



IGOR IVANOVICH SECHIN

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

As a responsible producer and a participant of the global energy market, Rosneft is focused on the prudent use of natural resources. To reduce the environmental footprint and to increase production of modern, environmentally friendly fuels, the Company is implementing large-scale projects in the area of oil and gas production, and modernization of oil refining facilities.

The Strategy "Rosneft–2030" provides for reaching carbon neutrality by 2050. As part of the strategy, the Company will also continue developing its human resource potential and implementing measures that contribute to the socio-economic development of the regions where it operates. In 2022, Rosneft's sustainable business model and

competent corporate governance allowed the Company to avoid dependence on negative factors of external environment and market fluctuations, to determine priorities of work, and to achieve the set goals. This was evidenced by high operating performance and strong financial results, as well as systematic work on restoration of natural resources and protection of ecosystems, implementing the principles of the circular economy.

Rosneft is committed to the principles of high corporate responsibility. To inform and develop dialog with its stakeholders, the Company annually publishes the Sustainability Report and the Public statement on its commitment to the UN Sustainable Development Goals.

THE ROSNEFT-2030 STRATEGY

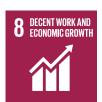
contributes to achieving the goals of the Strategy of socio-economic development of the Russian Federation with a low level of greenhouse gas emissions until 2050, the Paris Agreement on climate and the UN Sustainable Development Goals¹

The Board of Directors of Rosneft Oil Company² approved strategic guidelines and Public statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals".

Sustainable Development Goals of Strategic **Priority**











Sustainable Development Goals integrated in current operations

























Within its operations, the Company is guided by the principles of corporate responsibility and works for the benefit of its shareholders and other stakeholders.

The Company has achieved a high level of management and consistently improves it promotes the use of best practices, principles and standards of responsible business conduct and sustainable development. The Strategy "Rosneft-2030: Reliable Energy and Global Energy Transition" prioritizes the reduction of the carbon footprint, operational leadership and increased efficiency. Rosneft's strategic vision is to remain a reliable producer of energy resources while minimizing its impact on the environment.

The UN Sustainable Development Goals were taken into account while developing and approving The Rosneft-2030 Strategy, which is implemented in accordance with these goals.

Since 2010 Rosneft has been a participant of the UN Global Compact that calls on its members to foster the UN Sustainable Development Goals (SDGs).

The Board of Directors of Rosneft Oil Company approved the following UN SDGs of strategic priority for its core businesses:

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

The Company directly contributes to achieving the UN goals not only as part of its core operations, but also by supporting and participating in various projects and initiatives aimed at improving living standards in the regions of Company operations, as well as developing public health services, science and education, culture and environment protection.

The Company's mission, values, guidelines and strategic principles are aligned with the UN Sustainable Development Goals and national projects of Russia.

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

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

GOOD HEALTH AND WELL-BEING













The Company ensures health, safety of its employees, suppliers and contractors, their family members, residents of the regions where the Company operates as well as preserves environment for the benefit of the future generations.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.



[°] Russian national projects: health care, housing and the urban environment, safe and quality roads, environment, science and universities, demography

^{**} The Company's direct influence on stakeholders

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

<u>The Rosneft-2030 Strategy</u> sets the targets in the field of industrial safety, labour protection and environmental protection (HSE-Health, Safety and Environment).

The Company's top priority is to protect lives and health of the Company's and contractors' employees working at the Company's facilities.

By ensuring safe working conditions, the Company is striving to maintain accident-free operation of equipment, to sustain its operability and reliability, to minimize the environmental impact of its operations and to comply with the HSE legislation.

In line with The Rosneft-2030 Strategy, the Company strives to achieve:

- zero fatal injuries by 2030 or earlier;
- zero process safety events by 2030 or earlier.

To ensure the strategy implementation, management remuneration and key performance indicators (KPIs) are linked to the strategy target indicators.



Rosneft: Contributing to Implementation of UN Sustainable Development Goals

The Company prioritizes proactive action based on the belief that any incident can be prevented. If the work cannot be performed safely, it must be suspended.

2022: progress towards goals achievement

In 2022, Rosneft paid particular attention to such areas as management leadership, compliance with the "Golden Rules of Labour Safety", the safety of contractors, technological processes and road safety, as well as the application of a risk-oriented barrier³ approach when developing and implementing programmes/ activities aimed at safety improvement.

Key performance indicators (KPIs) of management include indicators in the area of industrial safety, labour and environmental protection. Managers at all levels act in accordance with the Company's uniform "Leadership Principles" in the field of HSE rules and provide safe working conditions for all employees of the Company and contractors.

In 2022, more than 74 thousand employees of the Company were trained according to the "Golden Rules of Labour Safety" in a remote format.

The Company's integrated HSE management system is audited annually for compliance with international and national HSE standards. In 2022, Rosneft and Group subsidiaries successfully passed an audit of their HSE management systems. In the reporting year, 74 subsidiaries were certified under the Company's general certificate. Thirty-two subsidiaries were independently certified in the field of occupational health and safety, and 33 subsidiaries in the field of environmental management.

Certification of the Integrated HSE Management System covers more than 100 subsidiaries with a staff of 72.5% of the total Group subsidiaries headcount included in the perimeter of corporate management reporting.

Corporate standards and requirements in the field of HSE equally apply to the activities of contracting organizations.

The corporate contractor management system covers the entire life cycle of customer-contractor relations, from selection to assessment upon completion of contractual obligations.

Please see Section 12.3 for more information.



Milestones of the Consolidated Implementation Plan of The Rosneft-2030 Strategy in the area of industrial safety, labour and environmental protection are included in the KPIs of the Company management.

The Company has established a multilevel model for managing sustainability issues. Rosneft's Board of Directors reviews the Company's plans and reports on health, safety and environmental protection every six months. The Board Strategy and Sustainable Development Committee is responsible for assessing the effectiveness of the sustainable development management system.

³ Barrier – technical and/or organizational management measure aimed at ensuring industrial safety, labour and environmental protection, reducing the probability of an initiating event (preventive barrier) or mitigating the consequences of a hazardous event (reactive barrier).

Rosneft's Chief Executive Officer establishes Rosneft's coordinating and advisory bodies for ensuring effective implementation of the tasks set and prompt interaction between structural subdivisions on particular issues of joint competence.

The HSE Committee is the key standing coordinating body of Rosneft that makes decisions and develops recommendations in the field of HSE. Rosneft's top managers are members of the Committee, including the First Vice Presidents, Heads of corporate business streams, HSE and business functions.

Six meetings of the Committee were held in 2022. At these meetings, the Committee considered issues and made decisions aimed at preventing occupational injuries, managing HSE risks, and preventing accidents, including those with environmental consequences.

In 2022, expenditures on occupational health and safety amounted to RUB 43.7 billion⁴.



⁴ Taking into account the change in the methodology of consolidation of actual costs without VAT.



3.2. Environmental policy and commitments

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

<u>The Rosneft–2030 Strategy</u> defines a set of development areas, minimizing the Company's environmental footprint, including

- progressive implementation of the principles of the circular economy;
- application of biodiversity conservation principles ("net positive impact");
- 100% utilization of oily waste and 100% legacy remediation.

In 2022, Group subsidiaries carried out initiatives of collecting electric batteries, paper and plastic caps for further utilization.

Please see Sections 3.1, 4.1, 9.2, 11.1, 13.1 for more information about The Rosneft–2030 Strategy.

In 2022, the Company released over 55 million fry of valuable and commercial fish into water bodies of the Russian Federation for artificial reproducing aquatic bioresources.

Rosneft has The Environmental Development Framework in place that is approved by Rosneft's HSE Committee and reviewed at a meeting of the Strategy and Sustainable Development Board Committee in 2020. The Concept details Rosneft's environmental objectives and approaches to their implementation.

2022: progress towards goals achievement

In 2022, Rosneft continued to move towards its goals of minimizing the environmental impact and improving the environmental performance of its business.

In 2022, the Company's "green" investments amounted to about 57 billion rubles.

They include investments for:

- increasing the beneficial use of associated petroleum gas (APG);
- improving pipeline reliability;
- efficient water management;
- waste management optimization and land reclamation.



The Company improved the following key indicators as compared to the previous year:

- the gross polluting emissions were reduced by about 2%; while the volume of excess emissions was reduced by 2 times;
- the accumulated volume of drilling waste was reduced by 34% due to treatment of about 4 million tonnes of drilling waste. About 1.2 million tonnes of oily waste was treated making it possible to dispose of waste generated not only in the reporting year, but also to reduce the volume of previously accumulated waste.



In 2022, Rosneft remediated more than 470 hectares of contaminated land, including over 90% by its own ecoservice. The Company pays particular attention to the development of its gas business, specifically, enhancement of production technologies, effective gas monetization, including shaping of a long-term portfolio of supply contracts, participation in LNG production projects and the Russian Federation NGV fuel development programme. The use of compressed natural gas (CNG) as motor fuel enables consumers to improve vehicle performance by reducing the cost of transportation and significantly reduce the impact of motor transport on the environment.

In 2022, the Company continued producing marine fuels with improved environmental characteristics.

Please see Sections 7.2, 11.2 for more information.

3.3. Risk and incident management

Rosneft strives to create and maintain an accident-free working environment and ensure the safety of its employees and contractors.

2022: progress towards goals achievement

Rosneft continued introduction of the updated approaches to risk management in the field of HSE that provide for uniform assessment criteria and decision-making levels, as well as the use of a barrier approach. As of the end of the year 2022, these approaches were replicated in 128 of Group subsidiaries. Priority was given to subsidiaries engaged in high-risk activities in the field of HSE, including those included in the perimeter of the corporate certificate of compliance with international standards in the field of occupational health and safety as well as environmental management.

Please see Section 12.3 for more information.



3.4. Road safety

In 2022, the Company implemented the Rosneft Road Safety Concept for 2020–2022 as part of the transport safety management system development, which is aimed at road accidents prevention. The Concept is compliant with the main goals and objectives of Decree No. 204 of the President of the Russian Federation dated May 7, 2018, and the Road Safety Strategy of the Russian Federation for 2018–2024 including:

- reduction of injuries and severity of consequences of road accidents;
- compliance with the requirements of the legislation in the field of HSE;
- continuous improvement of road safety indicators;
- no accidents due to vehicle malfunction and drivers' health status;
- use of a risk-based approach in the process of road safety management.



The Company's current regulations "System for the management of safe vehicle operation" applies to the execution of all works in the interests of the Company with the use of transport of contractors and subcontractors, and establishes requirements for the qualification of drivers, vehicles and medical support in the course of work with the use of vehicles.

The Company pays particular attention to equipping vehicles with live recording devices to monitor drivers' work and compliance with established trip routes (on-board vehicle monitoring systems and video recorders).

To automate the process of vehicle operation management, the Company is implementing a project of the Unified Corporate Telecommunication System for control over the Company's vehicles, which makes it possible to ensure:

- control over safe operation of vehicles;
- control over driving style;
- shaping of proposals based on the results of analysis of information system data on optimization of vehicle routes and setting speed limits on black spots of the roads.

Rosneft regularly conducts control and preventive measures to raise awareness of the importance of compliance with traffic rules with a view to maintaining the safe vehicle operation system at a proper level.

The Company uses indicators (including RTAF and VARR) for a comparative assessment of the transport safety effectiveness.

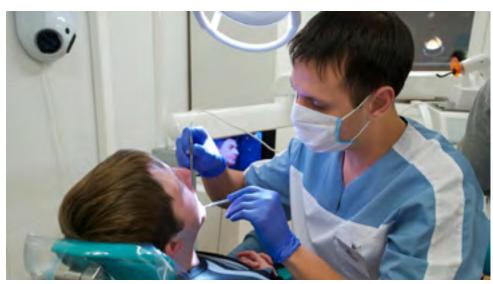
3.5. <u>Developing favourable social</u> environment

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

2022: progress towards goals achievement

Rosneft considers life and health of its employees to be of the highest value and to secure this value the Company takes measures in the following areas on an ongoing basis:

- <u>insurance programme</u>: in 2022, over 330 thousand employees were insured with voluntary health insurance policies, and with voluntary accident insurance programmes; with the aim of providing employees of remote areas and shift workers with accessible medical care, the Company has carried out a preliminary work with the partner insurance company aimed at including the Telemedicine option in all voluntary health insurance contracts in 2023. Such an option will allow employees to receive full-scale consultations (primary and repeated) in any convenient way (video, audio, chat) with qualified doctors of various specialties, including leading clinics of Moscow, on a 24/7 basis;
- corporate medical examination of the Company's employees: over the period from 2019 to 2022, more than 186.5 thousand employees of the Company from 178 Group subsidiaries, including 95% of the Company Head Quarters (HQ) employees underwent the corporate medical examination, which is aimed at early detection of cardiovascular and oncological diseases.
- health resort treatment and recuperation services were provided for more than 75 thousand employees, their families and retirees in 2022 at the Company's health resorts and regional health resort and recuperation organizations;





• organization of emergency and scheduled medical care, including at remote and hard-to-reach production facilities of the Company is implemented, together with equipping industrial health posts with modern medical equipment, introduction of a practice-oriented approach and continuous improvement of professional competencies of medical personnel, creation and development of a corporate telemedicine network, which in 2022 united 63 remote health posts with large regional counseling centers.

In 2022, in the context of regular emergence of new COVID-19 strains and unprecedented rates of coronavirus infection for the entire pandemic period, the Company implemented the set of anti-epidemic measures, which made it possible to minimize risks to personnel health and ensure business continuity:

- ongoing monitoring of scientific information on new strains of the virus;
- timely updates, prompt introduction, and enhanced control over implementation of anti-epidemic measures;
- work of emergency response centers to ensure the Company business continuity;
- daily monitoring of employee morbidity as well as epidemiological situation in the regions and provision of subsequent reports to the Company's management;
- provision of employees with personal protective equipment and disinfectants;
- systematic testing of the Company's employees for COVID-19;
- vaccination/revaccination of personnel against COVID-19 as a measure to support herd immunity, which was over 90% after the initial immunization;



- special measures for rotational personnel (if necessary, pre-shift observation, isolation wards for those who fall ill in the fields);
- implementation of restrictive measures imposed by state authorities in case of a worsening epidemiological situation, including transfer of some personnel to remote work mode:
- regular prophylactic sanitary treatment of premises.

The Company has been implementing a <u>comprehensive housing programme</u> (corporate mortgages, providing employees with corporate and rental housing) for more than 17 years.



In 2022, 1,002 Company employees improved their housing conditions using a corporate mortgage loan programme.

Housing issues of nonresident specialists are solved with the help of corporate housing, which includes more than 1,000 apartments in the regions of the Company operations.

60.7 thousand Company pensioners obtained the corporate pension in 2022.

<u>The corporate pension programme</u> and the project of social support for veterans are important elements of the HR and social policy. The goal of the programme is to increase the social security of employees after they retire.

The <u>Veterans Social Support Project</u> is being implemented for former employees of Rosneft and the Group Companies who retired prior to the start of the non-state pension coverage programme for employees. 17,100 veterans receive monthly pensions under the Veteran's Project, in 2022 an annual indexation by 5% was carried out.



