



ROSNEFT

OPEN JOINT-STOCK COMPANY
O I L C O M P A N Y



Sustainability Report

2012



Rosneft
Sustainability Report

2012

Rosneft Sustainability Report 2012

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A Message from Alexander Nekipelov, Chairman of the Board of Directors of Rosneft Oil Company



In the past year, the Company continued the progress towards its goal of becoming the leader of the global energy industry. The acquisition of a 100% stake in TNK–BP by Rosneft, announced in 2012, became the largest transaction of the year in the global mergers and acquisitions market. It helped us become the world's largest public oil and gas company in terms of production of both oil and hydrocarbons as a whole, and also increase our lead over other public companies in the industry in terms of proved oil reserves. As a result of the transaction, BP with its 19.75% interest became our second largest shareholder after the Russian Government.

Rosneft continued to develop cooperation with international partners — a process, which was started with establishing a partnership with ExxonMobil. In 2012, the Company signed strategic cooperation agreements with the global oil and gas companies ENI and Statoil. These partnerships help the Company successfully implement new major projects in complicated geographic conditions and substantially expand its involvement in projects outside Russia.

The Company is the largest user of subsoil resources on the Russian continental shelf. The Sakhalin projects in the Far East helped it gain extensive experience of offshore operations. The year 2012 was marked by the beginning of large-scale geological exploration and research works on

the Arctic shelf of Russia. These projects are implemented with the involvement of our international partners and provide a platform for sharing assets, technologies, and best practices.

The effects of our planned investment in the development of hydrocarbon resources on the shelf will be felt on a global scale. Rosneft and its partners committed to localize the manufacturing of a significant portion of the necessary equipment in Russia and already started designing a drilling platform for geological exploration in the Arctic, which will be built by a Russian shipyard using state-of-the-art international technologies.

The Company expands oil production at the Vankor field — a staple of the new oil province in Eastern Siberia. It also continues a major modernization of its Russian refineries. In future, as a result of the modernization, Rosneft intends to use hydrocarbon resources more efficiently, start manufacturing petroleum products compliant with the Euro 5 environmental standard, and expand the range of its products.

Sustainability has become particularly important to the Company in its new role as the global leader of the industry. As earlier, Rosneft is guided by the highest standards in the field of environmental protection, industrial safety, occupational health and safety, as well as relations with employees and the regions where it operates. However, now the Company has to not only comply with the existing standards, but also create best practices for the industry, and we hope that the partnership with the industry's leading companies will help us in this effort.

Technology development is Rosneft's another priority over the next few years. The main objectives in this area include more efficient development of mature fields and fields with low-permeability reservoirs. The Company already uses state-of-the-art techniques, develops unique solutions in-house, and uses solutions from the leading Russian R&D centers.

We are going to continue making progress. The Company faces difficult challenges: to carry out a successful integration of TNK-BP assets and continue the development of strategic projects.

But we realize that the future is created today and it depends on the decision we make. We have an enormous responsibility, since those decisions will shape the future of our children.



Alexander Nekipelov,
Chairman of the Board of Directors
of Rosneft Oil Company

A Message from Igor Sechin, President of Rosneft Oil Company



In 2012, the Company continued implementing the strategic initiatives it had planned earlier. The acquisition of TNK–BP assets, implementation of strategic agreements with Exxon–Mobil, ENI, and Statoil with regard to offshore projects on the Russian shelf and development of hard–to–recover reserves, entering new foreign assets — all these developments give rise to new objectives for the Company and require new management approaches.

Environmental and industrial safety, OHS, and innovation become increasingly important to the Company, entering the list of its top priorities. In 2012, Rosneft successfully continued putting its activities in those areas on a systematic footing in order to make them fully consistent with the Company's objectives.

To emphasize the significance of these aspects, the year 2012 was declared the Year of Health, Safety, and Environment at Rosneft. As a result of our efforts in this area, we were able to reduce the number of occupational injuries, counting this among our most important achievements.

Together with its partners — ExxonMobil and Statoil — Rosneft developed and signed a declaration on environmentally sound operations on the Arctic shelf. Furthermore, the Company signed a memorandum of cooperation with the Agency for Strategic Initiatives intended to facilitate the innovation-based development of both the Company's business and the entire industry.

The Company continued systematic implementation of all its targeted programs including those in the field of environmental management, industrial safety, and innovation, among others. In 2012, the Company's overall investments under the Innovation Development Program amounted to RUB 9.9 bn, or 16% more than in the previous year. As a result of the Program activities, the Company filed 18 patent applications. Investments in OHS and industrial safety were RUB 3.5 bn — a 51% increase compared to 2011. Environmental expenditures amounted to RUB 11.5 bn, or 57% higher than in the previous year.

In 2012, Rosneft's engagement in socio-economic development of its regions of operation was raised to a new level. The Company's subsidiaries operate in all federal districts of Russia, and it has become necessary to develop cooperation not only at the local and regional levels, but also at the level of larger administrative units — federal districts. In 2012, Rosneft signed a strategic cooperation agreement with the Ministry for Development of the Russian Far East and a strategic partnership agreement for socio-economic development of the Urals Federal District.

In the past year, the Company invested over RUB 2.8 bn within the framework of regional socio-economic cooperation agreements. Once again it became the largest taxpayer in Russia, providing RUB 1.7 trillion to budgets at all levels, including RUB 171 bn paid to regional budgets. Rosneft facilitates the development of the national economy: in the past year, it purchased some 85% of necessary goods and services from Russian providers.

The Company employs over 175 thousand persons! To ensure development and decent remuneration of the staff — Rosneft's most significant asset — all subsidiaries have numerous training, incentive, and motivation programs. The Company continues to maintain the corporate candidate pool and support the development of young professionals as a foundation of its human resource potential.

The Company is a participant of a number of Russian and international sustainability initiatives. For example, it is a member of the UN Global Compact, and as such supports its principles and goals. The Company is an active participant of the international integrated reporting initiative and the interagency working group for the preparation of a concept of non-financial reporting development in Russia, which functions under the auspices of the Russian Ministry for Economic Development.

In 2013, the Company will have to address a number of ambitious objectives, the most important of them being the integration of TNK-BP assets. Rosneft has to carry out the integration in such a way that the consolidated company conforms to the industry's best international standards. This applies not only to operational and financial performance, but also to all sustainability aspects.



Igor Sechin,
President of Rosneft Oil Company

¹ Within the RAS reporting boundary.

Key Sustainability Performance Indicators

Indicator	2010	2011	2012
Operational and financial indicators ²			
Proved oil reserves, PRMS, mmt	2,487	2,519	2,513
Proved gas reserves, RMS, bscm	791	850	992
Oil and gas condensate production, mmt	115.8	118.7	122.0
Gas production, bscm	12.3	12.8	16.4
Refining throughput, mmt	50.5	57.9	61.6
Output of petroleum products and petrochemicals, mmt	48.4	55.9	59.6
Assets at the end of the year, RUB bn	3,015	3,377	3,858
Long-term accounts and liabilities payable at the end of year, RUB bn	552	601	845
Dividends paid, including minority dividends paid by subsidiaries, RUB bn	22	27	71
Generated and distributed direct economic value, RUB bn			
<i>Generated direct economic value</i>			
Revenue	1,939	2,738	3,102
<i>Distributed economic value</i>			
Operating costs	493	768	923
Employee wages and benefits	72.7	75.2	94.2
Payments to providers of capital	43	46	86
Payments to governments	925	1,384	1,625
Community investments	3.6	10.7	7.6
<i>Retained economic value</i>	402	454	366

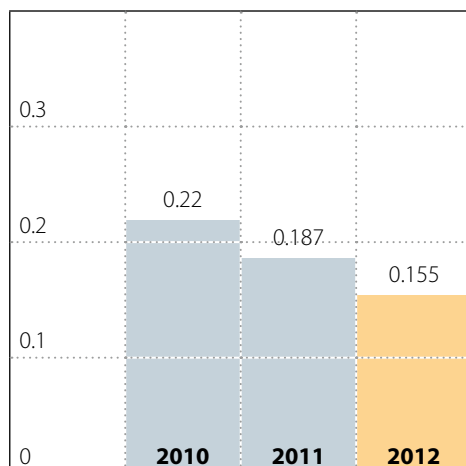
² According to IFRS, unless stated otherwise.

Indicator	2010	2011	2012
Health, safety, and environment performance indicators³			
Occupational injury rate (injuries per one mln hours worked)	0.22	0.187	0.155
Occupational fatality rate (cases per 100 mln hours worked)	2.55	2.68	2.02
Total air pollutant emissions, thousand tonnes	925	1,023	1,359
Specific pollutant emissions in the production sector (kg per tonne of hydrocarbons)	6.26	6.65	9.16
Specific pollutant emissions in the refining sector (kg per tonne of oil processed)	2.18	2.51	1.7
Greenhouse gas emissions (mln tonnes of CO ₂ -eq.)	n/a	43.8	43.1
APG recovery rate, ⁴ %	56.2	53.4	53.5
Total wastewater discharge to surface water bodies, mcm	95.2	90.4	84.6
Specific wastewater discharge to surface water bodies in the production sector (m3 per tonne of hydrocarbons)	0.004	0.0031	0.005
Specific wastewater discharge to surface water bodies in the refining sector (m3 per tonne of oil processed)	1.83	1.53	1.33
Total number of pipeline ruptures	12,385	11,069	10,279
Spilled oil and petroleum products, tonnes	n/a	1,066	1,152
Health, safety, environment, and emergency preparedness training, man-courses	100.8	110.3	113.3
Expenditures on OHS and industrial safety, RUB mln	2,111	2,353	3,546
Expenditures on emergency prevention, fire and radiation safety, and well control, RUB mln	4,716	4,555	4,447
Capital environmental expenditures, RUB mln	6,495	7,355	11,543
Operating environmental expenditures, RUB mln	6,836	10,567	10,537
Environmental pollution fines, RUB mln	29	87	65
Environmental pollution fees, RUB mln	589	653	3,865
Environmental damage from accidents, RUB mln	0	0	0

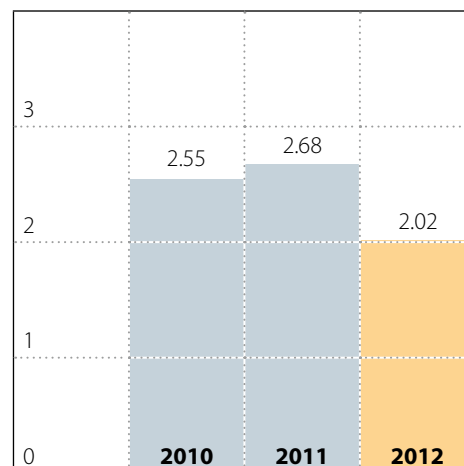
³ According to management accounts.

