oil Company PJSC or Rosneft Oil Company PJSC with its subsidiaries and affiliates depending on a particular context. The 2015 Sustainability Report provides information as of December 31, 2015 unless stated otherwise. The terms TNK-BP and TNK-BP Company used in this Report mean TNK-BP Group.

GRI Guidelines – Sustainability Reporting Guidelines (Version G4) developed by the international organization Global Reporting Initiative.

LIST OF ABBREVIATIONS

AGM	annual general shareholders' meeting	IFRS	International Financial Reporting Standards
APG	associated petroleum gas	ILU	Interregional Labor Union
API	American Petroleum Institute	IPIECA	International Petroleum Industry Environmental Conservation Association
CHPP	central heating and power plant	ISO	International Organization for Standardization
CJSC	Closed Joint-Stock Company	KPI	key performance indicator
CRMS	Corporate Risk Management System	LLC	Limited Liability Company
CSR	corporate social responsibility	LNG	liquefied natural gas
GRI	Global Reporting Initiative	MICEX	Moscow Interbank Currency Exchange
GTL	gas to liquids, a process to convert natural gas into liquid hydrocarbon products	MGIMO	Moscow State Institute of International Relations
HR	human resources	MGU	Lomonosov Moscow State University
HSE	Health, Safety, and Environment	N/A	not available
ICS	internal control system	NGO	non-governmental organization

OFS	oilfield services	VAT	value-added tax
OHS	Occupational Health and Safety	VHI	voluntary health insurance
OJSC	Open Joint-Stock Company	WWF	World Wildlife Fund
PJSC	Public Joint-Stock Company	bcm	billion cubic meters
RM&ICS	risk management and internal control system	GJ	gigajoule
R&D	research and development	ha	hectare
RITUO	Rosneft interregional trade union organization	mboe	million barrels of oil equivalent
RSPP	Russian Union of Industrialists and Entrepreneurs	mcm	million cubic meters
SEC	U.S. Securities and Exchange Commission	mmt	million metric tons
UN	United Nations	mmtoe	million metric tons of oil equivalent
UNEP UN	Environmental Program	tce	tonnes of coal equivalent
UNEP COM	Russian National Committee for UNEP		

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Feedback

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