Every year, the subsidiaries' employees participated in various social events, such as "Blood Donor Day" and purchase of New Year presents for children of the Moscow Regional Oncologic Dispensary (MROD). This work was appreciated in a letter of thanks from Ekaterina Shergova, director of the Charity Fund "Podari Zhizn", for her help and joint work in implementing the fund's programmes and supporting its care recipients.

Rosneft supports the development of professional and amateur sports.

The Company finances the CSKA Hockey Club (Moscow) and is a sponsor of football club Arsenal (Tula). The Company, being a sponsor of the LADA Sport ROSNEFT automobile racing team, also supports the national automaker and contributes to the development of motor sports in Russia. Rosneft is the general sponsor of the International Sambo Federation.

Please see Section 1.2 for more information.

3.6. <u>Innovation</u> activities

Compliant with Presidential Decree No. 632 dated December 30, 2019 Rosneft is acting as a **technological partner of the Federal Science and Technology Programme for the Development of Genetic Technology** in 2019–2030 (hereinafter – FNTP, the Programme), aimed at accelerating the development of genetic technologies in the country. Pursuant to the Decree, on March 16, 2020 Rosneft and the government of the Russian Federation signed a cooperation agreement (hereinafter – the Agreement) that provides for the Company's participation in the FNTP implementation.

2022: progress towards goals achievement

As part of the key objective under the Agreement, the Company launched a large-scale research project aimed at creating the first national database of genetic data in Russia. In 2022, a team of experienced geneticists and bioinformaticians, as well as talented graduates of Russian universities in other fields, began the most important phase of this work, and namely: collection and analysis of the genomes of 100 thousand Russians, representing all the ethnic diversity of the country. The purpose of the work is to develop diagnostics of genetically determined and socially significant diseases, and to develop new approaches to their therapy and creation of medicines.



Preparing human resources with interdisciplinary education meeting the global standards is one of the priorities under the FNTP programme.

Since 2020 Rosneft has supported the master's programme "Genomics and Human Health" at the biological faculty of the Moscow State University.

The goal of the programme is to train highly qualified specialists in the field of genetic technologies who have fundamental knowledge in genomics, who are able to set and tackle tasks related to study of structure, genetic variability and functioning of genomes, interpretation of population and individual variability of genomes and individual genes, application of new genomic and information technologies in research developments and medical and genetic practice. Specialists from the Biology and Philology Departments and the Bioengineering and Bioinformatics Department of Moscow State University, Rosneft employees, N.I. Pirogov Russian National Research Medical University, the largest genetic companies and equipment manufacturers are involved in the teaching process.



Rosneft: Contributing to Implementation of UN Sustainable Development Goals

In the course of training, master's students are mastering methods of highthroughput sequencing using various modern platforms, as well as methods of genomic data analysis and their use for medical purposes. At the facilities of Rosneft's partner-organizations, practical training is organized for students on next-generation high-throughput sequencers. Students have access to exclusive courses from leading companies producing equipment for high-throughput sequencing. In the laboratories of these companies, students of the master's programme perform practical tasks, which allow them to gain skills in working with high-tech equipment and to confirm their competence with certificates. Master's students carry out research work and obtain practical experience also in such partner organizations as FSBI "National Medical Research Center of Pediatric Hematology, Oncology and Immunology named after Dmitry Rogachev", FSBI "National Medical Research Center of Obstetrics, Gynecology and Perinatology named after Academician V.I.I. Kulakov, M.P. Chumakov Federal Research Center for Research and Development of Immunobiological Drugs of RAS (Poliomyelitis Institute), Skolkovo Institute of Science and Technology.





2022: progress towards goals achievement

In 2022, there were nine first graduates of the master's programme. Twenty students (ten students in each of the first and second years) continue their Master's degree programmes.

AFFORDABLE AND CLEAN ENERGY









The Company ensures access to energy and reliable supply of energy to consumers, increases energy efficiency in all areas of its operations and improves the environmental characteristics of the products.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.

^{*} Russian national projects: environment, science and universities, international cooperation and exports, modernization and expansion of trunk transport infrastructure ** The Company's direct influence on stakeholders





7.1. Increasing Company energy efficiency in all operating segments

Rosneft is one of the largest consumers of fuel and energy resources in the Russian Federation.

In 2022, the total consumption of fuel and energy resources amounted to 18.9 million tonnes of oil equivalent.

Sustainable use of fuel and energy resources and implementation of energy-saving technologies is based on the principles and approaches of the **Energy management system** set forth in the Company's energy efficiency and energy saving Policy.

Since 2013, Energy Efficiency Commission has been functioning in the Company, which ensures implementation of advanced methods and approaches to energy efficiency management and development of Energy Management System in accordance with the requirements of the international standard ISO 50001.



2022: progress towards goals achievement

Currently, 41 Group subsidiaries, which account for 95% of the Company's total energy consumption in 2022, have been certified under the ISO 50001 international standard "Energy Management System".

The key element of the Energy Management System is Rosneft's **Energy Saving Programme**, which is developed for a five-year period and is updated annually. By implementing Rosneft's Energy Saving Programme in 2022, the actual savings of fuel and energy resources amounted to 326 thousand tonnes of oil equivalent.

Savings of fuel and energy resources achieved through implementation of the Energy Saving Programme are incorporated in management's list of key performance indicators (KPIs).

In accordance with the updated Energy Saving Programme for 2023–2027, the planned fuel and energy resources savings over five years are 2.4 million tonnes of oil equivalent.

Please see Section 13.4 for more information.

7.2. Working on improved ecological performance when using the Company's products

Most greenhouse gas emissions associated with the products manufactured by the oil and gas industry relate to the consumer use. In order to reduce Scope 3 greenhouse gas emissions, minimize the environmental footprint and combat the climate change the Company consistently implements measures aimed at improving environmental friendliness of its retail business, including expansion of a network of automobile compressed natural gas (CNG) filling stations in Russia and charging infrastructure for electric vehicles at the Company's retail sites.

Rosneft, as an environmentally responsible company, constantly improves and expands the development and production of high-tech types of petroleum products with improved environmental characteristics.

The Company continued sales of fuel with improved environmental and performance characteristics (Pulsar branded fuel, Euro-6 and AI-100 gasoline).



The Euro-6 gasoline contains:

- less sulfur, which helps to increase the service life of the exhaust gas neutralization system;
- retains its composition unchanged and does not oxidize for a long time which has a positive effect on the engine operation;
- contains less benzene and aromatic hydrocarbons, which reduces the exhaust gas toxicity;
- contains less olefin hydrocarbons, so that less deposits accumulate on the internal parts of the engine;
- contains fewer impurities that have a negative impact on the operation of the engine;
- reduces vehicle exhaust system emissions, including total hydrocarbon emissions by up to 24%, non-methane hydrocarbon emissions by up to 27%, and particle emissions by up to 64%.

2022: progress towards goals achievement

The Company sells the Euro-6 fuel with improved operational and environmental characteristics at 773 retail sites in 12 regions of its retail operations: the Republic of Bashkortostan, the Krasnodar Territory, the Republic of Adygea, the Nizhny Novgorod, Smolensk, Tula, Kaluga, Ryazan, Vladimir, Chelyabinsk and Moscow Regions, and in Moscow.

Pulsar branded fuel

At the year-end 2022, **Pulsar branded fuel** being sold at 1,233 retail sites in 31 regions of Russia within Rosneft retail operations.

The unique technology of Rosneft branded Pulsar fuel is based on an effective formula of detergent components, which ensures stability of engine tuning up by keeping the fuel system clean during long-term operation. Thus, the process of fuel-air mixture shaping is optimized and its combustion is ensured as effectively as possible. The result is improved fuel economy, enhanced power and lower emissions.

Pulsar branded fuels are produced at Rosneft's own tank farms using high-tech equipment in line with unified quality requirements for branded fuels in all regions where the Company operates.





Development of electric vehicles charging infrastructure

Rosneft continues implementation of the **programme for development of electric vehicle charging infrastructure** at the Company's retail sites in line with demand forecasts and electric vehicle market development.

Development of electric vehicle charging stations is carried out in partnership with Russia's largest electric power companies. In 2021, the Company signed a number of cooperation agreements providing for development of the EV charging infrastructure to 2024.

2022: progress towards goals achievement

In 2022, 43 fast-charging stations were installed at Rosneft retail sites in cooperation with partner companies: 34 EV charging stations were installed as part of cooperation with Rosseti PJSC in the Moscow Region, St. Petersburg, the Voronezh and Lipetsk Regions, the Republic of Buryatia, and 9 EV charging stations were installed as part of cooperation with regional partners in the Krasnodar Territory and the Leningrad Region.

At the end of 2022, the Company operates 55 EV charging stations, including 45 fast charges (50–150 kW) and 10 slow charges (22 kW) at its retail sites. The Company has EV charging stations in eight regions, inclusive of the Moscow Region, St. Petersburg, the Leningrad, Lipetsk, Voronezh and Tver Regions, the Republic of Buryatia, the Krasnodar Territory.

The Rosneft-2030 Strategy provides for continued gas production growth.

The planned increase of the share of gas in the Company's energy mix will contribute to sustainable and environmental consumption.

The Company is working on increasing the level of associated petroleum gas (APG) rational use as part of the Gas Investment Programme implementation.

In 2022, Rosneft commissioned 17 new facilities as part of implementation of the Company's Gas investment programme to improve the rational use of associated petroleum gas, including facilities for gas re-injection power generation, gas treatment and use, as well as gas transportation infrastructure. The Programme covers all regions of Company operations.

The Company applies an integrated approach to greenfield development, which provides for the all necessary action when drawing up process design documents that ensure the required APG utilization rate and the time frame for its achievement.



In 2013–2022, Rosneft's capital expenditure on APG utilization projects amounted to about 204 billion rubles.

Rosneft, as an environmentally responsible company, constantly improves and expands the development and production of high-tech types of petroleum products with improved environmental characteristics.

The Company continued sales of fuel with improved environmental and performance characteristics – Pulsar branded fuel, Euro-6 gasoline and AI-100 gasoline – and plans to increase production of RMLS 40 environmentally friendly residual marine fuel.

Please see Sections 7.2. for more information.

In 2022, the Company produced significant amount of eco-friendly fuels

- production of the high-octane AI-100 gasoline was launched at Yaroslavl Refinery, Ryazan refining company, Angarsk petrochemical plant, Komsomolsk Refinery and Bashneft with output volume of more than 120 thousand tonnes.
- production of motor gasoline AI-95-K5 Euro-6 was arranged at Bashneft Refineries, Ryazan refining company, Saratov Refinery in the amount of 1.44 million tonnes.

Currently, production of eco-friendly low-sulfur marine fuel compliant with the IMO requirements introduced from January 1, 2020, is carried out at several refineries of the Company: Angarsk petrochemical plant produces TCM-1 and DMF-III, RMLS; Achinsk Refinery produces TCM-1 and RMLS, Komsomolsk Refinery produces DMF-I, DMF-III, TCM-1 and RMLS, Novokuibyshevsk Refinery produces TCM-A, Syzran Refinery produces RMLS; Bashneft produces RLMS; Krasnoleninsky Refinery produces DMF-III; Nizhnevartovsk refining association produces DMF-III. Bunkering with such fuel helps to minimize the impact of transport on the environment.

The use of the Euro-6 fuel allows reducing the vehicle exhaust system emissions, including:

- total hydrocarbon emissions – by up to 24%;
- non-methane hydrocarbon emissions – by up to 27%;
- particle emissions by up to 64%.





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

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



The Company has established a diversified system of energy supplies accessible for consumers in the countries with different levels of economic development, in compliance with modern energy security requirements, and offering a wide range of cooperation options, including tender sales and long-term contracts.

Please see Section 2.1 for more information.

7.4. <u>Innovation</u> activities

Leadership in innovation and R&D is an important growth driver for the Company.

Rosneft's innovation activities focus on development and application of new technologies, types of products and approaches to business process management.

The Company has adopted and regularly updates the <u>Innovative Development</u> <u>Programme</u> aimed at establishing Rosneft as one of the technology leaders of the oil and gas industry.

Innovative research is an important driver of the Company's development.

Priority innovative activity areas include:

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

Under the innovative development programme, the Company developed and successfully tested on a commercial scale environmentally improved technologies for production of an oxide hydrogenation catalyst and production of environmentally clean K5 grade diesel fuel. While working on the innovative project, only proprietary packages of catalysts ranked by catalytic activity were used, located in the protective and main catalytic layers of the process unit.

2022: progress towards goals achievement

The following achievements can be noted in terms of optimizing refinery operation by scaling up production of domestic catalysts in 2022:

- commercial batches of domestically produced diesel hydrotreatment catalyst were produced, the product is used at the diesel hydrotreatment units at Bashneft-Ufaneftekhim, Syzran Refinery and Ufa Refinery;
- Imported catalyst was replaced with domestic catalyst at the catalytic reforming unit of Saratov Refinery.





By implementing the concept of shaping a comfortable environment aimed at reducing the time and improving convenience of payment for customers at Rosneft retail sites, the Company has expanded the opportunities of cashless payment by a dynamic QR-code, which is generated on the screen of a bank terminal device.

The "Retail Management" information system (IS) was replicated at retail sites/filling stations in the Moscow, Krasnodar and Northwestern Regions. This system helps to improve operational efficiency of the retail network by using unified software solutions for automating the work of regional offices and unified support for the network of retail sites/filling stations, as well as by creating a three-level management and control environment. As of the end of 2022, 820 retail sites/filling stations are operating using this IS.

Please see Sections 3.6, 6.4, 13.5, 14.3 for more information.

DECENT WORK AND ECONOMIC GROWTH



жилье и городская среда Национальные проекты России малое и среднее предпринимательство НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ



The Company contributes to sustainable development of the national economy, improves operational efficiency, promotes productivity growth, provides a safe working environment, as well as for suppliers and contractors, supports families, and creates a favourable social environment.

Shapes a sustainable supply chain throughout the entire value chain The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.



[°] Russian national projects: workforce productivity, housing and the urban environment, small and medium entrepreneurship, education

^{**} The Company's direct influence on stakeholders

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

The Rosneft-2030 Strategy incorporates strategic guidelines, goals and targets that promote sustainable development of the national economy, energy industry and related sectors, regions of Company operations, as well as make a material contribution to achieving the national priorities of the Russian Federation. Rosneft supports the technical progress of the country, creation of new industries, highly productive jobs and value-adding products through a transfer to long-term contracts with consumers, suppliers and contractors, as well as a system of anchor orders.



The Company is included in the list of backbone organizations of the Russian economy in terms of the fuel and energy industry. The geography of the Company's retail business is extensive and includes about 2.9 thousand retail sites in 61 regions of Russia, which makes it possible to meet the energy needs of consumers throughout the country.

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

Please see Section 3.5 for more information.

8.3. Creation of favourable social environment

Please see Section 3.5 for more information.

8.4. Family support

The Company ensures social protection for employees and their families.

Employees, following the end of their childcare leave, have a guaranteed work places and smooth integration in the corporate team.

In Group subsidiaries payment for the period of temporary disability related to pregnancy and childbirth is based on an average salary calculation. Rosneft provides assistance for construction of social and health care facilities for children in the regions of Company operations.