⁴ Data for all subsidiaries and dependent companies (with Rosneft's ownership interest taken into account) in the upstream sector. Data for 2010 — according to the RAS reporting boundary, for 2011–2012 — according to the IFRS reporting boundary.

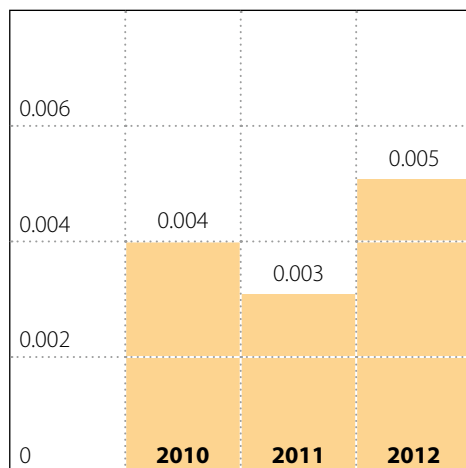
Occupational injury rate (injuries per one mln hours worked)



Occupational fatality rate (cases per 100 mln hours worked)



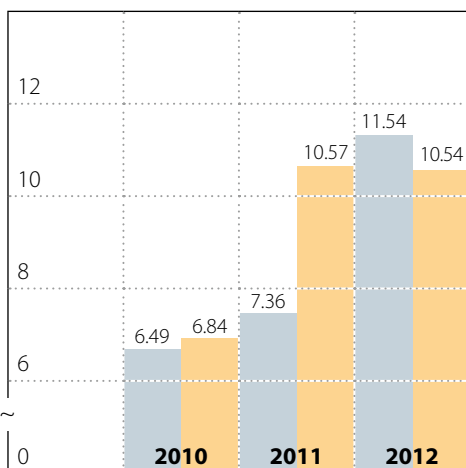
Specific wastewater discharge to surface water bodies, m³ per tonne of hydrocarbons/oil processed



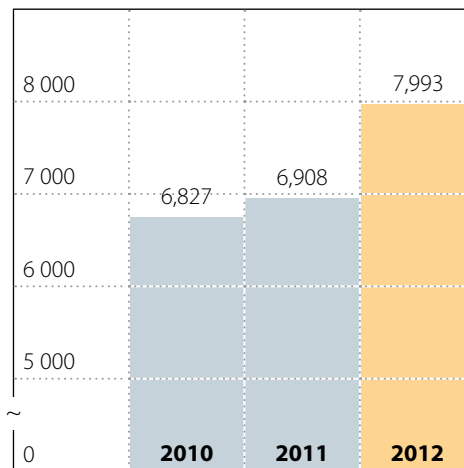
● Production

● Refining

Environmental expenditures, RUB bn



Expenditures on OHS, industrial, fire, and radiation safety, well control, and emergency prevention, RUB mln



● Capital environmental expenditures
● Operating environmental expenditures

Indicator	2010	2011	2012
Innovation indicators			
R&D expenditures, RUB bn	3.0	8.6	9.9
HR management indicators⁵			
Staff size as of December 31, thousand	147.5	164.06	169.3 ⁶
Average staff size over the year ⁷ , thousand	144.2	162.0	164.6
Workforce by category ⁸ , %			
Workers	61.6	62.0	59.7
Specialists and administrative staff	26.9	26.3	28.6
Managers	11.5	11.8	11.7
Workforce by gender, %			
Women	32.4	31.8	31.9
Men	67.6	68.2	68.1
Employee turnover, %	10.4	10.5	11.7
Average monthly salary, RUB	39,705	43,616	50,667
Gross payroll (incl. benefit payments and one-time bonuses included in the gross payroll), RUB mln	68,665	84,807	100,071
Social payments to employees, RUB mln	2,544	3,339	7,217
Society performance indicators⁹			
Tax payments and export duties, RUB mln	1,001,388	1,470,887	1,712,461
incl. tax payments to the federal budget and customs duties, RUB mln	851,788	1,283,090	1,517,600
incl. payments to regional budgets, RUB mln	136,981	169,181	171,440
incl. payments to extra-budgetary funds, RUB mln	12,619	18,616	23,421
Expenditures on social programs, including social investments and charity in the regions of operation, RUB mln	16,565	20,298	22,414
incl. creation of optimal working conditions, RUB mln	4,928	5,313	6,338
incl. implementation of regional cooperation agreements, RUB mln	1,880	3,228	2,801
incl. charity, RUB mln	1,652	2,864	3,422
incl. other social expenditures, RUB mln	8,105	8,893	9,853

⁵ According to management accounts (within the boundary of centralized business planning).

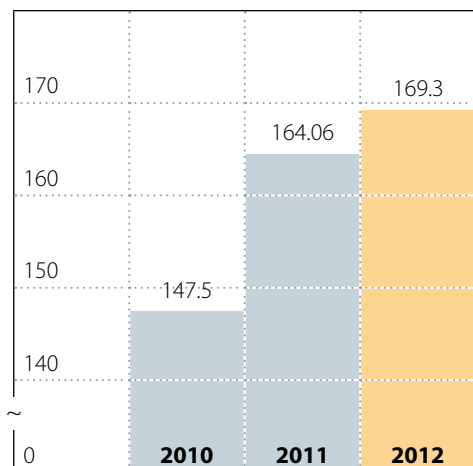
⁶ Total number of employees of companies included in the boundary of centralized business planning. The number of employees across companies included in the RAS reporting boundary is 175,379 persons, across companies included in the IFRS reporting boundary — 166,110 persons.

⁷ Almost all staff (98.9%) are employed full-time.

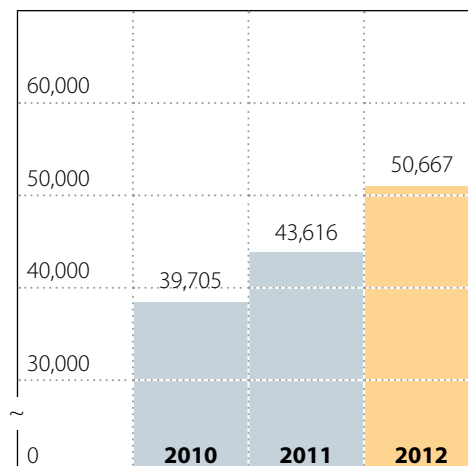
⁸ Employee categories in 2011 add up to 100.1% due to rounding errors.

⁹ According to management accounts (within the boundary of centralized business planning), unless stated otherwise.

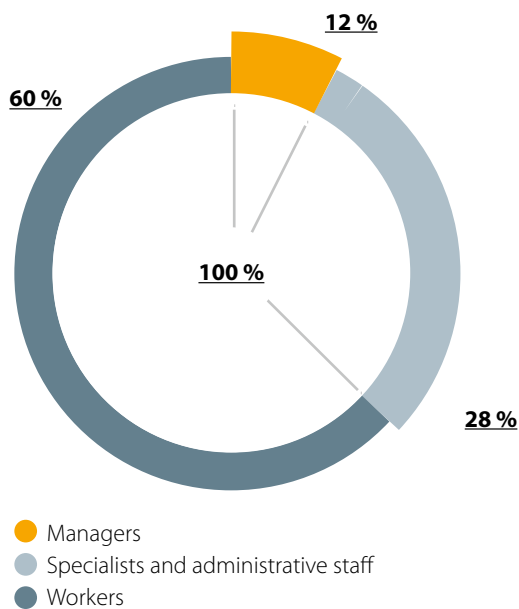
Staff size as of December 31, thousand persons