8.5. Freedom of association and collective bargaining

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

More than 68.5% of Company employees are part of the labour contract.

2022: progress towards goals achievement

Rosneft pays particular attention to the Programme on developing social partnership, with the work carried out in two main ways:

1. Corporate social partnership – through strengthening constructive relations with Rosneft Interregional Trade Union Organization, which includes most of the Company subsidiaries' trade unions.

In 2022, the Company continued engagement in the established activities format:

- joint decision-making on improving the template of "The Standard collective employment agreement of the Company subsidiaries". In 2022, the document was complemented with twelve amendments and additions with a view to improving the social protection of employees;
- discussion and resolution of issues in the field of social and labour relations, which are designated by the subsidiaries' trade union leaders on behalf of the workforce.

2. Industrial social partnership:

• Rosneft representatives' participation in the activities of the Industrial commission for managing social and labour relations. In 2022, the Industrial agreement of oil and gas companies and companies employed in construction of oil and gas facilities in the Russian Federation included more than 150 of the Company subsidiaries. By joining the agreement, the subsidiaries obtain a number

of advantages when using provisions of the Labour Code of the Russian Federation, while it also underlines Rosneft's social commitment:

• cooperation with the All-Russian Oil and Gas Industry Association of Employers in order to protect and promote the interests of Rosneft and its subsidiaries in the Russian Trilateral Commission and state authorities. One hundred and sixty-nine (169) subsidiaries of the Company cooperate with the All-Russian Oil and Gas Industry Association of Employers. By virtue of the well-established dialogue, the Association of Employers protects the employers' interests both in the Industry commission for managing social and labour relations in the oil and gas industry and with the governmental authorities.

In 2022, the above-mentioned cooperation resulted in the following:

• shaping and signing of the new Industrial agreement of oil and gas companies and companies employed in construction of oil and gas facilities in the Russian Federation for 2023-2025;



• initiation of proposals to amend legislation on employment of disabled people, supported by other industry associations of employers.

In addition, taking into account the high level of benefits, guarantees, and compensations provided to employees, the Group subsidiaries were included in the register of socially oriented employers of the oil and gas industry of the Russian Federation, which increases Rosneft's overall rating as a socially responsible employer.

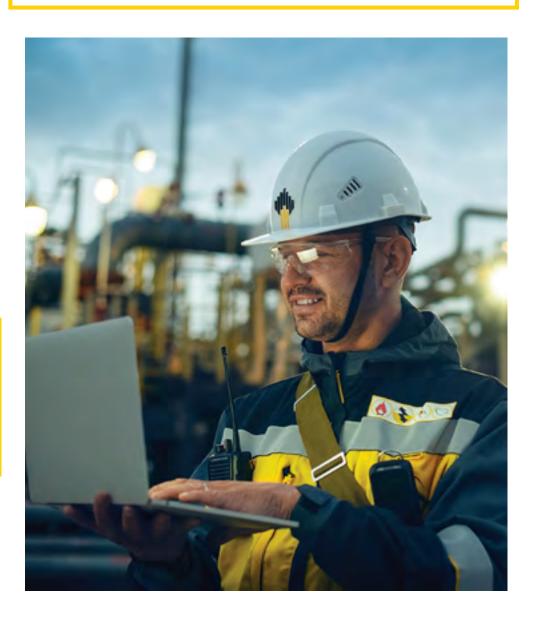
8.6. <u>Productivity growth</u> and <u>efficiency improvement</u>

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

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

Key performance indicators (KPI) of Rosneft top management include targets related to productivity growth and cost improvement.

At the year-end 2022, the Company's labour productivity target was met.





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

The project of pre-university training and career guidance Rosneft classes is implemented in 21 regions of the Russian Federation. The total number students is 2 417 pupils from 58 schools in 50 residential areas.

Being a responsible employer and a key industry player, the Company implements a policy focused on ensuring a steady inflow of professionally trained young specialists from among the best graduates – at least 1,800 people every year.

The corporate system of continuous education "School – Higher school – Enterprise" is a key element of the corporate youth policy.

As part of its engagement with higher educational institutions, Rosneft provides opportunities for students to get their first professional experience through on-the-job-training (at least 4,400 students are within the Company perimeter annually). Every year, more than 1 thousand graduates join the Rosneft team.

Please see Section 4.2 for further details.

8.8. Establishing sustainable procurement system along the entire value chain

Rosneft has been one of the largest consumers of goods, works and services among Russian private and partially state-owned companies for the last years. The Company continuous development requires involvement of a huge number of products, application of advanced technologies, involvement of the best contractors and suppliers.

The Company expects its suppliers and contractors to adhere to the principles stipulated by international regulations and <u>public corporate documents related</u> to <u>human rights</u>, which are aimed at observing human rights, health and safety, environmental protection, prevention of corruption, fraud and conflict of interest, statutory compliance and promotion of economic and social development.

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

- 1. Competitiveness
- 2. Relevance
- 3. Efficiency
- 4. Nondiscrimination

These principles are established by the current legislation of the Russian Federation, as well as the uniform Procurement policy. The policy defines the key goals, objectives, and fundamental principles of working with Company suppliers, as well as priorities in the procurement of Rosneft and Group subsidiaries. The corporate Regulation on procurement of goods, works and services ensures implementation of these principles for both Rosneft and Group subsidiaries.

An important criterion for choosing suppliers and contractors is the contractor's compliance with the values and standards established by the Company in the field of occupational health and safety.

2022: progress towards goals achievement

In 2022, the Company continued implementation of the Roadmap for implementation of human rights compliance approaches in its interaction with suppliers of goods, works and services.

To ensure compliance with the principles of fundamental international human rights documents, the Company adopted a Declaration of human rights observance when interacting with suppliers of goods, works and services. The Declaration is posted on the Company's official website, and the requirement to comply with all the principles, set forth in the Declaration, is included in tender documentation.

The Company expects its suppliers and contractors to pay special attention to protecting health, maintaining the right to a favourable environment, creating comfortable and safe working conditions for their employees in accordance with the Company's applicable occupational safety requirements, and in accordance with the requirements regulated by the Constitution of the Russian Federation, the Labour Code of the Russian Federation, sanitary and epidemiological rules and regulations and/or other legal documents of the jurisdictions/regions where they operate, as well as rules of international law.

Broader competitiveness and equal access to procurement for the market participants is assured, in particular, by organizing procurement procedures in electronic format on TEK-Torg (Rosneft Oil Company section), an electronic trading platform. All of the Company's competitive bidding is conducted electronically.





8.9. Increasing the Company's energy efficiency in all operating segments

Please see Section 7.1 for further details.

8.10. Creating decent living and working conditions in remote regions

2022: progress towards goals achievement

In the reporting year, Rosneft continued its effort on ensuring decent living and working conditions for its employees and contractors at remote assets.

Thus, over the year 2022 this complex of services was carried out at more than 300 rotation camps, 200 standalone administrative and household complexes and buildings, 20 standalone residential facilities and mobile housing units.

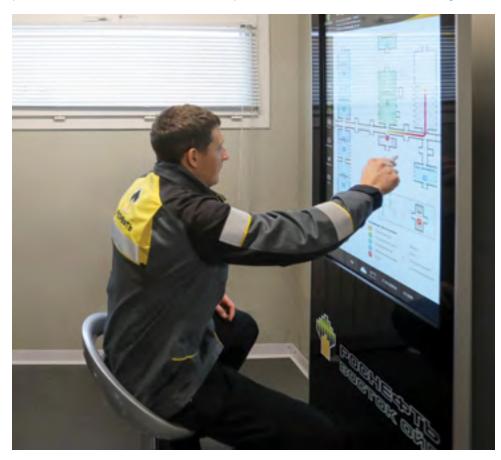
As part of efforts aimed at preventing the spread of infection (COVID-19), the maintenance of social and domestic facilities is carried out in accordance with the requirements and recommendations made by Rospotrebnadzor, the Chief Sanitary Inspector and a regional Governor. All the Group subsidiaries employees are provided with individual protective equipment and antiseptics.

The work on introduction of innovative services was carried out in 2022 in order to improve the living standards of the Group subsidiaries and contractor employees.

• new technologies/innovations (SMART cash register, PPE vending, all-in-one mobile application, automatic disinfection system, time recording system) have already been implemented in some of the rotation camps;

- the "Meals on Wheels" service was implemented, which allows employees to have meals on-the-job at remote workplaces that do not have the opportunity to visit catering facilities;
- a QR code feedback system was implemented;
- the Street Food concept is being developed (selling hot dogs, sandwiches, doughnuts, etc., which are in high demand at catering facilities), buffets and stores have been re-equipped in a modern style, etc.

With the aim of creating a comfortable working environment/high-performance workspace, Rosneft has developed a standard approach to arranging and ensuring a comfortable, up-to-date, safe environment for employees at the Company's production facilities and fields, with implemented mechanisms for monitoring



production and domestic quality services, with the ability to analyze statistical data using various criteria and providing reports to the Company's management.

In developing the concept, the main focus is made on building a state-of-theart, safe and comfortable environment using the best international practices in innovation and digitalization of service provision to form effective solutions for Rosneft, as well as their further development and operation.

At that, introduction of innovative technologies will help to achieve savings in life support resources, increase the efficiency of services with an increase in the quality of services provided.

The objective of the concept is to shape a standard set of services for providing and managing the quality of social and living services, as well as to create and implement an innovative digital platform for providing and managing services at the Company's facilities, united into a unified network through the (industrial) Internet of Things.

Temporary living quarters for employees of Vostok Oil project

The temporary living quarters enable comfortable and safe accommodation of Vostok Oil project employees while they are waiting for their shift rotation.

In the harsh conditions of the Russian north, delays in departures to the Company's production facilities can reach several days.

The basis of the living quarters is an innovative concept of a single space formed by factory-made modules interconnected by arctic walkways. This design creates a unified eco-system indoors and requires minimal use of outdoor space. State-of-the-art energy-saving construction materials that have proven themselves in harsh climatic conditions are used.

Each module is equipped with the necessary domestic and engineering equipment, furnished with furniture and other household items.

The room stock includes four-bed and single-bed rooms. The buildings are connected by heated walkways designed for living in the far north where the temperature can drop below 50°C.

Unlike traditional mobile living facilities, the concept of the new residential settlement is actually a full-fledged hotel complex where modern digital solutions are implemented for organizing everyday life.



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Rosneft: Contributing to Implementation of UN Sustainable Development Goals

Smart settlement intelligent systems

To ensure the highest standards, the Company developed a new approach in organizing employee accommodation services. Unlike traditional mobile housing units, the concept of the new settlements involves creation of a hotel complex, where state-of-the-art digital solutions are implemented to organize the everyday life of the employees.

When implementing Smart settlement solutions, principles that ensure comfortable living, safety and health of employees were embedded.

The use of more than 20 cutting-edge digital technologies has increased economic efficiency by optimizing service personnel, automating routine tasks and the need to provide services 24 hours a day.

"Smart settlement" intelligent systems include:

- 1. Innovative systems that ensure security
- Recognition of vehicle registration plates and vehicle categories
- Robotic access pass issuance system based on self-service terminals
- Facial recognition technology
- 2. Telecom and IT services of the Smart settlement
- Wireless network of the latest world standard Wi-Fi 6
- Mobile communications network of MegaFon and MTS operators
- Corporate telephony and data transfer
- Videoconferencing of work groups
- Access to TV broadcasting via satellite communication systems
- 3. Corporate transport monitoring and management system
- 4. Smart settlement comfort services
- Information kiosk
- Room stock management: "1C-Rarus: Hotel Management"
- Video-analytics of traffic and movement at the site
- Smart Home or home automation
- SmartApp mobile application for guests
- Remote and VR-training

- Telemedicine
- Quality assessment system (smile service)
- Dining room meal management, menu on information panels
- Smart cash register
- Unified dispatching service
- Technical maintenance of life support systems

Please see Sections 1.1, 1.2, 2.2, 10.4 for more information.









CLIMATE ACTION





Rosneft strengthens its position as a reliable producer and supplier of energy resources while minimizing its impact on the climate and the environment and applying promising emission compensation mechanisms.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.

° Russian national projects: environment, science and universities

** The Company's direct influence on stakeholders





13.1. Risks and opportunities related to climate change

Rosneft identifies and assesses climate-related risks and opportunities inherent in its business, as well as the activities of its suppliers and contractors.

The competent approach to the Company management and the flexibility of its business model ensure high adaptability to possible changes in the energy landscape and includes:

- increasing in the share of natural gas production as its use has a significantly lower carbon footprint as compared with other fossil fuels;
- implementing refinery development projects, increasing output of products with improved environmental characteristics;
- reducing greenhouse gas emissions, including methane, and increasing energy efficiency;
- developing, producing and stepping up sales of new products that ensure high fuel efficiency and low greenhouse gas emissions when used by consumers;
- developing new environment-conscious business segments.

Rosneft develops various scenarios of global energy evolution. The Company's strategic planning and engagement in consideration of industry documents takes into account risks and opportunities for Rosneft and the energy sector of the Russian Federation, as the global oil and gas industry, associated with climate change and transition to the low-carbon energy. The Company implements measures to control greenhouse gas emissions aimed at reducing the carbon footprint at its main production facilities.

The Company's Board of Directors approved "Rosneft–2030: Reliable Energy and Global Energy Transition" Strategy. Key priorities of the new Strategy are carbon footprint reduction, operational leadership and efficiency improvement.

The Rosneft–2030 Strategy implementation contributes to achieving the goals of The Strategy of socio-economic development of the Russian Federation with a low level of greenhouse gas emissions until 2050, the Paris Agreement on climate and the 17 Sustainable Development Goals of the United Nations.

In terms of climate action, The Rosneft-2030 Strategy provides targets⁵:

- Short-term targets: by 2025 5% reduction in absolute greenhouse gases emissions Scope 1 and Scope 2.
- Mid-term targets:
- by **2030** zero routine flaring of associated petroleum gas (the goal is in line with the World Bank's Zero Routine Flaring of Associated Petroleum Gas by 2030 initiative);
- by **2030** or earlier reduction of specific greenhouse gases emissions Scope 1 and Scope 2 in Upstream down to the level of less than 20 kg CO_2 -eq./boe;
- by **2030** decline in methane emissions intensity down to the level lower than 0.2%;
- by **2035 reducing absolute greenhouse gas emissions** (Scope 1 and 2) by more than 25%.
- Long-term target: by 2050 net zero (carbon neutrality) (Scope 1 and 2).

⁵ Reduction targets are set as compared to the 2020 baseline and cover 100% of Scope 1 and 2 emissions in the Company's reporting perimeter, unless otherwise noted.

To ensure the Strategy implementation, the targets are aligned with management KPIs and remuneration system.

The Rosneft–2030 Strategy provides for reducing the carbon footprint while further improving the Company's operating and financial efficiency that is compliant with Rosneft's strategic vision: remaining a reliable producer of the energy resources along with minimizing the impact on climate and environment.

Please see further information about The Rosneft–2030 Strategy in Sections 3.1, 3.2, 4.1, 9.2, 11.1.

2022: progress towards goals achievement

In 2022, the Company reduced direct and indirect greenhouse gas emissions (Scope 1 and 2) by approximately 11% down to 71.9 million tonnes of $\rm CO_2$ -eq.⁶ as compared to the baseline year of 2020. An independent party, TSATR-Audit Services LLC (B1 Group of Companies), verified reliability of the Company's greenhouse gas emissions data for 2022.

In the context of **Russia's accession to the Paris Agreement,** Rosneft actively cooperates with all interested parties in the field of mitigation of the consequences of climate change and adaptation to climate change.

Starting from 2019, Rosneft has been a member of the **Methane Guiding Principles industry initiative**, which includes a number of leading international oil and gas companies and focuses on reducing methane emissions across the natural gas value chain.

Following the principle of transparency, the Company's report on methane emissions reduction activities "Methane Guiding Principles Signatory Reporting, Rosneft, January 2022" was placed on the MGP Initiative website⁷.

Recognizing the importance of methane emission reduction, the Company is successfully implementing the project "Development of a system for identifying, quantifying and eliminating methane emissions from fugitive sources at hydrocarbon production facilities". The international practice shows that effectiveness of programmes for detection and elimination of emission sources ranges from 30% to 97%, depending on the frequency of inspections, repair requirements and other programme features.



In 2022, Rosneft continued application of methane emission detection technology using unmanned aerial vehicles (DRONES) and ground monitoring tools. As part of the programme, 341 site facilities were inspected using DRONES and 525 site facilities were inspected using ground monitoring tools in 24 production subsidiaries of the Group. As a result, a set of measures to eliminate the detected methane emissions was developed.

⁶ Scope 1 greenhouse gas emissions for 2022 amounted to about 55.8 million tonnes of CO₂-eq. and Scope 2 greenhouse gas emissions for 2022 amounted to about 16.1 million tonnes of CO₂-eq. https://methaneguidingprinciples.org/wp-content/uploads/2022/02/Rosneft Methane-Guiding-Principles-Reporting-2022-1.pdf.





The anticipated reduction can be up to 75% of the baseline emission level and up to 20% of the total methane emissions from all sources as a result of implementation of systematic measures of the comprehensive programme at the Company's production assets.

The Company will continue to improve the carbon reporting system in accordance with the normative regulations of Russian legislation, recommendations of the Bank of Russia and internationally adopted approaches including the Task Force on Climate-related Financial Disclosures (TCFD). The Company will closely follow the development of sustainability and climate disclosure standards being developed by the International Financial Reporting Standards (IFRS) Foundation. Climate change issues and related risks and opportunities are effectively integrated into the corporate governance system that includes the Strategy and Sustainable Development Committee of the Board of Directors, the Carbon Management Committee, and the Carbon Management Department.

In 2022, for the seventh time in a row, Rosneft joined the leaders of Russia's ESG stock indices, including the Moscow Exchange-RSPP "Responsibility and Openness" index and the Moscow Exchange-RSPP "Sustainability Vector" index.

13.2. Improving Company energy efficiency in all operating segments

Please see Section 7.1.

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

Please see Section 7.2.

13.4. Environmental policy and commitments

The Strategy "Rosneft–2030:

Reliable Energy and Global Energy

Transition" provides for reduction of the Company's carbon footprint while further increasing operational and financial efficiency.

Rosneft will strengthen its position as a reliable producer and supplier of energy resources, by minimizing its impact on climate and environment.

Please see Section 13.1.

Rosneft is uniquely positioned to achieve the set goals due to its leadership in maintaining sustainably low operating costs; "economies of scale" when implementing low-carbon projects and renewable initiatives; a significant amount of prospective gas resources; large-scale potential for developing natural carbon sink projects and carbon capture, utilization and storage projects (CCUS).

Please see Section 11.1.

2022: progress towards goals achievement

The Company's low-carbon development initiatives include:

• energy saving and energy efficiency improvement.

Please see Section 7.1.

Implementation of the Energy Saving

Programme ensured prevention of more than 7 million tonnes of CO₂-eq. greenhouse gas emissions in 2018–2022.

Please see Sections 7.1, 7.2.



Rosneft: Contributing to Implementation of UN Sustainable Development Goals

• beneficial use of associated petroleum gas (APG) and reduction of methane emissions.

Please see Sections 7.2, 13.1.

- increase in the share of gas in the asset portfolio up to 25% with a potential positive impact on reducing indirect greenhouse gas emissions of Scope 3;
- increase in the share of low-carbon energy consumption with a view to reducing indirect greenhouse gas emissions of Scope 2;



- development of pilot projects on carbon capture, chemical neutralization, transportation and storage;
- evaluation of projects focused on production of new clean products, including blue hydrogen, ammonia, and other sustainable fuels with a view to reducing indirect greenhouse gas emissions of Scope 3;
- implementation of various climate projects related to forest conservation and afforestation to offset carbon emissions that are difficult to avoid in operations.

To achieve the goals set out in <u>The Rosneft–2030 Strategy</u>, the Company intends to apply emission-offsetting mechanisms in particular by increasing CO_2 uptake in the forestry sector along with the use of greenhouse gas emission reduction technologies.

2022: progress towards goals achievement

In 2022, Rosneft launched a large-scale forest-climatic project in the Krasnoyarsk Territory with a total potential absorption capacity of 10 million tonnes of CO_2 -eq. The project is designed not only to make a significant contribution to climate action, but also to contribute to the establishment of a methodological and regulatory framework for the development of climate projects in Russia.

Rosneft is a member of the UN Global
Compact and shares and integrates
the principles of responsible

business conduct into its operations, including ecology and environmental protection.

Please see Sections 7.1. 7.2 for more information.

Rosneft traditionally pays particular attention to conservation and restoration of natural resources. In 2022, the Company and Group subsidiaries planted more than 7.4 million seedlings.

Over the past three years, Group subsidiaries have planted more than 18 million seedlings and young trees.

The Group subsidiaries, members of the Company's oil and gas production sector, regularly plant seedlings of various species of trees.

Employees of RN-Yuganskneftegas, RN-Nyaganneftegas and Kondaneft planted about 4 million seedlings of conifers as part of the reforestation programme in 2022. The area of greenery planting in the Khanty-Mansi Autonomous Area – Yugra (KhMAO – Yugra) exceeded 1 thousand hectares. Tree seedlings are cultivated in specialized nurseries from certified seeds stored in special conditions at forest seed stations. This significantly improves hardiness of the plantings to the severe climatic conditions of Western Siberia: the survival rate of planted forests in the planted areas is as high as 95%.

The programme of RN-Nyaganneftegas and Kondaneft on restoration of cedar plantations and forest crops is annually generated in cooperation with the forestry enterprises of KhMAO – Yugra. The subsidiaries were awarded the honorary title "Keeper of Cedar Forests of Yugra" for their significant contribution to the conservation and restoration of cedar forests in the Autonomous Area.

In addition to planting conifers under the reforestation programme, employees of the subsidiaries annually participate in the All-Russian campaigns "Save the Forest" and "Green Spring", "Garden of Memory".

Over the last five years, RN-Uvatneftegas has planted over 3 million pine seedlings in the Tyumen Region. Another sapling planting by RN-Uvatneftegas employees took place as part of the All-Russian event "Save the Forest", which is held annually in all regions of the country under the auspices of the Ministry of Natural Resources and Ecology of the Russian Federation and the Federal Forestry Agency.



East Siberian Oil and Gas Company completed reforestation work in the Kezhemsky District of the Krasnoyarsk Territory. The subsidiary's specialists planted more than one million pine seedlings in the Kodinsky forestry area of 365 hectares, which was ravaged by a fire.

Furthermore, Samotlorneftegas became the winner in the category "The Best Environmentally Responsible Company in Oil and Gas Production". The total investment of Samotlorneftegas in reclamation of historical legacy lands – with environmental damage, accumulated during the Soviet-era amounted to about 4 billion rubles over 7 years. During this period, the subsidiary reclaimed over 1,500 hectares of disturbed land. The pitless drilling method, which eliminates the waste accumulation stage, also significantly reduces the environmental impact.

13.5. <u>Innovative</u> activities

The Company implements innovative projects aimed at developing technical solutions for the use of renewable energy sources to supply electricity to oil and gas producing enterprises, as well as technologies and equipment for the preparation and use of natural gas and APG, including for electricity generation. A few patents have been received to that effect.

Please see Section 7.4 for more information.

PARTNERSHIPS FOR THE GOALS





The Company actively participates in sustainable development of the global energy sector which contributes, among other things, to the promotion of the UN Sustainable Development Goals**.



[°] Russian national projects international cooperation and exports, education

^{**} The Company's influence on stakeholders

17.1. Participation in global initiatives

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

Rosneft also shares the general principles and values of the <u>Universal Declaration</u> of <u>Human Rights</u>, <u>Declaration of the International Labour Organization</u> on <u>fundamental principles and rights at work</u>, supports initiatives aimed at sustainable development, higher transparency, combatting corruption, respecting the fundamental human rights, closing the inequality gap, and protecting the environment.

Please see Sections 10.6, 13.1 for further details.

17.2. Participating in sustainable development of the energy sector

The Company acknowledges the importance of <u>sustainable development</u> of the global energy sector and responsible behavior of key producers, including sufficient investment volumes to replenish the resource base, timely and efficient development of reserves and ensuring reliable supplies to consumers in developed and developing countries. Given current challenges, it is unacceptable to create obstacles to the participation of producers in the global oil and gas market and barriers to investment in effective energy projects.

Rosneft has been taking part in establishing a dialogue focused on the sustainable development of the energy sector, including:

• changing the regulatory environment, developing fiscal initiatives with a view to improving the efficiency of developing the resource base, oil refining and petrochemical industry;



Igor Sechin, Chief Executive Officer of Rosneft, presented a keynote speech «Sodom and Gomorrah in the Energy Market: God's Wrath or Organized Chaos? Save Yourself if You Can» at the Energy Panel within the XXVI St. Petersburg International Economic Forum.

- building integrated supply chains, and creating new technological solutions;
- expanding partnerships with industry participants, including cooperation in the field of HSE;
- signing of a Memorandum on Cooperation in the field of low-carbon development with China National Petroleum Corporation (CNPC). Low-carbon technologies developed by the companies, including "smart" and digital solutions, in the future may be applied within the large-scale joint petroleum projects in Russia and China;
- conclusion of a <u>Cooperation Agreement between Rosneft and St. Petersburg International Mercantile Exchange (SPIMEX) in the area of development of exchange trade in carbon units obtained as a result of Rosneft's projects delivery aimed at reduction of greenhouse gas emissions. The Agreement also envisages development and introduction of new tools for exchange trading of oil and oil products with low carbon intensity.</u>

For more information, see Sections 8.1, 9.2.



17.3. Effective partnership with state organizations, businesses and society

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

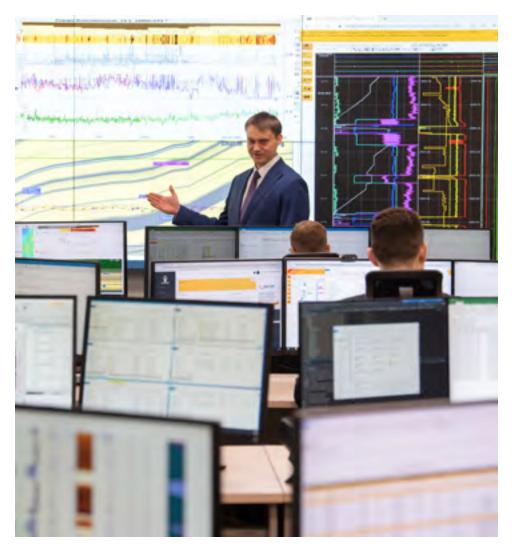
2022: progress towards goals achievement

In June 2022, The Company held the Strategic environmental session, which was attended by representatives of profile structural subdivisions from the Company Headquarters and concerned environmental subdivisions from the Group subsidiaries. In the course of discussion, environmental objectives and initiatives of The Rosneft-2030 Strategy were reviewed together with the promising approaches and key objectives in the field of environmental safety and environmental protection.

In December 2022, the <u>annual IX Congress of Environmentalists</u> was held. The agenda of the congress included goals and strategic initiatives in the field of environmental protection, as well as implementation status of measures aimed at achieving them.

Significant attention was paid to such topics as biodiversity conservation in the regions of the Company's operations, introduction of circular economy principles, elimination of environmental "historical legacy", decarbonization, improving the methodology for reporting greenhouse gas emissions, compensatory reforestation, actual topics of issuing and obtaining integrated environmental permits. The congress participants noted the Company's achievements in implementing targeted innovation projects (TIP) on the development of systems for detecting and eliminating fugitive sources of methane emissions.

Please see Sections 2.3, 16.3 for further details.



As part of the support of small and medium sized enterprises (SMEs), the Company interacts with JSC Corporation SME in terms of organizing training seminars on the participation of SME entities and self-employed citizens in the procurement of PJSC Rosneft and the Group's companies. The Company actively promotes the participation of SMEs in small purchases at the Section "Corporate Online Store" of JSC TEK-Torg. Participation in the Corporate Online Store provides SMEs with a simplified participation procedure of submitting and registration of applications and direct access to small volume purchases.

NO POVERTY







Company operations contribute to sustainable development of regions, creation of added value and workplaces across the entire value chain, better well-being of the population and sustainable social development^{°°}.



[°] Russian national projects: culture, education, health care

^{**} The Company's direct influence on stakeholders



1.1. Contributing to the social and economic development of the regions and better well-being

Rosneft is one of the world's largest public oil and gas companies in terms of crude oil reserves and production, as well as it is a strategic systemic enterprise of the Russian energy industry and national economy as a whole, accounting for 4.3% of Russia's GDP, 4.1% of investment and making a significant contribution to the national budget system.

Please see Sections 3.5, 8.1, 8.10 for further details.

Rosneft is one of the largest employers in Russia. In 2022, the Company's average headcount amounted to 323.9 thousand people.

1.2. Social responsibility and social investments

As a socially responsible company, Rosneft ensures long-term, fruitful relations with the regions where it operates, and maximizes the social orientation and efficiency of its projects to improve the quality of life of people in the regions.

The Company's support of the social sphere is aimed at strengthening social stability and implementing a responsible policy that directly improves the quality of life of the population in the regions where it operates, namely:

- participating in the comprehensive social and economic development of the regions;
- supporting the state policy in the sphere of education and science;
- developing public health services;

- promoting physical training and sports, contributing to the revival of the cultural and spiritual heritage, environmental protection, etc.;
- supporting the traditional lifestyles of indigenous peoples of the North (IMN).

Please see Sections 3.5, 11.5 for further details.



ZERO HUNGER

КУЛЬТУРА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ магистральный план транспортная часть НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ жилье и городская среда НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Rosneft ensures equal access to energy resources, which contributes, among other things, to smooth functioning of transport and agriculture. The Company provides supplies to remote regions and promotes social and economic development.



[°] Russian national projects: culture, modernization and expansion of trunk transport infrastructure, housing and the urban environment

^{**} The Company's influence on stakeholders



2.1. <u>Meeting</u> the energy demand



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

Rosneft's oil product supply enterprises provide consumers of the Russian domestic market with the fuel of guaranteed quality and at a fair market price, which is necessary for the smooth functioning and balanced development of industry, transport and agriculture, especially during peak demand periods during sowing and harvesting operations.