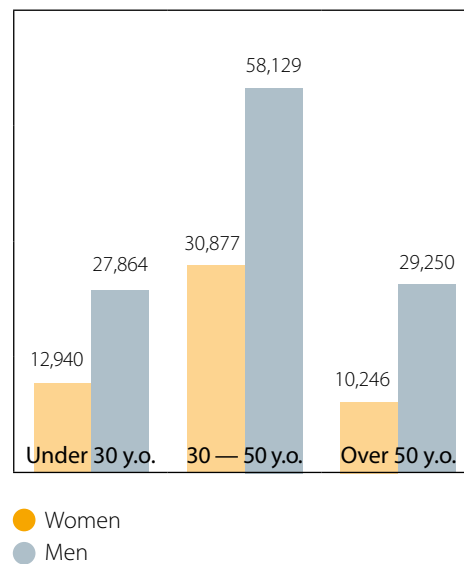
Average monthly salary, RUB



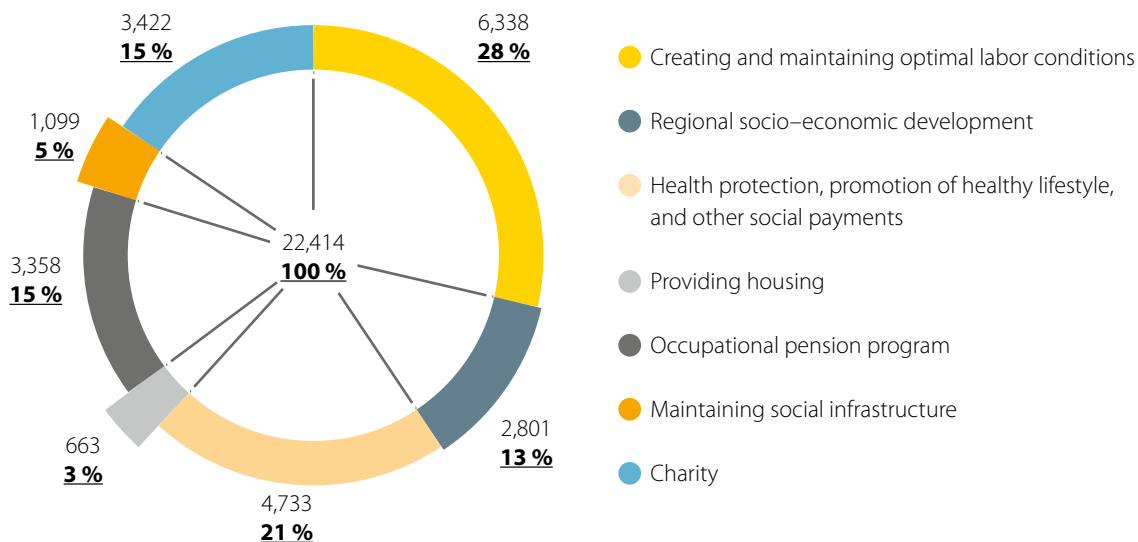
Rosneft workforce by category in 2012



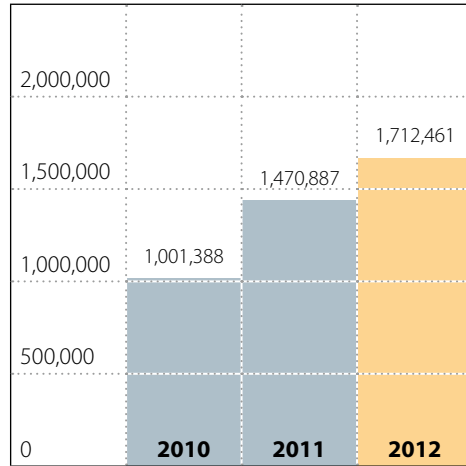
Breakdown of Rosneft workforce by gender and age in 2012, persons



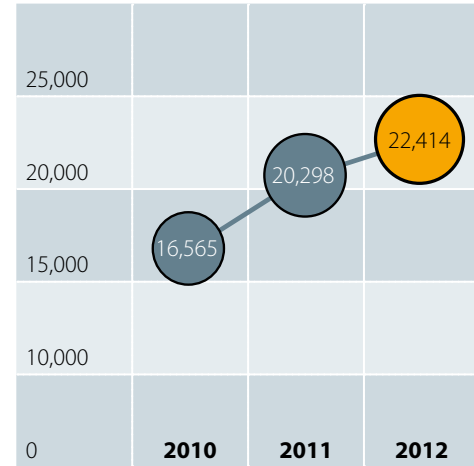
Expenditures on the main areas of the corporate social policy in 2012, RUB mln



Tax payments and customs duties, RUB mln



Total expenditures on social programs, RUB mln



About This Report

This report (hereinafter — the Report) is the seventh Rosneft Sustainability Report. Rosneft Oil Company publishes its sustainability reports on an annual basis; the previous one — Rosneft Sustainability Report 2011 — was published in the summer 2012.

The target audience of this Report includes stakeholder groups described in Rosneft Sustainability Reports for 2008–2011 together with methods used to engage with them. All those reports and additional information about various aspects of the Company's sustainability performance are available on the corporate website.

This Report, like the previous year's one, comprises two parts. The first part covers performance of the Company as a whole, whereas the second part takes a regional perspective, presenting information by federal districts of Russia.

This Report does not duplicate detailed information provided in Rosneft Annual Report 2012; a brief summary with appropriate references is provided instead.

The Company further develops its approaches towards sustainability reporting and data collection. In 2012, a decision was made to create an integrated automated system for the collection and analysis of environmental, health, safety, and emergency preparedness data. The Company plans to implement a project for the creation of the system in 2013 and complete its deployment in 2014.

To ensure effective feedback with regard to its sustainability performance, the Company carries out stakeholder meetings in its regions of operation on an annual basis (for more details see section Stakeholder Engagement). Furthermore, an online feedback form is available in the Sustainable Development section of the corporate website (www.rosneft.com) for any reader to send his or her comments and suggestions to the Company.

REPORTING PRINCIPLES

Rosneft's sustainability reporting process is based on the Sustainability Reporting Guidelines by the Global Reporting Initiative (hereinafter — the GRI Guidelines), version 3.1. The Company accepts and applies the reporting principles defined in the GRI Guidelines and described in Rosneft Sustainability Report 2008.

This Report contains information on all indicators defined in the GRI Oil and Gas Sector Supplement. Furthermore, in the process of preparing this report, the Company analyzed requirements of the upcoming fourth version of the GRI Guidelines, which is planned to be released in 2013.

In preparing its sustainability reports, the Company also considers the basic performance indicators for non-financial reporting developed by the RUIE (Russian Union of Industrialists and Entrepreneurs), and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API (2010). This Report also reflects the Company's progress in implementing the principles of the UN Global Compact.

This Report has been prepared in accordance with A+ GRI application level and undergone an independent assurance by Ernst & Young (CIS) B.V. The independent assurance report is available on pp. 96–97 of this Report.

As part of the process of integrating TNK–BP assets, the Company plans to analyze sustainability reporting approaches of both companies and adopt the best practices identified in the process.

REPORTING BOUNDARIES

Rosneft prepares its sustainability reports at the company-wide level, covering all of its major operating subsidiaries. The 2012 Report covers main subsidiaries controlled by the Company and OJSC Tomskneft managed on a parity basis.

The Company continues to develop its internal sustainability reporting procedures, gradually implementing its plan for the transition to a single sustainability reporting boundary. In 2012, consolidation boundaries with regard to HR management, social performance, and OHS did not undergo significant changes: LLC RN-Energo (the asset was sold) was excluded, whereas CJSC Eastern Petrochemical Company and OJSC Far Eastern Bank were included into the boundary. The reporting boundary with regard to environmental performance also underwent insignificant changes: a number of refining and service operations — LLC Purneftepererabotka, CJSC Eastern Petrochemical Company, LLC RN-Bunker, and CJSC RN-Energoneft — were added; the list of marketing companies included in the boundary was partially revised.

There were no significant changes in the scope of reporting (economic, social, and environmental aspects of sustainability) compared to the previous reports.

COMPANY PERFORMANCE¹⁰



¹⁰ This Sustainability Report contains only brief information on the topics covered in this section. More detailed information is available in Rosneft Annual Report 2012, which is available at the Company's official website.

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The Company in 2012: General Information

Rosneft Oil Company is the leader of the Russian oil industry and one of the world's largest publicly traded oil and gas companies. The key sectors of Rosneft's business include the exploration and production of oil and gas, manufacturing of petroleum products and petrochemicals, and marketing of outputs.



The Company has been included in the list of strategic Russian enterprises. As of December 31, 2012, its largest shareholder (75.16% of the equity) was OJSC Rosneftegaz, fully owned by the Russian Government. The geography of Rosneft's exploration and production operations encompasses all the key oil and gas regions of Russia, including Western Siberia, Southern and Central Russia, Timan–Pechora, Eastern Siberia, the Far East, and the Arctic shelf. The Company is also engaged in projects in Kazakhstan, Algeria, Venezuela, and the UAE. Rosneft's seven major refineries are spread across Russia, from the Black Sea coast to the Far East, whereas the Company's retail network encompasses 46 Russian regions.

At the end of 2012, the acquisition of TNK–BP by Rosneft was announced. As a result of the transactions completed in March 2013, Rosneft Oil Company became the global leader among public oil and gas companies in terms of hydrocarbon production and confirmed its leading positions in terms of proved oil reserves. BP, in its turn, substantially increased its stake in the Company, becoming the second largest shareholder with a 19.75% interest after the Russian Government.

Acquisition of the TNK–BP Group

The acquisition of the TNK–BP Group is a transaction on a unique scale by both Russian and global standards. After the integration of TNK–BP assets, Rosneft’s production assets will be supplemented by the Samotlor field, and by production operations in Khanty–Mansi and Yamalo–Nenets Autonomous Areas, Tyumen, Orenburg and Samara Regions, and Krasnoyarsk Territory. The united Company will carry out production and exploration at over 830 license areas. ABC1+C2 recoverable reserves will be over 11 bn tonnes of oil and condensate and 5.8 tscm of gas. The Company will run 11 refineries in Russia and 6 outside Russia (holding stakes in 4 refineries based in Germany, the Mozyr Refinery in Belarus, and the Lisichansk Refinery in Ukraine), and will sell petroleum products through a retail network of 2,435¹¹ filling stations. Furthermore, the acquisition of TNK–BP will help Rosneft expand its international business, adding projects in Brazil and Vietnam and bringing the number of projects being simultaneously implemented in Venezuela to five.