Rosneft is consistently developing the infrastructure for engagement with:

- the population, by selling petroleum products and related products through a network of retail sites;
- the business segment, through a network of retail sites and a non-cash payment service for legal entities using virtual and plastic fuel cards;
- manufacturers and independent retail networks, through the wholesale trade of petroleum products from oil tankfarm facilities.

With due account for active development of the road network in Russia, it is planned to build about 30 new highway facilities with a renewed concept in order to shape a comfortable environment for a proper rest on the road, which primarily involves offering cafes, including plans to introduce an "open" kitchen option (cooking in the sales area). In addition to a restaurant/café, the Company retail sites will have separate fueling areas for cars and trucks, rest areas for drivers, children's playgrounds, and electric charging stations. Development of the highway retail site network is focused on the key federal highways in Central Russia, new highways M-11 "Neva", Central Ring Road and M-12 "Vostok", highways of the Krasnoyarsk Territory.

One of Rosneft's line of business is supply of petroleum products across the Russian Federation. The geography of the Company's retail business is vast and includes about 2.9 thousand sites in 61 Russian regions.

Please see Section 7.3 for further details.

2.2. Supplying remote regions and promoting the shared use of infrastructure

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

The Company's subsidiaries contribute to oil product deliveries to Russia's northern areas in order to ensure ample energy supplies for the winter period.

The trend of strengthening close cooperation with regional producers of associated goods continues to develop further.

In 2023, it is planned to implement a project to include socially important and essential goods in the retail offerings of retail sites stores located in remote areas. The pilot project involves 48 facilities in 18 Rosneft Group subsidiaries, where the range of groceries, delicatessen and non-food products at affordable prices has been expanded.

Rosneft supports local producers in all regions of Company operations and includes local brands in the product mix of stores and cafes at the corporate retail sites. Sales analysis with due account for the regional demand has an impact on at least 20% of the product mix of stores and cafes at the corporate retail sites. This approach ensures a well-balanced and competitive retail offer for the guests of the Company's retail network.

The choice of suppliers of goods is made on a competitive basis, which contributes to the support and further development of small and medium-sized businesses.

2.3. Supporting indigenous peoples of the North and local communities

The Company respects cultural heritage and rights of indigenous minorities of the North, contributes to preservation of traditional lifestyles, indigenous habitat, and development of traditional natural resource use.





Rosneft supports projects aimed at preserving the unique ethnic cultures and traditions of the indigenous peoples of the North and local communities.

The Company supports construction of houses and purchase of life support equipment in remote settlements, improvement of territories and social infrastructure of settlements, and conducts various activities to preserve traditions, language and culture of the local population.

Activities are directed toward supporting the traditional way of life and preserving the territory of ancestral residence of indigenous peoples of the North and their unique cultural heritage, toward implementing programmes to relocate local residents from emergency housing, repairing and building infrastructure in settlements, improving living conditions and purchasing equipment and fuel and lubricants for crafts activities, participating in exhibitions, sports and ethno-cultural events, competitions with national aspects, developing national crafts, supporting educational programmes, and ensuring recreational summer rest.



2022: progress towards goals achievement

For many years Rosneft, through its subsidiaries, has been organizing and conducting the **ECOARCTICA Environmental Forum**. The forum events are held jointly with the administrations of the regions of Company operations, including the Krasnoyarsk Territory, the Nenets Autonomous Area, the Murmansk Region, and the Republic of Sakha (Yakutia).

In 2022, for the first time, the Great Souglan of the Evenks of Russia – the Tungus Congress - was held on Baikal Island, bringing together communities of Evenks living in different regions of Russia; representatives of the diaspora from China and Mongolia joined them via teleconference. During the event, there were exhibitions of handicrafts, folklore publications, competitions in national sports. Participants discussed measures to preserve the identity of their people, language and culture.

For centuries, indigenous peoples have lived in the northern parts of the Krasnoyarsk Territory preserving their traditional lifestyles, economic activities and trades and recognizing themselves as independent ethnic communities.

A nursery of endangered Evenki indigenous husky breed, which is on the verge of extinction, was created at Omoro Lake in the Krasnoyarsk Territory with the support of Vostsibneftegas JSC. The breeding work has already succeeded in establishing the historical genotype and obtaining the first offspring. The puppies fully meet the standards of the revived breed. Breeding this type of hunting dog is the important condition for preserving the traditional way of life and culture of future generations of Evenks.

The school of novice Kayur (dog-team driver) is an educational project in the village of Baikit, Evenki District, for children from indigenous people of the North living



in remote and hard-to-reach settlements of the region. As part of the programme the following has been done: a boarding school is functioning, enclosures for sled dogs have been built, sports equipment has been purchased, and the outfit of mushers is being renewed. The training process for sled dog sport is organized and support is provided for sled dog teams to participate in national competitions.

Rehousing of minority indigenous people of the North from emergency and dilapidated housing in the Taimyrsky Dolgano-Nenetsky Municipal District makes a significant contribution to the social and economic development of the Extreme North. Thanks to the Company's participation, apartments have been purchased in the settlements of Karaul Rural Settlement, and children's outdoor playgrounds have been built in the Polar settlements. As part of the housing conditions improvement, residential houses were also built and nomadic housing was purchased for reindeer herders engaged in traditional economic activities.

ROSPAN International and RN-Purneftegas annually support the indigenous minorities of the North in the Tazovsky and Purovsky districts of the Yamal-Nenets Autonomous Area and take care of preserving nature of the North, and namely: the environment that directly affects life, trades and culture of the indigenous people. Rosneft subsidiaries help tribal communities and state farms acquire necessary equipment: snowmobiles, boat engines, fish freezing chambers, ice drills, power generators, Arctic diesel fuel, etc. Owing to such support, the indigenous people preserve and develop their traditional livelihoods. Since 2019, a long-term project

"Northern Friendship" has been implemented to preserve culture and traditions of the forest Nenets people.

One of the striking projects among the Company's many social and charitable programmes aimed at supporting and developing national communities and associations is the revival of the Kharampur national settlement, which was founded in the 1920s as a trading post. With Rosneft's help, Kharampur has become a cultural center for the forest Nenets people, whose population is now about 2,000 people. Oilmen have built a clubhouse, a library, and 20 permanent cottages resembling the traditional dwelling of a rawhide tent in the national village. A boarding school was also built in the village, where children of reindeer herders and fishermen learn their native language and traditional crafts.

In 2022, a joint **project** was launched by RN-Purneftegas, local association of indigenous minorities "Yamal Potomkam!" and the Administration of Purovsky District to **pinpoint the places of residence and worship of indigenous people** in the territory of the Company's operations. This information is taken into account when planning production activities in the region.

Rosneft organizes large-scale scientific work aimed at finding practical solutions to support the indigenous population. Researches conducted by scientists enable preservation of the indigenous peoples' territories and their unique cultural heritage, as well as studying the populations of red-listed animals and birds – bioindicators of the territories of indigenous minorities' residence.



QUALITY EDUCATION







Rosneft has established a unified corporate system of continuous education, and supports secondary and higher vocational education.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.



** The Company's direct influence on stakeholders



4.1. <u>Corporate system</u> of continuous employee education

The Strategy "Rosneft-2030: Reliable Energy and Global Energy Transition"

provides for continued implementation of corporate and social programmes that ensure human capital development and make a significant contribution to the achievement of the national priorities of the Russian Federation.

Competent and highly qualified employees are the main asset of Rosneft and a prerequisite for its sustainable development. The Company has established a uniform corporate system of continuous learning and education that reaches out to all business segments, staff categories and is accessible to more than 323 thousand of Company employees.

The corporate Standards "On professional training" and "On employee assessment and professional skills development" are introduced in Rosneft. A model of managerial and corporate competences has been developed in the Company as well as over 1.3 thousand professional and technical skills sets and tools for skills assessment with regard to the core business processes. Within the framework of continuous employees' education:

- 58 training facilities successfully operate in the regions of the Company's operations both within the Group subsidiaries and as independent educational organizations. Based on these facilities, advanced training, professional and compulsory training of workers and specialists is provided, and cooperation with leading Russian and foreign educational organizations is actively developing;
- on an annual basis, the Company conducts more than 700 thousand manhours of mandatory professional, technical and management training, as well as secondment and knowledge-sharing programmes with international partner companies;
- the Company develops management expertise with the help of MBA programmes.

More than 200 specialized programmes of professional and technical corporate training promote professional skills.

The Company uses cutting-edge digital technologies in the educational process.

The "blended learning" format is in an active use, when part of the audience attends the training in person and part – in the online space, or when part of the modules/ separate blocks of the programmes are held in person and part – in remote and online format.

This flexible approach blurs the boundaries between instructors and trainees in Russia and abroad, and makes it possible to implement training plans for the Company's employees.

Rosneft classes represent the first stage of the corporate system of continuous education "School-Higher education-Enterprise", aimed at vocational guidance for schoolchildren and enhanced preparation for entry to oil and gas universities of the country.







4.2. Supporting secondary and higher professional education

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

The Company's support of secondary and higher professional education includes the following:

- Rosneft has established partnerships with 75 Russian and international universities, and 58 organizations of vocational education;
- the Company has established and supports functioning of 27 proprietary academic departments;
- special master's programmes are developed and being implemented on the basis of partner universities: Moscow State University, MGIMO (Moscow State University of Foreign Affairs), Gubkin Russian State University of Oil and Gas (NRU), and Ufa Petroleum Technical University;

- projects are under way aimed at developing the scientific and educational infrastructure of colleges and universities;
- scholarship support for students and grant support for teachers are provided;
- specialized master's programmes are being developed in partner universities: "Genomics and human health", "Digitalization in the field of fossil fuel geology", "Economic strategies of international oil and gas companies", "Supply chain management at an oil and gas producing company", "Internal Audit and Control", etc.

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

Please see Section 8.7 for further details.

Rosneft takes a comprehensive approach to **improving social well-being of indigenous people** in the regions of its operations. The specialized Rosneft classes are founded in the regions of the Company's production activities on the basis of the best general educational institutions.

RN-Uvatneftegas (a member of Rosneft's oil production business) supported establishment of a robotics class at Demyanskaya secondary school in the Tyumen Region. The school trains more than 260 pupils, including children of the Khanty and Mansi indigenous peoples who live in the boarding school during the school year.

The class was established as part of the "Modern School" federal project in support of the state education policy and development of the country's human resources potential. The new classroom at Demyanskaya School became the fifth robotics class that was created with the support of RN-Uvatneftegas in educational institutions of the Tyumen Region.

The subsidiary is an active supporter of education system in the region. Under Rosneft's corporate programme "School-University-Enterprise", four Rosneft classes are functioning in the Uvat district to train qualified personnel for the oil production industry. A total of 149 students have successfully graduated from these classes. Graduates of the special classes enter universities to obtain professions that are in high demand in the oil and gas industry.

GENDER EQUALITY



ОБРАЗОВАНИЕ НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Rosneft provides equal opportunities for professional growth and development of employees, implements succession pool programmes, and supports families**.



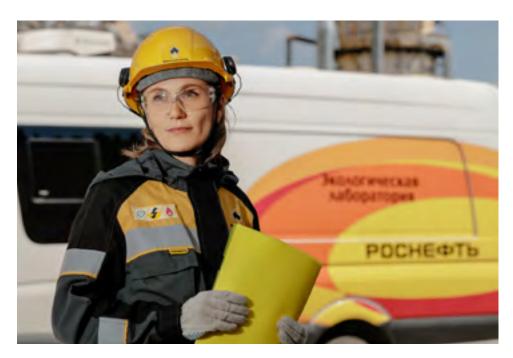
[°] Russian national projects: demography, education

The Company's influence on stakeholders



5.1. Enhancing human capital and providing equal opportunities for professional growth and development

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



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



The Company provides equal opportunities for professional growth and employee development. In 2022, the share of female employees was 33%, including managers – 23.9%, top managers and senior managers of the Group subsidiaries – 18.4%.

Rosneft implements programmes for the formation of high-potential employees and the development of professional skills of the staff. Since 2005, an annual corporate talent contest for the title of "The Best in the profession" has been held. Every year more than 20 thousand employees of the Company take part in the competition.

Young specialists participate in a comprehensive corporate programme to adapt to production and develop professional skills, including orientation classes, development of engineering thinking and leadership skills. Every year more than 60% of young specialists take part in corporate scientific and technical conferences that have become platforms for career growth.

5.2. Supporting family and childhood

Please refer to Section 8.4.

CLEAN WATER AND SANITATION





Rosneft rationally uses water resources in its operations and takes measures to protect and replenish them.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.



[°] Russian national projects: environment, science and universities

 $[\]ensuremath{^{\circ\circ}}$ The Company's direct influence on stakeholders



6.1. <u>Water</u> management

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

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

The Company carries out work at all stages of the production cycle to ensure responsible use of water resources. The corporate **Programme for improving environmental efficiency** and plans for upgrading production facilities are designed for reducing water intake from natural sources, increasing the share of recycled and reused water, environmentally safe treatment of associated produced water, and introduction of state-of-the-art wastewater treatment systems.

Wherever possible, the Company uses under-bottom pipe laying technologies when constructing water crossings under new projects. Wherever this is not possible, all necessary measures are taken to prevent harm to water resources.



Rosneft's Environmental Development
Concept until 2035 sets the following
goal: a 10% reduction of fresh⁸ water
consumption by 2030 via incremental
reuse and improved purification
efficiency, with new projects having
maximum water reuse.

 $^{^{8}}$ Fresh water is water taken from surface and underground sources, and water received from third parties under water supply contracts.

2022: progress towards goals achievement

In 2022, the operating expenditure of water resources management (intake, treatment, transportation and discharge of effluents) amounted to about 7.1 billion rubles. The share of recycled and reused water in 2022 amounted to 93% of the total volume of water used for production needs.

This allows reducing consumption of water taken from the external environment (clean water).

6.2. Water treatment and recycling programmes

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

2022: progress towards goals achievement

Within the framework of the Agreement on Cooperation with the Ministry of Natural Resources and Ecology of the Russian Federation and the Federal Service for Supervision of Natural Resources of the Russian Federation (Rosprirodnadzor) the Company has implemented seven out of eight priority environmental projects. Six of them are related to the improvement of water quality and higher efficiency of water use. As of today, five projects out of six has already been implemented:

- a biological treatment unit at Bashneft-Ufaneftekhim, a unique project for Russia and Eurasia is commissioned in 2018 and is designed to treat all industrial, rain and utility waste water from the Bashneft Refineries, and 66 local businesses, as well as reducing river water consumption by 2.5 times due to the use of the purified waste water;
- the Company commissioned an advanced water treatment facility incorporating a membrane bioreactor at the Novokuibyshevsk Refinery with a view to increasing water treatment efficiency and reducing fresh water consumption by maximizing the use of treated waste water in the circulating water supply, and ensuring complete automation of the process;
- the block of circulating water supply and treatment facilities of the Novokuibyshevsk plant of oils and additives that was put into operation in 2020 in order to improve the quality of wastewater and increase the efficiency of the use of recycled water in production. As a result, the plant ensured its demand in the reused water for the required operation of technological processes;
- in 2020, Rosneft commissioned a complex of treatment facilities for treatment of wastewater of the Valanginian deposit at the Vostochno-Urengoyskiy license block of Rospan International. The facilities were put into operation to treat industrial and domestic wastewater with subsequent reinjection;
- in March 2021, the Company commissioned the 3rd Start-up Complex at RN-Marine Terminal Nakhodka, as part of reconstructing the treatment facilities for industrial wastewater and rainwater discharged to Novitskiy Bay. In January 2022, the 2nd Start-up Complex was commissioned in order to improve treatment efficiency of the subsidiary wastewater.



Reconstruction of treatment facilities is currently underway in several Company's refineries (incl. Syzran Refinery, Kuibyshev Refinery, Novokuibyshevsk Refinery, Komsomolsk Refinery, Achinsk Refinery).

In oil production projects, the Company increases the efficiency of water management by injecting produced or wastewater to reuse it to maintain reservoir pressure and enhance oil recovery, resulting in minimal water withdrawal from surface water bodies.



6.3. Improving the reliability of pipelines and land remediation

In 2020, the Company started implementation of a large-scale Programme for "Improving reliability of pipelines in 2020–2025", with 20 oil and gas producing subsidiaries of the Company taking part in the programme.

In 2022, a new Programme for "Improving reliability of pipelines" was developed for the period from 2023 to 2027.

The Programme "Improving reliability of pipelines in 2023-2027" provides for reconstruction of 6.7 thousand km of pipelines, overhaul and current repairs of 6.1 thousand km of transport pipelines.

Implementation of the Programme "Improving reliability of pipelines in 2023–2027" will make it possible to ensure that the level of average annual pipeline replacement under reconstruction, overhaul and current repair programmes is at the level required to achieve the Company's strategic objectives related to reduction of contaminated land generation resulting from pipeline spills, as well as to reduce the number of in-field pipeline failures by 37% by 2027 as compared to 2022 level.

In order to minimize the impact on the land, the Company has introduced a Standard for the remediation of contaminated land, as well as Standard requirements for the control of nature restoration works. Rosneft builds and upgrades landfills for the disposal of industrial waste and equips enterprises with modern technology and equipment for the processing of oil sludge.

The Strategy "Rosneft–2030: Reliable Energy and Global Energy Transition" provides for a 100% recycling of oily waste and legacy land remediation, as well as active introduction of the circular economy principles.

2022: progress towards goals achievement

In 2022, the Company developed and approved the Programme for eliminating environmental "historical legacy", which provides for complete elimination of contaminated lands generated as the result of industrial activities of the Soviet period and actions of the previous owners prior to integration of assets into Rosneft's perimeter.

149 hectares of "historical legacy" lands were remediated in 2022 and 118,000 tonnes of oily waste of "historical legacy" were treated, as a result of the Programme delivery.

In 2022, the Company continued implementation of measures to reduce the area of contaminated land and remediated over 470 hectares. More than 90% of the work was performed by the Company's own environmental service, i.e. environmental remediation workshops established in the key subsidiaries of the Group. Work on surveying contaminated land plots and developing remediation projects continued.

Please see Sections 3.1, 3.2, 4.1, 9.2, 11.1, 13.1 for further details about The Rosneft–2030 Strategy.

With a view of achieving the strategic objective of reducing the generation of contaminated land resulting from pipeline spills by 2035, the Company has developed a target programme for establishing its **own professional emergency response teams at Group subsidiaries to prevent localize and respond to oil and petroleum product spills by 2030.** The first stage of the programme was establishment of a professional emergency response team at RN-Yuganskneftegas. In December 2022, the team was certified to conduct oil spill response operations.



The Company developed Standard requirements for preventing and responding to oil and petroleum product spills on land and in surface water bodies, with due account for changes in legal requirements relevant to this area. Over 50 oil and petroleum product spill prevention and response plans were agreed and approved at Group subsidiaries, taking into account specifics of their operations and potential for oil and petroleum product spills during business processes in exploration, production, refining, storage, transportation and sales of hydrocarbons. Comprehensive drills and inspections are conducted in order to ensure preparedness for oil spill localization and response.



Prompt response to safety events with environmental consequences is carried out with the help of the Company's own and contracted emergency response and rescue teams. More than 8 thousand people have the status of rescuers, of which more than 3.4 thousand employees are own professional and non-professional emergency response and rescue teams. Training and certification of these teams is carried out regularly.

6.4. <u>Innovative</u> activities

Rosneft owns licenses for strains of pure growth bacteria and microbial species, which are designed for decontaminating sea areas and coastlines of northern seas.

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



INDUSTRY, INNOVATION AND INFRASTRUCTURE





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

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures^o.



^{*} Russian national projects: digital economy, science and universities

^{**} The Company's direct influence on stakeholders



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

The Company's investment portfolio and anchor orders form the basis for the creation, re-equipment and expansion of enterprises in various industries.

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

9.2. Creating economic value

Thanks to the introduction of advanced technologies and scientific developments at promising and mature oilfields, the Company's inventory continue to grow steadily.

The Company's integrated business model ensures the sustainability of business and is aimed at using the opportunities, which result from changes in the global energy mix, structural transformation in commodities markets, and technological advancement. This approach, along with effective investment portfolio management, corporate management system, and effective stakeholder partnerships promote incremental business profitability creation of added value across the entire value chain, and unlocking the full resource potential. The Company takes into account global energy trends (including an increase in natural gas production and development of new categories of reserves and new production regions).

Please see Sections 8.8, 11.1, 12.3 for further details.

The Strategy "Rosneft–2030: Reliable Energy and Global Energy Transition" defines strategic goals and priorities for all business segments. Growth of profitability and increased distributions to Rosneft shareholders is one of the Company's key strategic goals.



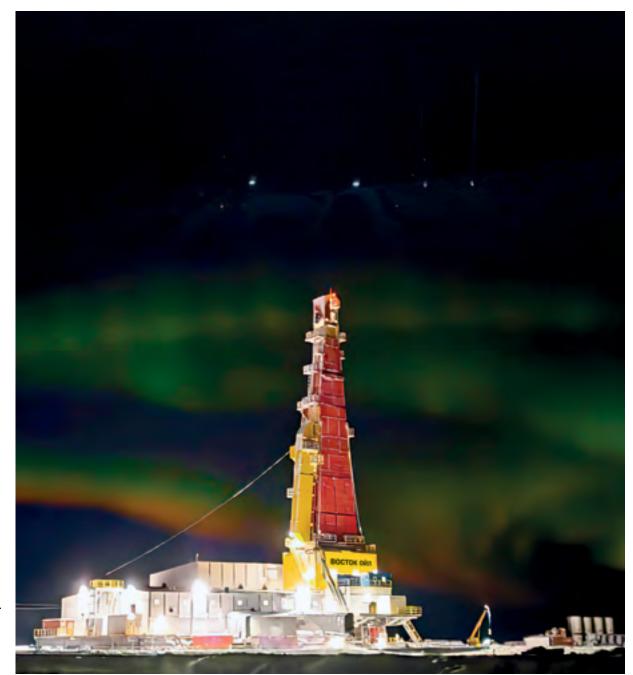
9.3. Innovative activities

Please refer to Section 7.4.

9.4. Ensuring sustainable functioning of the infrastructure

Adherence to communication rules and <u>information security</u> requirements is a mandatory element of corporate culture and an important condition for daily activities, including joint work with business partners. At the same time, special attention is paid to convenience of communication and development of new types of services, taking into account the increased mobility of employees and access to corporate information resources and systems.

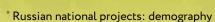
Rosneft's guidelines in the field of information security remain unchanged and are aimed at ensuring a secure information environment, sustainable digital development, centralization of information security functions and improvement of the process of employee awareness on information security threats and skills for prompt response to possible related incidents which is especially important in the context of the active development of the Company's infrastructure solutions, such as regional data processing centers, unified communications, and mobile solutions.



REDUCED INEQUALITIES

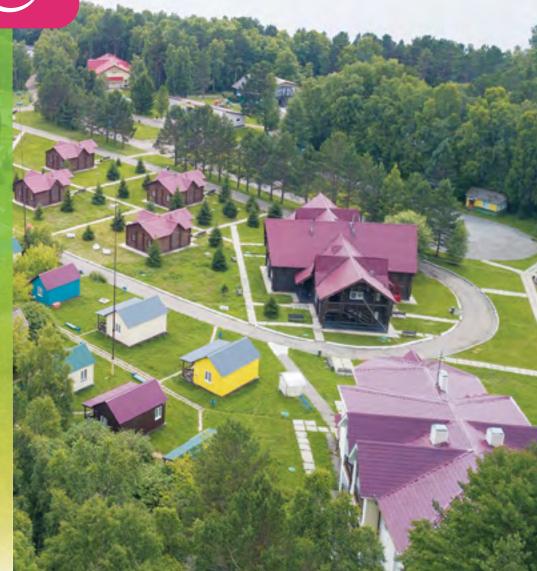


Rosneft makes a significant contribution to the stability of the budget system and facilitates Russia's social and economic development. The Company is committed to the principles of high social responsibility and ensuring a decent standard of living for its employees.



^{**} The Company's influence on stakeholders





10.1. Partnerships and social investments in the regions of operations

Please see Section 1.2.

10.2. Fiscal stability and budget revenues assurance

The Company, being the largest taxpayer in the country for many years, makes a significant contribution to ensuring the stability of the budget system and contributes to Russia's social and economic development.

In 2022, Rosneft followed <u>the Key taxation principles</u> that stipulate the unconditional and timely fulfillment of legal requirements as the basis of the Company's activities in the tax sphere. This document, published by the Company in 2019 (the first among the largest companies in the Russian oil and gas sector), reflects the main principles and objectives in the field of taxation that highlights the establishment a sustainable tax environment, and sets a new standard of a responsible tax behavior based on the principles of openness and transparency in the tax sphere.

Please see Section 1.1 for further details.

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

Please see Section 5.1.

10.4. Social policy

Rosneft adheres to the principles of high social responsibility and provision of decent living standards for its employees (please refer to Section 3.5).

The Company is striving to maintain the labour remuneration at a level that exceeds an average salary in the regions of Company operations, conducting an annual salary indexation.

The Standard Collective Agreement is in place that contains a maximal list of benefits, guarantees and compensations for Group subsidiaries, providing additional social security for employees.





In addition to the current template of the collective agreement, more than 85 of Group subsidiaries joined the Industry agreement for organizations of the oil and gas industry and the construction of oil and gas facilities in the Russian Federation for 2020–2022, which contains a guaranteed level of benefits, guarantees and compensations provided to employees of the oil and gas industry.

10.5. Supporting indigenous peoples of the North and local communities

Please refer to Section 2.3.

10.6. Compliance and combatting corruption

The Company adheres to the principle of zero tolerance of corporate fraud and corruption in any form and manifestation.



In 2010, the Company joined the <u>UN Global Compact</u> and stated its commitment to the Social Charter of Russian Business, and has been providing support for the <u>Anti-Corruption Charter</u> of Russian Business since 2013.

The Company's principles and approach are stipulated in the following local regulatory documents:

- Policy on combatting corporate fraud and involvement in corruption activities;
- Code of Business and corporate ethics of Rosneft;
- Regulations of Rosneft internal control rules for prevention, detection and suppression of illegal use of insider information in Rosneft;
- Regulations on managing conflicts of interest;
- Regulations on the procedure for exchange of corporate gifts and hospitality;
- Regulations on the procedure for charitable activities;
- Regulations on sponsor support.

This work was carried out in accordance with Decree of President of the Russian Federation N° 478 of August 16, 2021 "On the National Anti-Corruption Plan for 2021–2024".

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

Rosneft's Board of Directors (Audit Committee of the Board of Directors) has approved strategic documents⁹ and principles for such work, with regular performance assessment; Audit findings¹⁰ of risk management process and internal control in preventing and combatting corruption were reviewed and approved.

Rosneft's Chief Executive Officer ensures implementation of the Company's Policy on Combatting Corporate Fraud and Involvement in Corruption, and approves local regulatory documents on the aforementioned issues.



 $^{^9}$ The Company's Policy on combatting corporate fraud and involvement in corruption activities was approved by the resolution of Rosneft Board of Directors (Minutes Nº 19 of May 21, 2018). The Policy was updated in 2021 (Minutes Nº 21 of April 05, 2021).

¹⁰ Audit findings for 2021 were reviewed and approved by Rosneft Board of Directors (Minutes № 27 of April 04, 2022).



In line with Decree of the President of the Russian Federation No. 478 of August 16, 2021 "On the National Anti-Corruption Plan for 2021–2024" (Instructions of the Government of the Russian Federation No. MM-P17-12165 dated September 6, 2021), has been developed and approved a Comprehensive Programme for Preventing and Combatting Corporate Fraud and Corruption in Rosneft for 2021–2024.

2022: progress towards goals achievement

During the reporting period:

- the Company employees received information on typical corporate fraud and corruption violations (including conflict of interest management) on a quarterly basis;
- relevant structural subdivisions received information on statutory acts and governmental initiatives on combatting corruption on a regular basis;

- the risk of corporate fraud and corruption was assessed/re-assessed on a quarterly basis in accordance with the approved methodology;
- anti-corruption expertise of draft local regulatory documents was carried out on the ongoing basis;
- on December 9, 2022, the Company Bulletin "All about the Compliance system" was forwarded to all the Company employees, the Bulletin was dedicated to the international Anti-Corruption Day.

The Company carries out a set of measures to use transparent mechanisms and implement effective procurement procedure. The Company expects its contractors to adhere to the Company's Policy "On combatting corporate fraud and involvement in corruption", as well as to introduce Ethics Code of suppliers of goods, works and services in the course of their operations.



The Company manages conflicts of interest at all management levels. Rules for prevention and avoidance of conflicts of interest are set forth in the Corporate Governance Code, the Code of Business and Corporate Ethics, the Company's Policy on Combatting Corporate Fraud and Involvement in Corruption, as well as in the Company's Policy on Conflict of Interest Management. The Regulations define classification of conflicts of interest, including conflicts of interest between shareholders and members of the Company's management bodies (for example, decision-making by the Company's management bodies that may lead to deterioration in the Company's financial and economic performance; failure to disclose information by the Company in accordance with the law or provision of incomplete information by the members of the Company's management bodies on positions held in management bodies of other organizations, on holding shares (equities) in other organizations, other information to be provided in pursuance of the legislative requirements, requirements stipulated in the Company Charter and local regulatory documents).

Specific duties of a member of the Rosneft Board of Directors on disclosure of information on conflict of interest are set forth in the Rosneft Regulations "On holding Rosneft shares, shares and equities in Charter capital of Rosneft subsidiaries by members of the Rosneft Board of Directors".