In 2013, the Company will face a challenge: to create, within the shortest timeframe possible, an integrated company consistent with Rosneft’s strategic development plans and the leading international standards not only in terms of operational and economic performance, but also in such fields as environmental and industrial safety, OHS, human resource management, development of regions of operation etc

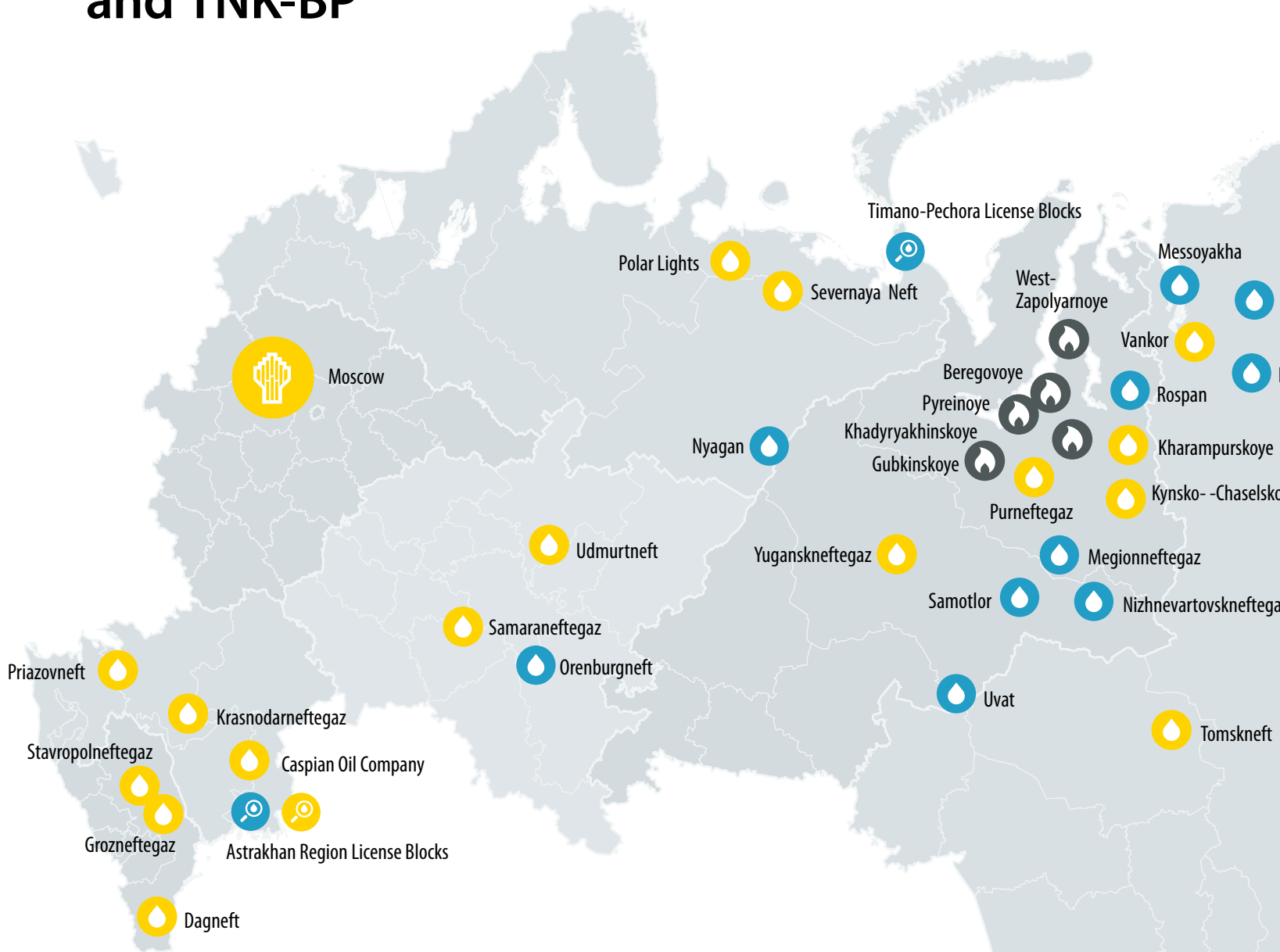
The process of integrating TNK–BP assets will include the following:

- *preparation and planning for the integration, when necessary working groups will be created and a methodology of integration will be developed;*
- *detailed planning of the integration and steps necessary to realize the joint potential;*
- *the integration proper and the creation of a unified company.*

It is planned that the main changes to the organizational structure and business processes will be implemented by the end of 2013, whereas the process of complete integration is expected to continue until mid–2014.

¹¹ With newly acquired assets in Ukraine and Belarus taken into account, the number of filling stations is 2,625

Upstream Business of Rosneft Oil Company and TNK-BP




Rosneft assets

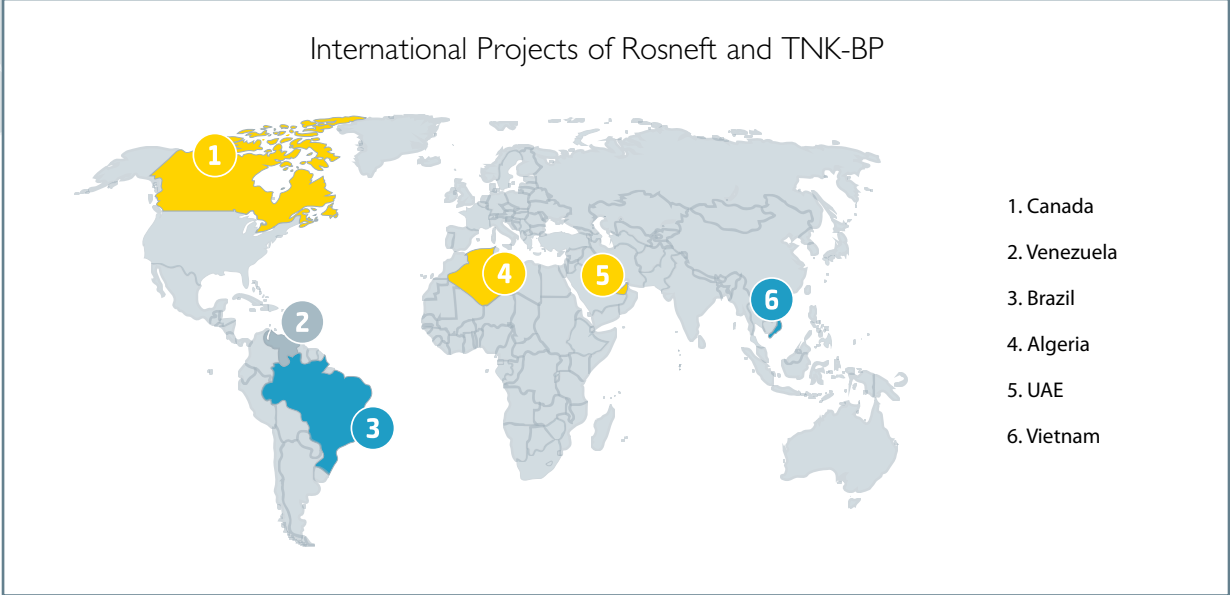
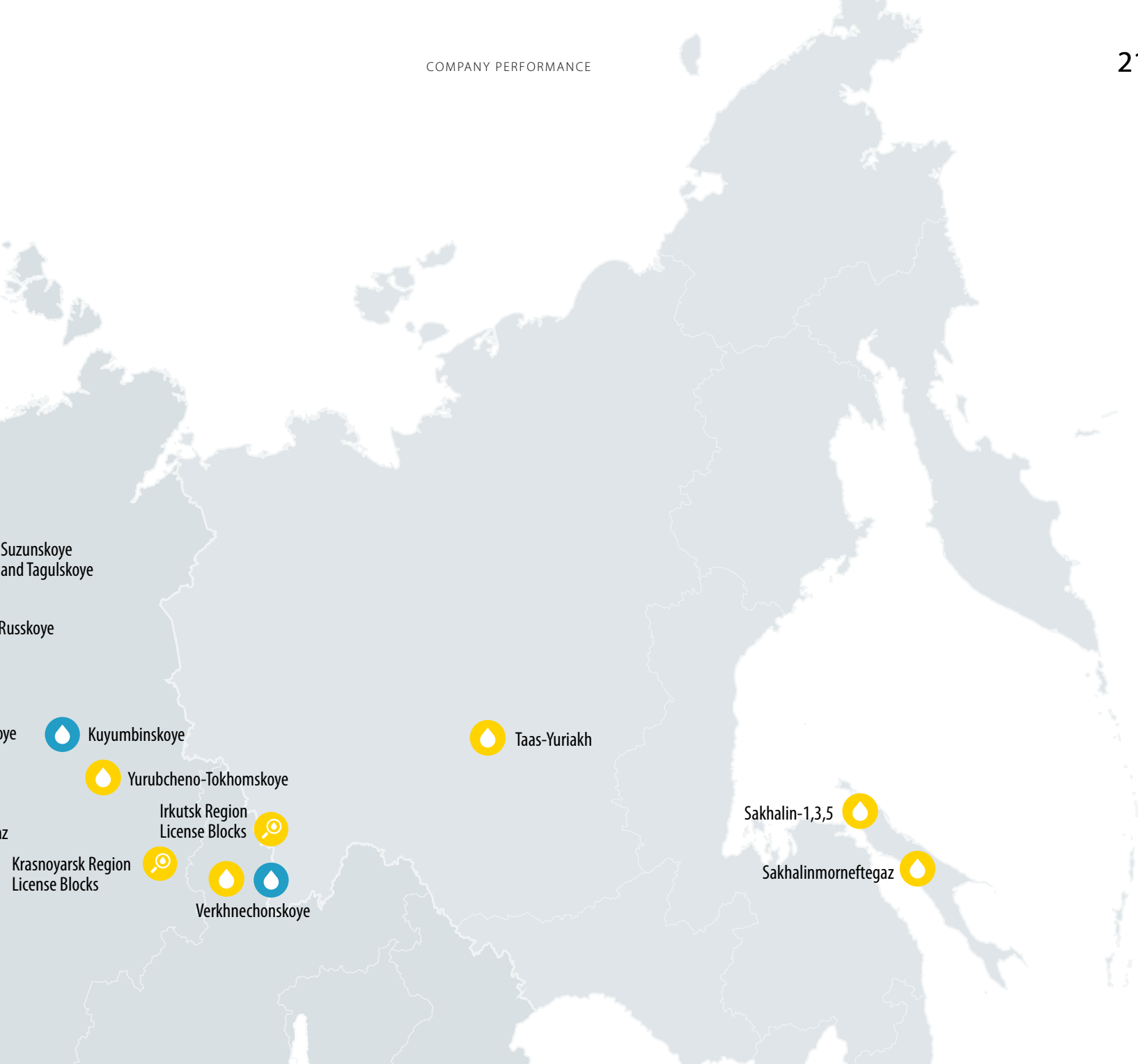
-  Oil production assets
-  Exploration assets
-  Gas projects

TNK-BP assets

-  Oil production assets
-  Exploration assets
-  Gas projects

Itera assets

-  Gas projects



Cooperation with international oil companies



A number of agreements between Rosneft and ExxonMobil were signed on March 16, 2012 in the presence of Vladimir Putin, then Prime Minister of the Russian Federation

In 2011–2012, the Company signed a number of strategic agreements with the leading international oil companies on joint implementation of offshore project and development of hard-to-recover onshore reserves. In 2012, Rosneft was recognized the Company of the Year in the category International Offshore Projects in the Arctic of the competition Business Results 2012.