In addition, the Company annually collects declarations on assets and liabilities of its executives/ employees, as well as declarations on the income, assets and liabilities of their spouses and minor children, who are included on the list of persons obliged to submit such declarations; an annual campaign is conducted to collect ethical declarations of the Company executives/ employees in order to monitor their compliance with restrictions, prohibitions and requirements of anti-corruption legislation; an anti-corruption clause is signed with newly hired employees of the Company and when appointing employees to new positions. This anti-corruption clause is included in employment contracts as well, in terms of compliance with restrictions, prohibitions and requirements aimed at prevention of conflicts of interest. All the Rosneft subsidiaries have established operating commissions to resolve conflicts of interest.

Report on the performance results in the field of conflict of interest management in the Company for 2021 was approved by Rosneft Board of Directors Audit Committee¹¹.

The Company consistently conducts training of its employees, including those whose job duties include participation in combatting corruption. Newly hired

employees undergo training in the field of combatting corporate fraud and corruption as well.

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

The amount of damages identified/prevented amounted to 172 million rubles. Employment contracts with 56 employees were terminated and disciplinary penalties were imposed on 215 employees. Findings of 40 inspections were sent to law enforcement authorities.

Members of Rosneft Board of Directors Audit Committee are updated on the <u>Security Hotline</u> performance on a quarterly basis.

On a regular basis, the Company interacts and exchanges the information with the state regulatory and supervisory authorities.

¹¹ Minutes № 1 of August 25, 2022



Rosneft Security Hotline

8 (800) 500-25-45

<u>"The Anti-corruption"</u> subsection of the Company's official website was updated in 2022 and contains the following information:

- the Company's statement on zero tolerance of corruption;
- basic provisions of Russian and applicable international anti-corruption legislation;
- local regulatory documents of the Company on combatting corruption;
- Security Hotline contact details and etc.

Please refer to Section 12.3 for additional information.

10.7. Creating favourable social environment

Please refer to Section 3.5.



SUSTAINABLE CITIES AND COMMUNITIES



ТУРИЗМ И ИНДУСТРИЯ ГОСТЕПРИИМСТВА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

КУЛЬТУРА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ



The Company's activities contribute to improving the quality of life in cities and other settlements, enhancing the quality of life, ensuring environmental sustainability and reducing impact on the environment. Rosneft supports cultural and heritage preservation projects.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures.



^{*} Russian national projects: housing and the urban environment, tourism and hospitality industry, culture, environment

The Company's direct influence on stakeholders



11.1. <u>Meeting the growing</u> demand for energy resources

Rosneft occupies a unique position in supplying hydrocarbons with a low-carbon footprint and is one of the global energy leaders with an extensive and effective resource base and a strategic position in the global hydrocarbon market.

The Company acknowledges that in the long-term crude oil and natural gas will retain an important role in the energy mix, with a growing share of gas as a clean fuel. As a responsible producer, the Company steadily improves efficiency of hydrocarbon production.



The Rosneft-2030 Strategy provides for:

- hydrocarbon production target is 330 million toe;
- maintaining leadership in production costs;
- increasing the share of gas in the production mix to 25%;
- increasing the light products yields at the Company's refineries in the Russian Federation to 69% by implementing the ongoing programmes.

Please refer to Sections 3.1, 3.2, 4.1, 9.2, 13.1 for additional information about The Rosneft–2030 Strategy.

The main goals of Rosneft in the field of gas monetization are to ensure supplies to the Company's consumers and to expand the portfolio of long-term contracts that guarantee the realization of incremental production volumes.

2022: progress towards goals achievement

At the year-end 2022, the share of gas in Rosneft's total hydrocarbon output amounted to more than 20% that is in line with the strategy of increasing gas production in the total portfolio of production projects.

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

11.2. Improving living standards in cities and other residential areas

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



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

2022: progress towards goals achievement

In 2022, the Company continued to sell fuels with improved environmental and operational characteristics (Pulsar branded fuel and gasoline Euro-6).

Development of gas filling infrastructure in Russia is one of Rosneft's priorities in retail business: using gas as a motor fuel makes it possible to improve efficiency of vehicle operations by reducing the cost of transportation and significantly reducing the impact of motor transport on the environment.

Rosneft's retail network of filling stations develops charging infrastructure for electric vehicles as part of cooperation with Russia's largest electric power companies. Rosneft filling stations have installed and operate charging stations for electric vehicles, as well as fast charging stations.

The Company takes care of every guest by shaping a cafe offer to meet different needs: for a quick snack, "on the go" format, as well as the possibility of having a proper breakfast or lunch: hot dogs, pastries, confectionery products, ready to eat hot dishes.

At the year-end 2022, about 1.5 thousand filling stations provide a full-fledged offer of meals on the road - coffee, pastries, hot dogs and burgers. Jointly with partners, the Company implements programmes to provide insurance and financial services, there are pharmacies at filling stations, and some filling stations have car washes and service centers. The programme of installing food trucks in different locations is expanding, which allows Rosneft to complete a number of tasks, including organizing a cafe offer at a filling station with a kiosk, keeping the offer familiar to our guests during the period of repair works at filling stations, as well as reducing customer service time at filling stations with a small area store by distributing the flow of customers.

Please refer to Section 3.2 for more details.

Please refer to Section 7.2 for additional information.



11.3. Environmental policy and commitments

The Company is seeking to reduce the level of impact on the environment from its business activities, monitors compliance with environmental legislation, develops corporate programmes, organizes and participates in voluntary environmental events.

Rosneft's <u>Environmental Development Concept</u> until 2035 sets the goal of a 15% reduction in total non-greenhouse gas emissions, including, in particular, reduction in emissions of sulfur dioxide and nitrogen oxides.

Using the mechanism of agreements on socio-economic cooperation, regions receive additional funds into their budgets that are required for development of territories and implementation of environmental protection measures (see Section 1.2).

The Company's "green" investments in 2022 amounted to approximately 57 billion rubles.

11.4. Supporting indigenous people of the North and local communities

Please refer to Section 2.3 for more details.



11.5. Culture and heritage

The Company respects cultural heritage, national traditions and values, and supports educational projects aimed at their preservation.

2022: progress towards goals achievement

- Rosneft supports the State Hermitage Museum. In 2022, the Company participated in opening of the exhibition: "Egyptomania. Commemorating the 200th Anniversary of J.-F. Champollion's Deciphering Egyptian Hieroglyphs";
- The Company is cooperating with the D.D. Shostakovich St. Petersburg Academic Philharmonia. Thanks to the Company's sponsorship, the Philharmonia organizes large-scale cultural projects aimed at revival of spiritual and national values. In 2022, in particular, the Philharmonia hosted a historical and musical project "Partita Memoria" dedicated to the 80th anniversary of the premiere of Shostakovich's Seventh Symphony in the blockaded city of Leningrad;

- The Company provided general sponsorship for the 17th All-Russian Children's Charity Music Festival "White Steamboat";
- Rosneft provided support for a tour of the Sretensky Monastery Choir with a new production of "Life!" in the regions of the Company operations: Ryazan, Krasnodar, Tuapse, and Nefteyugansk.

Please refer to Section 1.2 for more details.

11.6. Creating favourable social environment

Please refer to Section 3.5.



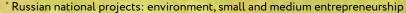
RESPONSIBLE CONSUMPTION AND PRODUCTION



малое и среднее предпринимательство НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ

Seeking to prevent possible negative impact, the Company takes all necessary actions to ensure environmental protection, conservation and restoration of natural resources, including continuous improvement of products, processes and working conditions of the Company's employees and partners.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures^{**}.



The Company's direct influence on stakeholders



12.1. Environmental policy and commitments

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

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

12.2. Sustainable development and efficient use of natural resources



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

2022: progress towards goals achievement

- extending the life of field development and increasing the oil recovery factor, in particular, by introducing modern enhanced oil recovery techniques, implementing well intervention programmes and the large-scale use of highly productive horizontal and multilateral wells¹²;
- shared use of infrastructure within cluster field development ensuring lower environmental footprint;
- effective utilization of associated petroleum gas and other byproducts of crude oil and gas production;
- transitioning to more sustainable production by improving refinery yields, undertaking refinery upgrades, and changing the product mix because of incremental environmental requirements;

The "Rosneft–2030: Reliable Energy and Global Energy Transition" Strategy provides for an increase in light products yields at the Company's refineries in the Russian Federation to 69% by implementing ongoing programmes.

• applying new technologies and technological solutions in order to expand sustainable production methods and reduction of losses along the entire value chain. Responsibility and preserving the environment is an integral part of the Company's corporate culture.

Please see Sections 7.4, 13.5, 14.3 for further details.

¹² In 2022, the number of newly commissioned wells exceeded 3 thousand units, the share of the most efficient new horizontal wells amounted to 68%.



12.3. <u>Effective</u> procurement system

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

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

2022: progress towards goals achievement

In total, more than 750 thousand suppliers have registered on the TEK-Torg platform¹³.

In order to ensure an efficient and sustainable supply system the Company operates in strict compliance with the requirements of industrial safety, labour protection and environmental protection (HSE). The Company has drawn up standard HSE qualification criteria for different types of products, works, services in the field of HSE rules with a view to implementing an integrated approach to complying with the HSE requirements and the Company's Regulations "The procedure for interaction with contractors in the field of industrial and fire safety, labour protection and the environment", enacted in 2019 and establishing new HSE qualification criteria.



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

The Company applies the same requirements to contractors in the field of industrial safety, labour protection and environmental protection (HSE rules). All standard agreements include provisions on the need to follow the Company's HSE rules.

Individual standard qualification criteria are applied when conducting procurement procedures for works and services of environmental nature. These criteria take into account specifics of the subject of procurement (availability of necessary

With regard to oilfield activities (in particular, drilling), the standard contract contains a separate addendum on contractors' treatment of drilling waste which is based on the requirements of applicable legislation, including environmental regulations.

¹³ Cumulative total since the beginning of the JSC TEK-Torg Electronic trading platform.

permits, licenses, rights to use technologies, certificates in accordance with the environmental legislation of the Russian Federation or applicable law, availability of qualified and experienced personnel, sufficiency and availability of the necessary material and technical resources, and other criteria).

In 2022, eight informational events were organized and held to attract new suppliers and contractors (the Moscow, Tomsk, Samara Regions, the Altai and Khabarovsk Territories, Bashkortostan, and the Krasnoyarsk Territory). The purpose of these events was to raise awareness and interest of suppliers and contractors (including SMEs) to participate in the Company's procurement procedures.

Rosneft and employees from Company subsidiaries took part in online seminars organized by JSC SME Corporation. The seminars were held in person in St. Petersburg, cities of the Stavropol and Krasnodar Territories, the Leningrad and Saratov Regions, the Republics of Tatarstan and Udmurtia, and other Russian regions. Online seminars were held for representatives from all regions of the Russian Federation.

For more information, please see Section 16.1 "Human rights and freedoms".



PRESERVING MARINE ECOSYSTEMS





The Company takes measures to protect ecosystems and biodiversity at all stages of projects implementation.

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

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures^{**}.



14 LIFE BELOW WATER

^{*} Russian national projects: environment, science and universities

The Company's direct influence on stakeholders

14.1. <u>Biodiversity</u> of marine ecosystems

Rosneft follows the principle of maintaining favourable environment and biological diversity in all regions of Company operations. Rosneft pays particular attention to preserving the marine ecosystems of the Arctic zone.

Within the framework of The Rosneft–2030 Strategy and Rosneft's Environmental Development Concept future projects should comply with the principle of "net positive impact" on biodiversity.

Every year the Company inspects wellheads of previously drilled wells in the seas, and carries out environmental monitoring of marine ecosystems and ecological and fishery mapping in the Company's offshore license areas.

Since 2012 the Company has been regularly conducting complex research expeditions aimed at studying marine Arctic ecosystems, with particular attention paid to rare and protected species, including those listed on the endangered-species list of the Russian Federation, regional endangered-species lists, and the Red List of the International Union for Conservation of Nature.

Within the framework of cooperation with the Foundation for Support of Scientific and Project Activities of Students, postgraduates and Young Scientists "National Russian Intellectual Development" the Company publishes environmental atlases of the Russian seas. The purpose of these publications is to provide general up-to-

date information on physical geography, oceanology, hydrometeorology, ecology and history of the waters of the Russian seas. The publications have received a positive opinion from the scientific and expert community.

2022: progress towards goals achievement



In 2022, together with Innopraktika, a non-state development institute, the Company published a book <u>"Rediscovering the Arctic"</u>, dedicated to the results of expeditions and scientific research in the Arctic zone over the past 10 years.

In 2022, Rosneft published the atlas <u>"Marine Mammals of Russia"</u> in cooperation with Innopraktika. The publication contains scientific data on the ecological condition of 47 mammal species that inhabit Russia's northern seas, climatic and oceanographic features of the seas, issues related to marine mammal protection, and more than 60 maps.



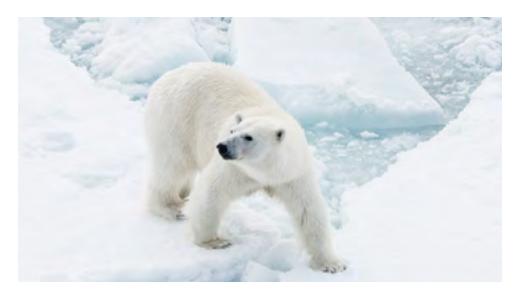
The year 2022 witnessed the 10th anniversary of Rosneft's comprehensive scientific research in the Russian Arctic. The Company is implementing the most ambitious programme since the Soviet times for comprehensive research and environmental monitoring of the Arctic region - more than 40 expeditions have already been carried out, and new projects are launched on a regular basis. Rosneft's scientific unit, together with the country's leading profile institutes, has organized unprecedented geographical coverage of hydrometeorological, geological and biological research, including deployment of an extensive observational network of automatic weather stations and seismic stations, the northernmost stratigraphic drilling and laboratory analysis of Arctic core samples, and research into species indicators of the steady state of marine ecosystems.

Within the framework of the agreement concluded with the Ministry of Natural Resources of Russia in 2019, Rosneft continued implementing a corporate programme for the study, conservation and monitoring of key species - bioindicators of the Arctic ecosystems stability: polar bear, Atlantic walrus, wild reindeer and Ivory gull – a rare species of gull, listed on the endangered-species list of the Russian Federation.





Bioindicator species studies implemented in 2020-2022, as part of the Biodiversity Conservation Programme, largely fill in the lack of data on the state of the populations of animals under study: ways of using the territory, migrations, and genetic diversity. Recent intensive research in Russia's Arctic seas, including those organized by Rosneft, has led to an expansion and clarification of knowledge about the biology of the species under study. Thanks to the expedition work, more than 40 islands have been explored: the Orange Islands (the territory of the Russian Arctic National Park), Victoria Island and the islands of the Franz Josef Land archipelago. A detailed mapping of known walrus rookeries was conducted, and new pinniped rookeries were discovered and described. The largest concentration was





recorded on the Franz Josef Land archipelago islands: more than 2000 animals on the Eva-Liv Island in 2021. A survey was conducted in the field season 2022 with the participation of the A.N. Severtsov Institute for Problems of Ecology and Evolution of the Russian Academy of Sciences within the framework of the voyage of the "Floating University – 2022" on the route Dixon - Franz Josef Land - Arkhangelsk. Overall, five islands of the Franz Josef Land archipelago were surveyed. During the expedition, a large rookery of walruses was discovered on the island of Kheysa (over 650 animals). While working on the rookeries we remotely collected biopsies from the animals for further laboratory research. The previously installed camera traps were serviced. More than 7 thousand animals were recorded over 2 years of research with the help of drones.