Partnership with ExxonMobil. ExxonMobil, a company having a longtime experience of the development of hard-to-recover oil reserves, including offshore oil fields in the North, has become the first strategic partner of Rosneft. The two companies plan to implement a number of joint projects for the exploration and development of hydrocarbon reserves in Russia, the US, and other countries. In 2011, they signed an agreement on the exploration and development of several fields, including East Prinovozemelsky-1, -2 and -3 in the Kara Sea and the Tuapse license area in the Black Sea. In 2012, as part of strategic partnership between Rosneft and ExxonMobil, an agreement concerning pilot development of Bazhenov and Achimov formations in West Siberia was signed. The two companies also agreed on the participation of ExxonMobil in the Arctic Research and Design Center for Offshore Development and signed the declaration concerning the development of hydrocarbon resources on the Russian Arctic Shelf in an environmentally sound manner.

Partnership with Statoil. Rosneft signed a number of agreements with Statoil for the creation of a joint venture to work at Rosneft's license areas in the Sea of Okhotsk and the Barents Sea, and for the joint appraisal of hard-to-recover oil reserves at the Company's fields in Western Siberia and Stavropol Territory. At the end of 2012, Statoil joined the Declaration on the Protection of the Environment and Conservation of Biodiversity during the Exploration and Development of Mineral Resources on the Russian Arctic Continental Shelf.

Partnership with Eni. In 2012, Rosneft signed an agreement with Eni for the creation of a joint venture to develop license areas on the Russian shelf in the Barents and Black Seas. Eni will fully finance the geological exploration and reimburse most of the historical costs.

Sustainability Governance and Management

Rosneft Oil Company's corporate governance system¹² includes the General Meeting of Shareholders, the Board of Directors, a collegial executive body (the Management Board) and a chief executive officer (the Company President).

In 2012, Igor Sechin became Rosneft President.

As in the previous years, the top executive responsible for the coordination of the Company's sustainability activities was Vice President for HR and Social Policy. At the level of the Board of Directors, these issues are overseen by the Board's HR and Remuneration Committee.

In 2012, in accordance with directives of the Russian Government, a Board meeting was held to discuss and approve the Company's approach towards the application of voluntary environmental responsibility mechanisms and corporate sustainability reporting based on the international standards. The Company's President was made responsible for:

- preparation and publication of annual sustainability reports;
- development of a stakeholder engagement and dialogue system;
- development of an integrated corporate database of sustainability performance indicators.

The corporate departments immediately responsible for the management of operational and environmental safety include the Environmental Safety and Technology Department and the Safety and Health Department. In 2012, those two departments and the Energy Department were consolidated under a single corporate unit.

At the Board level, the issues of health, safety, and environment are supervised by the Board's Strategic Planning Committee.

All senior executives of the Company report to the Board of Directors in terms of key performance indicators (KPIs). The size of bonuses paid to the executives depends on meeting their respective KPI targets. The KPIs are defined based on the Company's specific objectives, which encompass, among others, such areas as transparency, environmental performance, occupational health and safety, social security of employees, and engagement with the society.

SUSTAINABILITY POLICY

The Company has a Sustainability Policy, which defines Rosneft's sustainability goals, objectives, and principles, as well as approaches to stakeholder engagement and sustainability reporting principles. The document is available in the Sustainable Development section of the corporate website

CODE OF BUSINESS ETHICS

Rosneft has the Code of Business Ethics, compliance with which is mandatory for all executives, officials, and employees of the Company. The Company maintains a system for reporting breaches of the Code of Business Ethics electronically; complaints can be sent to the address code@rosneft.ru

¹² *The Company's corporate governance system is described in detail in Rosneft Annual Report and the previous sustainability reports*

Risk Management

DEVELOPMENT OF THE RISK MANAGEMENT SYSTEM

In 2012, Rosneft started the implementation of an integrated risk management system. The Company's Risk Department, a unit established in the reporting year, prepared a roadmap for the system development. To support the implementation of the risk management system, an action plan consistent with the scale of Rosneft's business was developed. A Risk Management System Concept has been drafted; currently the document undergoes the approval process.

The Concept encompasses the determination of risk appetite by senior management, identification and assessment of risks, risk management actions and their relation to the Company's management processes, relevant reporting, and raising awareness of the risks among internal and external stakeholders.

Building on the Concept, efforts to develop a risk classification scheme and identify the Company's key risks were started. The most significant risks were selected for subsequent detailed analysis and quantitative assessment. The risk screening process relied on the expertise of risk management consultants working with the real sector and specifically oil and gas industry, and on the results of a preliminary qualitative assessment of risks and their key parameters. Rosneft's own experts having profound knowledge of various aspects of the Company's operations were also involved in the risk screening process. The upcoming integration of TNK-BP assets will require further adjustments to the risk management system in order to accommodate the Company's new needs.

Key risks associated with the Company's operations

This Report contains a detailed discussion of sustainability-related risks to which the Company is exposed. Those include risks related to environmental impacts, industrial safety, occupational health and safety, HR management, and relations with regional stakeholders. Industry, country and regional, as well as financial and legal risks also mentioned below are discussed in detail in quarterly issuer's reports available on the Company's website.

Risks related to prices for crude oil, gas, and petroleum products: A decline in product prices may lead to a reduction in the amount of oil and gas that the Company can produce profitably, which, in turn, may lead to a reduction in the volume of reserves that can be developed in an economically sound manner, and to a lower economic efficiency of the Company's prospecting and exploration programs.

Risks related to the dependence on monopolistic providers of oil, gas, and petroleum product transportation services and on their tariffs: Rosneft depends on such monopolistic providers of product transportation services as Transneft, Russian Railways, and Gazprom, and has no control over the infrastructure operated by them and their rates.

Risks related to geographic and climatic conditions: Abnormally low winter temperatures in a number of northern regions may complicate operations of the Company's oil production enterprises. Low winter temperatures, as well as complicated ice and wave conditions in northern seas lead to increased risks affecting the safety of offshore exploration operations, which, in turn, may result in delays in project implementation. Exports via Black Sea terminals to Mediterranean ports may be constrained by the throughput of the Bosphorus and by weather conditions (storm winds) in the Black Sea during the autumn. Also, complicated ice conditions during the winter may lead to a suspension of operations of export terminals on the Baltic Sea and at De-Kastri. An extended delay in the functioning of export terminals may have adverse effect on the Company's operating performance and financial position.

Risks related to sales of gas produced by the Company: Virtually all natural gas produced in Russia is transported through the United Gas Supply System (UGSS) owned and operated by Gazprom. A further increase in the Company's gas production and its sales to independent

regional traders and independent industrial customers will depend on sufficient access to the UGSS, whereas at present there are no guarantees of such access in the future.

Risks related to insufficient accuracy of oil and gas reserves estimates: The data on oil and gas reserves used by the Company are estimates based mainly on the results of internal analytical work by the company D&M, an independent consultant to Rosneft on petroleum engineering issues. The actual size of reserves may differ from those estimates substantially.

Risks related to competition: The oil and gas industry is intensely competitive. Rosneft competes mainly with other Russian leading oil and gas companies and is one of the industry leaders both nationally and globally, which significantly strengthens its competitive positions. The Company's substantial portfolio of new projects will help it maintain and strengthen its competitive edge in the future.

Risks related to environmental impacts, industrial safety, and OHS, which may lead to substantial costs: All types of the Company's core operations, including exploration, production, processing and transportation of oil, petroleum products, and gas, may cause adverse environmental impacts and pose threats to employees' lives and health. Such threats may stem from different sources, including the human factor (e.g. failure to comply with workplace safety requirements), equipment failure, natural disasters, or illicit third-party activities. This risk type is particularly significant when carrying out operations in complicated climatic and geographic conditions, e.g. when developing offshore license areas.

The realization of such risks may result in a significant damage to the environment and a threat to human life and health, since most processes used by the Company involve large amounts of oil, gas, and petroleum products — substances posing a fire and explosion hazard. As a result, the Company may be exposed not only to major losses and additional costs, but also to the risk of closure of some of its facilities and a serious reputational damage.

Risks associated with insufficient effectiveness of the emergency response system: The Company's industrial processes are characterized by a high probability of incidents and accidents. Therefore accident response plans have been developed for all process or facilities where such probability is significant. The ineffectiveness of the developed plan or a failure to comply it may amplify adverse effects of the incident or accident. This may lead to significant additional expenditures on the recovery and restoration of normal production operations.