Studies of <u>polar bears</u> under the programme have shown that more and more bears of the Barents Sea subpopulation have been exposed to pathogens in recent years. At the same time, it is still not entirely clear what damage the presence of pathogens does to the animals' wellbeing and even less clear to what extent they affect the population as a whole, both of which are necessary for development of effective polar bear preservation strategies. The analysis performed leads to the conclusion that the animals' condition during the ice period is generally assessed as satisfactory and worsens among bears that remain on the islands during the ice-free period.

As part of the <u>Ivory gull</u> surveys, monitoring sites for the nesting population of the species in the northeastern part of the Kara Sea were established, and observations continued at the most long-term monitoring site for the species in the entire global range. Eight previously known nesting sites of the Ivory gull were surveyed, including Golomyany, Sredny, and Domashny islands. Based on the availability of previous years' data, Vize Island became another key site for the long-term monitoring of the Ivory gull in the monitoring network of the core Russian range. We captured and ringed 129 adult Ivory gulls and 20 nestlings. The performed monitoring of nesting numbers and demographic parameters (breeding success) has extended the dataset, which is of a unique nature on a global scale, which is extremely important for documenting the state of the Ivory gull population in the changing conditions of the modern Arctic.

Through the work done, the data obtained are not only relevant for drafting monitoring programmes for the above species as biological indicators and measures for their preservation, but they are also valuable data for science.

The programme was a continuation of large-scale studies of polar bears and walruses carried out in 2014–2018. As a result, a unique scientific material about the current state of animals living in the Arctic was collected and systematized.



14.2. Environmental policy and commitments

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

The key elements in project planning are the Company Environmental Impact Assessment process and interaction with stakeholders as part of public discussions during project implementation.

When carrying out work in offshore areas, the Company follows the provisions of international conventions such as the International Convention for the Prevention of Pollution from Ships (MARPOL) and the Convention on the protection of the Black Sea against Pollution. Rosneft is also governed by the requirements of the national legislation on the continental shelf of the Russian Federation; on the exceptional economic zone of the Russian Federation; and on inland waters, the territorial seat of the adjacent zone of the Russian Federation. Ships used by the Company comply with the MARPOL provisions.

Fieldwork at chartered vessels is allowed only after the technical audit aimed at establishing compliance with the Company's requirements is complete.

Offshore exploration work, as well as construction of wells, is carried out upon availability of all necessary approvals and permits from authorized bodies, including a positive conclusion of the state environmental expertise, as well as public approval of the Company's business activities implementation.

In accordance with the Russian environmental legislation, when implementing business activities, the Company conducts mandatory public discussions both in the form of face-to-face events (public hearings) and remote surveys as well.

14.3. <u>Innovative</u> activities

Within its Innovation programme, the Company continues the creation of a new biological product based on psychrophilic microorganisms for the purpose of an effective cleanup of the water and coastline of high latitude seas from pollution (please go to Section 14.1).

The Arctic Scientific Centre continues cooperation with the National Intellectual Development Foundation, supporting scientific project-based activities of students, doctoral candidates and young scientists, with a view to creating hydrocarbon degrading bacteria for decontamination of hydrocarbon polluted water surface and coastal the zones of the Northern Seas. Currently, the parties have completed the development of the microbial prototype of the product and its technology pattern.

2022: progress towards goals achievement

In 2022, as part of the targeted innovative project "Creation of a microbial product for elimination of hydrocarbon pollution in the seas of the Arctic region: technology scaling and testing the product", the Company continued developing the technology for industrial production of the product and the necessary regulatory and technical documentation for its subsequent production and use.

Creation of a new type of microbial product and its convenient technological form will allow localizing and eliminating oil pollution of various types.

The native forms of microbes in the composition of each microbial product, due to their regional specifics, will provide the most complete and safe purification from hydrocarbons in various regions of oil production.

In 2022, as part of the Targeted innovation project (TIP), studies were completed on assessing the pathogenicity of microorganisms contained in the drug - all strains used are nonpathogenic for humans and warm-blooded animals and are suitable

Rosneft: Contributing to Implementation of UN Sustainable Development Goals

for biotechnological use. A methodology for testing a pilot batch of the drug using flow-through aquarium systems was developed; the technology for industrial biomass production to create the finished form of the drug was finalized.

The Company is going to test the preparation in conditions as close as possible to real ones. For this purpose, a building for flow-through aquarium systems was equipped at the Belomorskaya Biological Station with the support of the Company. The laboratory is located on the seashore, which is necessary to ensure the operation of the marine water pipeline in a year-round mode, also in hard ice conditions in winter. A flow-through

marine system of aquariums will be installed in the premises of the new building, which maximally imitates the conditions of the open seawater area. At the same time, hydrocarbons and the microbial preparation would never enter the sea. The protection against environmental pollution is one of the critical test conditions.

By the end of 2025, it is planned to complete the development of an industrial technology for producing a microbial drug. Introduction of the microbial drug the Company perimeter will optimize and improve the quality of the activities and reduce the risks of emergency situations at the Company's license areas in the Arctic.



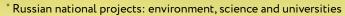
LIFE ON LAND





The Company is committed to promoting ecosystem sustainability in the regions where it operates by minimizing impacts on vulnerable ecosystems, biodiversity, or critical components of natural ecosystems through monitoring and assessing environmental baselines.

The Company's management constantly identifies and assesses risks affecting achievement of the Strategy's goals and develops risk management measures[®].



^{**} The Company's direct influence on stakeholders



15.1. <u>Biodiversity</u> of ecosystems

Rosneft is committed to taking action with a view of protecting ecosystems and biodiversity.

When implementing corporate strategic initiatives to ensure a cumulative positive impact on ecosystems, the Company pays special attention to measures aimed at preserving biodiversity in terrestrial ecosystems. In 2022, Rosneft drafted and consolidated conceptual approaches to biodiversity preservation in its internal regulatory documents, and began drafting a corporate-wide Programme for biodiversity preservation in the regions of the Company's presence.

The corporate process of the Environmental Impact Assessment is a key element in the planning of future projects. Decisions are made based on the analysis of background environmental conditions, including the condition of valuable and specially protected flora and fauna. Projects are implemented only after confirmation of compliance with environmental requirements and monitoring of the implementation of relevant measures, including the state of environmentally sensitive and specially protected territories closest to Company operations.

When carrying out work on environmentally sensitive territories and near specially protected natural territories, the Company implements all possible preventive measures to avoid effects on the environment and ensure the preservation of biodiversity. Rosneft is taking measures to minimize the environmental impact based on the monitoring results.

Rosneft gives priority to implementation of measures aimed at preserving ecosystems and biodiversity.





15.2. <u>Sustainable management</u> of natural resources and minimized environmental footprint

The Company is committed to the prudent use of the natural resources (including increased recycling) and gives consideration to the environmental impact of Company facilities.

Particular attention is paid to the environmental aspect: preserving the integrity of natural environment during implementation of projects in environmentally sensitive areas.

A separate focus area is reduction of the environmental footprint through preventive and other measures.

Rosneft is executing a number of programmes and projects, which minimize its environmental footprint, including:

- the Gas investment programme for increasing the beneficial use of the associated petroleum gas at both existing and new fields (see Section 13.4);
- a wide range of environment protection projects with the goal of reducing the consumption of fresh water (see Section 6.2);
- the processing and safe disposal of waste, such as drilling waste re-injection;
- the Energy efficiency programme aimed at improving the efficient use of fuel and energy resources while maintaining the target production level, and refining and sales volumes of hydrocarbons (please see Section 7.1).



15.3. Promoting ecosystems sustainability in the regions of Company operations

In accordance with the Company's Environmental Development Concept to 2035, Rosneft will take all possible steps aimed at avoiding any activity or any impact on protected territories during the planning of new projects in all regions of Company operations. Particular attention will be paid to the UNESCO world heritage sites. All new facilities will have to be designed based on the principle of environmental security and zero negative environmental impact, which should be ensured through the introduction of environmentally friendly best available technologies (BAT), constant monitoring and comparative analysis with scientifically based basic parameters.

2022: progress towards goals achievement

In 2022, the Center of Competence for Green Design was established on the basis of SamaraNIPIneft LLC in order to comply with the principle of environmental safety within the Company's perimeter.

Rosneft carries out projects on biodiversity preservation in the regions of Company operations.

In 2022, more than 55 million fingerlings of valuable and commercial fish species were released as part of measures for artificial reproduction of aquatic biological resources in the regions of Company operations.

Artificial reproduction of aquatic biological resources is of particular importance in environmental protection activities. In the reporting year, more than 30 Group subsidiaries contributed to reproduction of juvenile fish and their release into water bodies of fishery significance in the regions where they operate. The juvenile fish were released in cooperation with representatives of territorial administrations of the Federal Agency for Fisheries Management and branches of the Federal State Budgetary Institution Glavrybvod.

With direct support from Rosneft and the Arctic Research Center of Siberian Federal University, studies of the wild reindeer population were conducted. In 2022, the work was carried out in the spring-summer-autumn season on the Eastern and Central Taimyr both on foot and with the help of aviation. In total, scientists performed 13 flights, the length of which amounted to more than 13 thousand km. Routes were adjusted with due account for location of reindeer herds, the location of which was established according to the reindeer collars with GPS-transmitters

marked during the past fieldwork (8 collars are still transmitting the signal). Aerial counts covered the entire area of reindeer summer habitat in the flat part of Taimyr. More than 20,000 photos were taken. Additional counts were made in the southern part of the Byrrang foothills, where herds of reindeer flocking to form clusters of tens of thousands of reindeers. Ground studies of reindeer migration on the largest water crossing of the Kheta-Khatanga River were conducted. Land and boat counts were carried out on a river section of 380 km. Counts, photo-registration and video recording of migrating reindeer were conducted, more than 255 samples were taken for laboratory research.

Eight previously known nesting sites of the Ivory gull were examined in 2022 with the participation of the "Arctic and Antarctic Research Institute", including Golomyany, Sredny, and Domashny islands. GPS trackers were attached to eight gulls to identify their feeding areas and habitats. A total of 129 adult Ivory gulls and 20 nestlings were captured and ringed.



Employees
from Group
subsidiaries
together with
students from
the dedicated
Rosneft classes
took part
in environmental
campaigns.

PEACE, JUSTICE AND STRONG INSTITUTIONS





The Company is committed to building partnership, long-term, fruitful, trusting and mutually beneficial relationships with stakeholders: shareholders, investors, consumers, authorities, public and the business community.



^{**} The Company's influence on stakeholders



16.1. Human rights and freedoms

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

Rosneft is a participant of the **UN Global Compact**.

The Company's commitment to human rights is reflected in the Rosneft Code of Business and Corporate Ethics, as well as in the internal policies and local regulatory documents and apply to all subsidiaries, in which the Company possesses a majority of votes. Main mechanisms for monitoring and assessing activities in the area of human rights are also reflected.

Within the framework of compliance with legal obligations to ensure the internationally recognized rights and freedoms of individuals and groups of people, in 2020, the Company developed and published the Declaration of PJSC Rosneft in the field of human rights when interacting with suppliers of goods, works and services on the official corporate website. When submitting an application for participation in the procurement, each supplier/contractor confirms that they have read the declaration, as well as their readiness to comply with all the principles set out in it.

The Company developed a "Code of Suppliers of goods, works and services of PJSC Rosneft in the field of human rights". The Code is aimed at forming a strong business relationship between PJSC Rosneft and its suppliers. By adopting the Code, suppliers support the Company's position in the field of human rights and undertake to extend the Code's provisions to the entire supply chain of goods, works and services.

The Company acts in strict compliance with the Social Charter of the Russian business and the Universal Declaration on Human Rights. More than 68.5% of Rosneft employees are part of the labour contract.

16.2. Establishing sustainable procurement system along the entire value chain

Please refer to Section 12.3.



16.3. Developing stakeholder engagement

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

16.4. Compliance and combatting corruption

Please refer to Section 10.6.



ROSNEFT: SUSTAINABLE DEVELOPMENT PRINCIPLES

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

PRINCIPLES	APPROACH AND IMPLEMENTATION MECHANISM	INDEXES
Leading with agility in the age of energy transition	 Flexible business model Balanced investment portfolio Robustness across the cycle and value creation Energy security and energy access 	2.1, 3.2, 7.1, 7.2, 7.3, 7.4, 8.6, 8.8, 8.9, 9.1, 9.2, 9.3, 11.1, 12.2, 13.1, 13.2, 13.3, 13.4, 16.2, 17.2
Securing people, environment and values	 Safety culture and performance Working environment and benefits for employees Security for people, business and assets 	3.1, 3.3, 3.4, 3.5, 3.6, 7.2, 8.2, 8.3, 9.4, 10.4, 10.6, 10.7, 11.6, 12.3, 13.4, 16.2, 16.4, 17.2, 17.3
Doing business the right and responsible way	 Integrity across all business units and operations Transparency and reporting Respect of human rights Ethics, compliance and anti-corruption Risk management 	2.1, 3.1, 3.2, 3.3, 3.5, 4.1, 4.3, 5.1, 5.2, 7.3, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.10, 9.4, 10.2, 10.3, 10.4, 10.6, 10.7, 11.6, 12.3, 13.1, 16.1, 16.3, 16.4, 17.1, 17.2, 17.3
Enhancing economic and social development	 Direct and indirect economic contribution Supply chain and related industries development Employment and workforce training Industrial and social infrastructure Energy access, new products and solutions 	1.1, 1.2, 2.1, 2.2, 2.3, 3.5, 3.6, 4.1, 4.2, 4.3, 5.1, 5.2, 7.2, 7.4, 8.1, 8.3, 8.4, 8.7, 8.8, 8.10, 9.1, 9.2, 9.3, 10.1, 10.2, 10.3, 10.4, 10.5, 10.7, 11.1, 11.2, 11.4, 11.5, 11.6, 12.3, 16.2
Addressing threats of climate change	 Climate-related governance Emissions reductions Energy intensity of our industrial operations Use of our products 	3.2, 6.1, 6.2, 7.1, 7.2, 8.9, 11.2, 12.1, 12.2, 13.1, 13.2, 13.3, 13.4, 13.5, 14.1, 14.2, 14.3, 15.1, 15.2
Efficiently managing our environmental impact	Environmental stewardshipWater managementEcosystems and biodiversity	3.2, 6.1, 6.2, 6.3, 6.4, 11.3, 12.1, 12.2, 12.3, 13.1, 13.4, 14.1, 14.2, 14.3, 15.1, 15.2, 15.3
Partnering with our stakeholders	 Efficient partnerships Respect of human rights Labour rights, comfortable working conditions and social protection for our employees Company's values across our supply chain 	1.2, 3.5, 3.6, 4.1, 4.2, 5.1, 5.2, 6.2, 7.2, 8.1, 8.3, 8.4, 8.5, 8.8, 9.2, 10.1, 10.3, 10.4, 10.7, 11.5, 11.6, 12.3, 16.1, 16.2, 16.3, 17.1, 17.2, 17.3