Risks related to potential failure to attract or retain highly-skilled workforce: The Company's employees are a key factor of its success. The Company meets its strategic objectives and performance targets through coordinated efforts of its team. Insufficient skills among the staff or the scarcity of necessary human resources may lead to the Company's inability to meet its strategic objectives and financial performance targets, as well as additional costs for the recruitment and replacement of staff and a reputational damage

Risks related to the development of alternative energy sources: Whereas alternative energy is presently at an early phase of its development, many traditional energy companies are already investing actively in alternative energy projects. Today such projects are driven mainly by marketing considerations, but in the future they may become a source of competitive advantage. Then the underdevelopment of alternative energy projects may lead to additional financial losses and adversely affect the Company's reputation.

Country and regional risks: The Company operates in all federal districts of the Russian Federation, and its activities should be consistent with the respective regional development strategies. Furthermore, the Company is exposed to risks associated with its business outside of the Russian Federation. Most of the Company's foreign operations are based in developing economics characterized by more serious political, economic, social, and legal risks than countries with more developed markets. In many regards, the risks of doing business in such countries are similar to or more significant than those typical to Russia.

Financial risks: The Company actively expands its business using both its own resources and borrowed funds. Most of Rosneft's gross revenue is generated from export of crude oil and petroleum products. Consequently, fluctuations in currency exchange rates against the ruble affect the Company's financial performance, exposing the Company to currency risk. The Company's currency risk is mitigated to a significant extent by the existence of costs and loans denominated in foreign currencies.

Being a major borrower, the Company is also exposed to risks associated with changes in interest rates.

Legal risks: The Company's business is exposed to a number of legal risks, including those associated with potential changes in tax legislation, customs rules and duties, requirements with regard to the licensing of the Company's core operations and the use of limited-availability resources (including natural resources), regulation of land use and urban development, and judicial practice in the areas relevant to the Company's business (including licensing issues). Such changes may adversely affect the Company's performance and outcomes of pending court cases in which it is involved. Another type of relevant legal risks is the risks associated with violation of anti-monopoly laws, which may lead to substantial fines determined as a percentage (starting from 8%) of annual sales in a certain market. A special category of legal risks is those associated with changes in environmental and operational safety legislation.

For example, the Federal Law No. 287 (dated December 30, 2012) "On Amendments to the Federal Law on the Continental Shelf of the Russian Federation and the Federal Law on Inland Seas, Territorial Waters and the Zone Adjoining the Russian Federation" sets out requirements for the operation and use of artificial islands, units, facilities, underwater pipelines, and for the performance of drilling works on the continental shelf, in inland seas and territorial waters. The Federal Law, which enters into force on July 1, 2013, introduces additional requirements with regard to the prevention and remediation of oil and petroleum product spills at sea. The Company will be significantly affected by the requirements concerning financial resources to be set aside and guarantees to be provided by companies operating the facilities to which the new law applies.

INSURANCE

The Company views insurance as a risk management tool that allows to transfer financial losses from the realization of the risks insured against to professional insurance organizations. The most significant risks are insured against in the international reinsurance market.

The Company concludes insurance contracts covering risks associated with exploration, processing, and storage of oil and petroleum products; the contracts are extended on an annual basis. The production and processing facilities, as well as construction and installation works are also covered by insurance. In accordance with the Russian legislation, Rosneft participates in compulsory liability insurance schemes.

The Company has a risk insurance program for its key assets, which includes property insurance, insurance against equipment failure and business interruption, and integrated risk insurance for construction and installation works within the framework of the refinery modernization program.

In 2012, Rosneft introduced a comprehensive liability insurance program covering the Company's operations in Russia and abroad, including insurance against damages associated with onshore and offshore production operations

Stakeholder Engagement

STAKEHOLDER ENGAGEMENT WITH REGARD TO NEW PROJECTS



At the SPIEF 2012, Igor Sechin, head of Rosneft, said: "Now we have a real window of opportunity for global cooperation. I urge politicians, companies, financial institutions to work towards closer coordination, since we have an enormous responsibility for the reliability of energy supply"

In the context of its offshore development projects, the Company not only carries out public engagement activities within the framework of the environmental impact assessment process, but also participates in the existing thematic initiatives and working groups.

The Company participates in the activities of the Expert Advisory Group for the conservation and study of the Atlantic walrus in the southeastern Barents Sea and adjacent waters — a non-governmental body established by the Marine Mammal Council and WWF Russia. In cooperation with the group, Rosneft developed actions to prevent threats to the walrus population associated with offshore seismic surveying, which were approved by the expert community. Seismic surveys at the South-Russky and East Prinovozemelsky-1, -2 and -3 license areas were carried out in full compliance with the approved action plan. The cooperation with non-governmental and research organizations within the framework of the Expert Advisory Group helps the Company address biodiversity conservation issues in the broad context of its offshore operations.

Within the framework of its offshore projects in the Kara Sea, the Company carried out a number of meetings with local communities to present its proposed seismic survey program. The public hearings were focused on the discussion of proposed programs for two license areas in Kara Sea developed in partnership with ExxonMobil.

Local community members and interested NGOs were able to meet developers of the seismic survey program and independent environmental experts, ask questions of interest to them, and express their opinion on the proposed program using special questionnaire forms. Materials on the proposed works were made publicly available, and all stakeholders were able to review them in advance.

In Salekhard, Rosneft carried out a working meeting hosted by the government of Yamalo-Nenets Autonomous Area and attended by representatives of relevant regional departments, municipal authorities, and non-governmental activists. At the meeting, Company representatives informed participants about proposed seismic survey programs for the East Prinovozemelsky-1

and –2 license areas and presented the positive experience of implementing offshore projects in complicated natural conditions of the Russian Far East.

The results of the public hearings carried out by the Company were submitted for the state environmental expert review as part of project materials

STAKEHOLDER ROUNDTABLE MEETINGS IN THE KEY REGIONS OF OPERATION

In 2012, Company carried out the sixth annual series of traditional roundtable meetings with its stakeholders in the key regions of operation. A total of 34 Rosneft subsidiaries took part in the events held in 15 Russian regions. The format and the main objectives of the events remained unchanged from the previous series: the meetings were focused on open discussion of the key issues faced by local communities and the Company with the involvement of all stakeholder groups. Based on the outcomes of the events, a summary analysis of the results of all stakeholder meetings held in 2012 was carried out, typical objectives were identified, and proposals on possible ways to achieve those objectives were prepared. Actions taken by the Company in response to the issues identified are described in the sections of this Report dedicated to activities of Rosneft subsidiaries in their regions of operation.

The most significant trend observed during the sixth series of stakeholder meetings was the shifting of the focus from environmental concerns to the aspects of regional socio-economic development and the Company's contribution to that development. This was a result, firstly, of significant progress of the Company and its subsidiaries in managing their environmental impacts, and secondly, better day-to-day collaboration with state supervisory authorities.

Another new trend was the stakeholders' perception of the Company and its subsidiaries as a significant factor of social and political stability in their regions of operation. This reflects significant contribution to regional economies and social development made by Company subsidiaries, typically being among the largest regional taxpayers and employers, and contracting local businesses on a large scale.

One concern raised at many roundtable meetings was insufficient transparency of Company subsidiaries



Roundtable meeting in Krasnodar

Regions where roundtable meetings with stakeholders to discuss Rosneft's sustainability performance have been held

Region	City	Meetings in 2007 — 2011	Meetings in 2012
Altai Territory	Barnaul	1	
Archangelsk Region	Archangelsk	3	+
Irkutsk Region	Angarsk	4	+
Krasnodar Territory	Krasnodar	2	+
	Tuapse	4	+
Krasnoyarsk Territory	Achinsk	2	
	Krasnoyarsk	2	+
Primorsky Territory	Nakhodka	–	+
Komi Republic	Usinsk	5	+
Udmurt Republic	Izhevsk	4	+
Samara Region	Novokuibyshevsk	1	
	Samara	4	+
Sakhalin Region	Yuzhno–Sakhalinsk	5	+
Smolensk Region	Smolensk	1	+
Stavropol Territory	Stavropol	2	+
Khabarovsk Territory	Komsomolsk–on–Amur	3	+
	Khabarovsk	2	
Khanty–Mansi Autonomous Area	Nefteyugansk	5	+
Yamalo–Nenets Autonomous Area	Gubkinsky	4	+

Innovation Development

In 2012, innovation activities at the Company were focused on the effective implementation of its Innovation Development Program.¹³ Particular attention was paid to the commercial use of R&D results and securing intellectual property rights. As a result of targeted R&D projects, 18 patent applications were filed.

DEVELOPMENT OF THE INNOVATION MANAGEMENT SYSTEM

In December 2012, the Company's Board of Directors approved the Innovation Policy of Rosneft Oil Company. The Policy establishes general requirements for the management of innovation activities at the Company. The areas covered by the document include organizational aspects of innovation management, key approaches in the field, decision-making criteria, and the general scheme of allocation of responsibilities among all participants of innovation processes. The document also defines key types of innovation activities at the Company and types of corporate targeted innovation projects. To facilitate the implementation of the Innovation Development Program, the most promising areas of R&D were identified; five special-purpose projects focused on the production and refining of unconventional and hard-to-recover hydrocarbon resources were selected. The projects will be implemented in partnership with research institutes and organizations of the Russian Academy of Sciences.

In the reporting period, Rosneft embarked on a joint project with Rostec State Corporation to create an information bank on technologies used in the global oil industry.

At the beginning of 2012, Rosneft acquired a research institute, which was included in the corporate structure as LLC RN-R&D Center. This helped the Company secure access to a number of advanced solutions and techniques in the field of oil production and refining, petrochemical and gas chemical industry. In the reporting year, the new center was integrated into the Company's overall business, and a program of priority actions was adopted.

The Company carried out R&D projects in such areas as alternative energy, as well as environmentally sound techniques for refining and petrochemical industries, including new material development.

Rosneft and the Agency for Strategic Initiatives (ASI) signed a memorandum of cooperation for the promotion of new innovation projects and joint R&D activities in the areas relevant to the Company.

Memorandum of Cooperation with the Agency for Strategic Initiatives

In 2012, the Company and the ASI signed a Memorandum of Cooperation aimed at the promotion of new innovation projects by medium-sized businesses and joint R&D activities in the areas relevant to the Company's business.

It is planned that the ASI's specialists and experts, who already have the experience of preparing innovation roadmaps for a number of business areas, will participate in the processes of expert review of the Company's innovation projects and assessment of their efficiency, commercialization and promotion of project results both at the Company's operations and across the entire industry.

The priority areas of cooperation will encompass all areas of the Company's business. For each area, priority R&D topics were selected including, among others:

- *development of hard-to-recover resources (super-low permeability reservoirs, oil and gas shales, natural bitumen);*

¹³ For more details about the Program see Rosneft Sustainability Report 2011.

- *improvement of the reliability and efficiency of energy equipment, development of autonomous energy sources, including alternative-energy based, for remote production sites;*
- *efficient recovery and use of associated petroleum gas, recovery and disposal of oil waste, minimization of adverse environmental impacts;*
- *development of state-of-the-art catalysts for refining and petrochemical processes, production of synthetic hydrocarbons etc.*

Environmental innovation projects

The key priorities of the Company's targeted innovation projects with an environmental focus include:

- *providing the Company's production entities with state-of-the-art solutions for comprehensive treatment and disposal of oily and drilling waste;*
- *developing state-of-the-art techniques for cleanup and remediation of oil-contaminated and disturbed lands, including those located in a cold climate.*

One example is a special-purpose innovation project for the development of a technique for the processing of oily waste and drill cuttings into construction materials. It is expected that the project will result in the designing of an industrial unit for the comprehensive processing of oily and drilling waste and production of construction materials suited for the use in complicated conditions at a variety of the Company's oil production sites.

This will not only help reduce waste management costs due to the production of marketable materials, but also contribute to addressing the problem of oil sludge and drill cuttings accumulation and disposal at the Company's sites.

Other innovation projects currently being at various implementation stages include:

- *development of techniques for biological remediation of oil-contaminated sea and coastal areas located in a cold climate;*
- *development of an integrated technique for remediation of soils salinized as a result of human activities;*
- *creation of a test site for the study of impact of oil spills on biocenoses of Northern Siberia and pilot testing of remediation techniques at sites with permafrost soils, among others.*

Construction of a pilot production GTL unit

The Company has started the designing of a pilot production GTL (Gas to Liquids) unit. GTL is a process for converting natural gas and associated petroleum gas into synthetic liquid hydrocarbons having a higher quality than their natural analogues.

Due to the relatively low capacity of the units, it will be possible to use them in remote areas where centralized APG collection and recovery on a large scale is unfeasible. The use of such units will make a significant contribution to achieving the target APG recovery rate at the Company's facilities.

The project is being implemented by RN-R&D Center, which has become a resident of the Skolkovo Foundation for the implementation of the GTL unit project.



A pilot GTL unit at the Novokuibyhevsk refinery

A site for the installation of the first GTL unit at the Novokuibyshevsk Refinery has been already selected; the unit is planned to be commissioned in 2014.

Innovation in the field of alternative energy

Currently the Company implements two innovation projects for the development of alternative energy sources:

- *development of new-generation solar panels on the basis of various types of metal oxide solar cells, more efficient and less costly compared to the traditional ones. It is planned to install such panels in Sochi region by the end of 2013;*
- *study and development of techniques for the production of bio-oil and synthetic oil from recycled materials and waste.*

Both projects are implemented in partnership with the Emanuel Institute of Biochemical Physics (Russian Academy of Sciences) and currently are at the R&D stage.

Activities of the Arctic Research and Design Center for Offshore Development

In 2011, the Company established the Arctic Research and Design Center for Offshore Development, a wholly owned subsidiary of OJSC Rosneft Oil Company. The creation of the center was an important step toward the strategic development of offshore fields. Given complicated geological and engineering conditions for offshore development, particularly in the Arctic, the center's main objective is providing research, development, and design support (through the development of new technologies, among other means) for all phases of the development of Arctic offshore oil and gas fields.

An important priority of the center is ensuring environmental safety of offshore projects. Among other activities, it will provide a technology platform for environmental monitoring of the projects. Furthermore, the center will support the entire range of activities for ensuring industrial safety of offshore operations — it is planned that it will host the Company's Offshore Emergency Prevention, Response, and Recovery Service.

In 2012, the center carried out the following environmental studies focused on offshore license areas in the Kara Sea:

- *unique expedition studies of the hydrometeorological and ice regimes of the Kara Sea;*
- *installation of automatic meteorological stations capable of transmitting data to the Russian Federal Service for Hydrometeorology in the Novaya Zemlya Archipelago;*
- *pilot tests of a satellite monitoring system supporting the observation of offshore license areas and interpretation of satellite images for the purpose of designing an ice protection system, and of a satellite-based system supporting data exchange between onshore facilities and vessels;*
- *a desk study of seabed materials and geological threats at the license areas.*

All these actions will contribute to a safer development of offshore fields in the Kara Sea.

In 2012, an agreement on the participation of ExxonMobil in the activities of the Arctic Research and Design Center for Offshore Development was reached. The two companies jointly determined priorities of the center's activities, designed research programs, approved a center development program until 2016 and the center's budget for 2013.



The Arctic shelf is one of the most difficult and environmentally vulnerable regions for oil field development

PERFORMANCE IN THE FIELD OF INNOVATION MANAGEMENT IN 2012

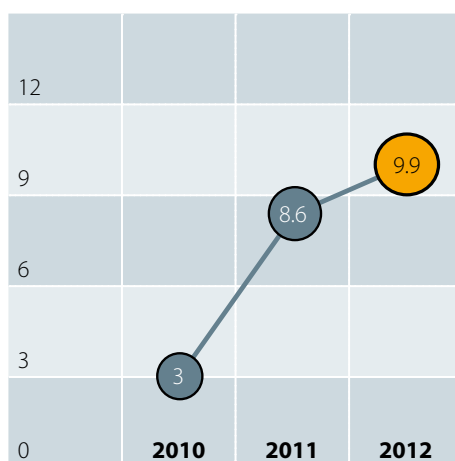
In 2012, the Company commissioned several major facilities and developed a number new technologies including:

- a unit for the preparation of associated petroleum gas for transportation via a pipeline, which will help address the problem of the recovery of APG with a high hydrogen sulphide content at small and medium-sized oil fields;
- a software package for petroleum engineering — a toolbox for field development planning. The use of the package will support the selection of the most effective field development schemes and help reduce development planning time, optimize the planning of works and resource allocation;
- a software package for hydrodynamic modelling of fields;
- techniques for the development of low-permeability reservoirs.

Introduction of the New Technology System (NTS)

	2011 ¹⁴	2012
Number of tests within the framework of the NTS	140	91 ¹⁵
Additional oil production, thousand tonnes	83.5	240
Additional oil production from the introduction of successfully tested technologies, thousand tonnes	604	853
Economic benefits from the introduction of successfully tested technologies, RUB bn	1.4	2.2

Expenditures on innovation, RUB bn



In 2013–2015, it is planned to invest some RUB 35 bn.

¹⁴ The data for 2011 have been restated.

¹⁵ In 2012, Rosneft's New Technology System was focused on major projects. Therefore, many tests of new technologies and equipment were carried out not within the framework of the NTS but under specific pilot testing programs.

Environment

The year 2012 was declared the Year of Health, Safety, and Environment at Rosneft and its subsidiaries. The initiative involved various events intended to raise awareness of OHS and environmental safety among employees and their family members and strengthen their responsibility for the respective aspects of the operations.

Environmental cooperation with international partners increasingly becomes a foundation for ensuring environmental safety of the Company's major projects, particularly offshore ones.

DEVELOPMENT OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

In 2012, the Company prepared a draft Environmental Safety Strategy of Rosneft Oil Company until 2020, a document defining priority areas, actions, and mechanisms intended to bring environmental activities at the Company to the level of the respective international industry standards. The document is based on a comprehensive analysis of the Company's current operations, international best practices, including approaches of Rosneft's partners, and objectives associated with new projects.

A number of new developments, including the acquisition of TNK-BP assets, development of international partnerships, and expansion of offshore operations, led to significant changes in the scale of the Company's activities, influence, and responsibility, making it necessary to revise a number of important assumptions incorporated into the draft Strategy. Therefore it was decided to update not only the draft Strategy, but also the Company's overall policy with regard to environmental safety. Alongside the process of re-assessing environmental risks in order to accommodate the expanded scale of the Company's operations, this has become one of Rosneft's priorities in the field of environmental management for 2013.

Compliance with international management system standards

In 2012, Rosneft's Integrated HSE Management System was re-certified for the next three-year period as compliant with the international standards ISO 14001:2004 Environmental Management Systems and OHSAS 18001:2007 Occupational Health and Safety Management Systems.

Development of International Environmental Cooperation. In 2012, the Company paid particular attention to environmental aspects of its offshore development projects.

An important step in that regard was the signing of the Declaration on the Protection of the Environment and Conservation of Biodiversity during the Exploration and Development of Mineral Resources on the Russian Arctic Continental Shelf. The document was prepared on the Company's initiative jointly with its partners: ExxonMobil, Statoil, an Eni.

To ensure environmental safety of exploration operations carried out in partnership with ExxonMobil at license areas in the Kara Sea, the two companies established a joint Health, Safety, and Environment (HSE) Committee for joint projects. The Committee serves as a platform for elaborating optimal solutions to mitigate environmental impacts associated with the operations. In 2012, a HSE plan was developed and a risk assessment was carried out for hydrometeorological studies at the license areas, which were successfully completed in the same year.



In August 2012, Igor Sechin, Rosneft President, and Helge Lund, Statoil CEO, signed a number of agreements defining conditions of cooperation between the two companies

In 2012, under its agreement with Statoil concerning joint project on the Norwegian continental shelf, the Company applied for a pre-qualification in terms of environmental safety with a view to obtaining a permission to participate in a tender announced by the Norwegian Government.

Declaration on the Protection of the Environment and Conservation of Biodiversity during the Exploration and Development of Mineral Resources on the Russian Arctic Continental Shelf

Recognizing that the Arctic environment comprises fragile ecosystems with unique natural features and resources, the Company initiated the development of the Declaration on the Protection of the Environment and Conservation of Biodiversity during the Exploration and Development of Mineral Resources on the Russian Arctic Continental Shelf. Alongside Rosneft, the document was signed by ExxonMobil and Statoil; Eni declared its willingness to sign it. At present, the Company works together with ministries and governmental agencies to ensure effective implementation of the Declaration provisions, e.g. regarding the creation of effective cooperation mechanisms for the prevention of and coordinated response to emergencies, conservation of the environment and the biota.

The document provides for the development of uniform approaches towards environmental safety of offshore operations, ongoing monitoring of changes in the state of Arctic landscapes and seas, and the development of international cooperation with the environmental strategy for the Arctic taken into account.

Operations in Protected and Environmentally Vulnerable Areas. As the Company expands its operations, the conservation of biodiversity and ecosystems becomes increasingly important. The top priority in this regard is environmental safety of operations in protected areas and their buffer zones.

The Company has created and maintains a registry of protected natural areas potentially affected by operations of its subsidiaries. The registry is intended to support the monitoring and management of impacts of the Company's operations on protected environmental features. The registry contains information about the Company's relevant facilities (or license areas); specific operations carried out in protected areas and associated impact mitigation measures; engagement of the respective subsidiary with local authorities; and results of environmental inspections by regulators. The Company collects information on its industrial and infrastructure facilities adjacent to protected natural areas.



A sea lion cub enjoys getting photographed by staff members of SakhalinmorNIPIneft, participants of the environmental campaign For Clean Sakhalin

Another important priority is the implementation of a system of measures for the conservation of biodiversity and prevention of adverse environmental impacts in the context of offshore projects:

- environmental impact assessment prior to the commencement of work, which includes public consultations, identification of biodiversity conservation measures and other actions to prevent or mitigate environmental impacts, and calculation of compensation for environmental damage;
- obtaining licenses and permits required by the legislation, including a positive conclusion of the state environmental expert review;
- engagement with international and regional environmental NGOs, relevant authorities, and the expert community;
- a broad range of environmental assessment and protection works, including an assessment of the background state of the natural environment and the biota, integrated environmental monitoring, self-monitoring, studies of marine ecology, and special measures to protect marine mammals;
- planning and development of specific internal regulations and standards addressing the specifics of offshore operations and taking into account risk assessment results for both exploration and production phases.

ENVIRONMENTAL PERFORMANCE INDICATORS IN 2012

Emissions into air. In 2012, the Company continued systematic efforts to control its emissions into air. At the same time, overall emissions across the Company increased as a result of the rapid growth in oil production.

Total air emissions by sector, thousand tonnes

	2010	2011	2012
Total air pollutant emissions, including:	925	1,023	1,359
oil production	783	854	1,231
refining	110	145	105
gas processing	16	6	5
marketing	12	10	12
service subsidiaries	4	8	6

Total air emissions by pollutant, thousand tonnes

	2010	2011	2012
Total air pollutant emissions, including:	925	1,023	1,359
particulate matter	54	51	76
sulphur dioxide	51	46	41
carbon monoxide	502	525	738
nitrogen oxides	26	33	37
hydrocarbons (excl. VOCs)	107	187	251
volatile organic compounds	177	179	213
benzo(a)pyrene	0.00076	0.00005	0.0008

Key indicator ¹⁶	2010	2011	2012
<i>Specific SO₂ emission per tonne of output from the Company's operations, kg/tonne</i>			
production	0.068	0.06	0.063
refining	0.689	0.613	0.475
marketing	0.018	0.005	0.010
<i>Specific NO_x emission per tonne of output from the Company's operations, kg/tonne</i>			
production	0.125	0.173	0.19
refining	0.112	0.153	0.132
marketing	0.004	0.001	0.004

¹⁶ The data for 2010–2012 have been restated in accordance with the IFRS reporting boundary. The volume of gas produced was taken into account in calculating the indicators.

Greenhouse gas emissions. In 2012, the development of methodological guidelines for the inventory of greenhouse gas emissions at the Company level continued. At present, the development of the document has been completed, and it is pending approval. The Company also continued joint implementation (JI) projects focused on the recovery of associated petroleum gas at the Kharampurskoye, Khasyreiskoye, and Priobskoye fields operated by the Company. At the end of the first commitment period of the Kyoto Protocol to the UNFCCC, emission reductions achieved by Rosneft's JI projects were identified and the number of carbon units to be issued was determined. Overall emission reductions over the period of the projects implementations were:

- at the Kharampurskoye field — some 70 thousand tonnes of CO₂-eq;
- at the Priobskoye field — some 2,837 thousand tonnes of CO₂-eq;
- at the Khasyreiskoye field — 543 thousand tonnes of CO₂-eq.

Thus, as a result of those projects alone, the Company was able to reduce its GHG emissions by over 3.4 mln tonnes of CO₂-equivalent.

GHG emissions associated with the Company's operations, mln tonnes of CO₂-eq

	2011	2012
Overall direct and indirect emissions, including	43.8	43.1
direct emissions from fuel combustion and leakages (Scope 1 according to the GHG Protocol)	31.6	31.0
indirect emissions from consumption of purchased electricity (Scope 2 according to the GHG Protocol)	12.2	12.1
Emissions from the use of Company products (Scope 3 according to the GHG Protocol)	137.1	136.5

Associated petroleum gas recovery. In 2012, the Company continued implementing its targeted Gas Program aimed at achieving a 95% APG recovery rate. The recovery rate across the Company remained at the previous year's level as a result of increased oil production at the Van-kor field, where APG recovery infrastructure had not been fully commissioned yet.

APG recovery

	2011	2012	2013 (target) ¹⁷
Capital expenditures on the Gas Program	24	24.8	21.2
APG recovery rate, ¹⁸ %	53.4	53.5	67.5
Volume of APG recovered and used, bscm	8.1	9.1	12.3

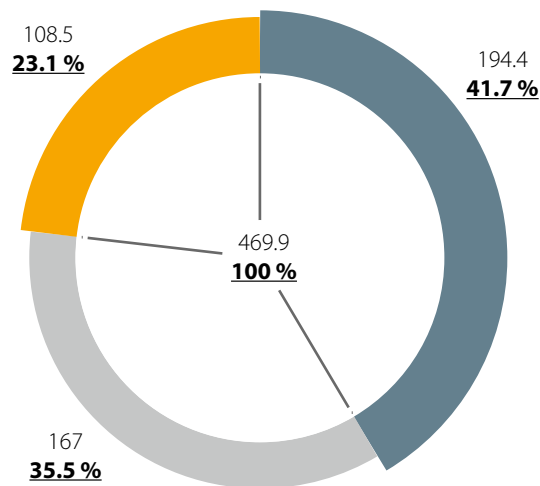
Water consumption and wastewater discharge. In 2012, the Company was able to substantially reduce its discharge of polluted wastewater as a result of a number of projects for the modernization of wastewater treatment facilities.

¹⁷ With the integration of TNK-BP assets taken into account, the target amount of capital expenditures in 2013 is RUB 36.8 bn, APG recovery rate — 76.3%, the volume of APG to be recovered and used — 25.5 bscm.

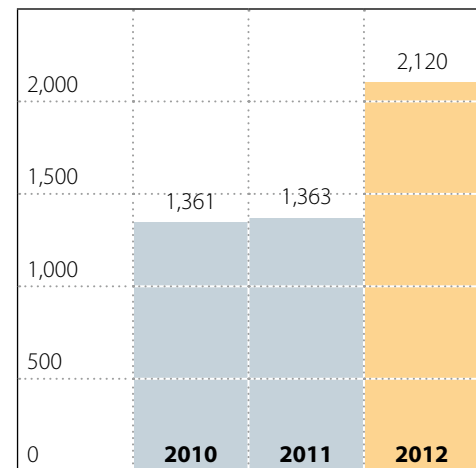
¹⁸ According to the IFRS boundary.

Water consumption by sector, mcm

	2010	2011	2012
Water consumption from all sources, including:	343.7	364.99	357.7
oil production	260.5	314.97	281.86
refining	71.6	45.71	72.45
gas processing	5.7	0.64	0.64
marketing	3.2	1.4	1.8
service subsidiaries	2.4	2.27	0.96

Water withdrawal, mcm

- from underground surfaces
- from surface water bodies
- supplied by other organizations

Volume of recycled and reused water, mcm**Produced water management, mcm**

	2012
Produced water	365.9
Produced water management, including:	258
reuse	61.6
injection without treatment	86.4
injection after treatment	82.4
discharge to surface water bodies	0.0
other	19.3

Wastewater discharges to surface water bodies, thousand m³

	2010	2011	2012
Wastewater discharges to surface water bodies, including:	95,165	90,409	84,638
oil production	500	397	677
refining	92,445	88,393	81,667
gas processing	0	0	0
marketing	1,104	444	899
service subsidiaries	1,117	1,174	1,395
Including:			
treated to a standard quality	78,390	60,977	77,127
polluted	16,439	29,416	7,511

Waste management. In 2012, Rosneft continued to reduce the amount of legacy waste from past operations, actively contracting external waste management companies. Steps to reduce waste generation from current operations were also taken. The Company continued implementing its Program for the Elimination of Legacy Environmental Damage Accumulated Prior to the Consolidation of Subsidiaries. Among other activities, oil sludge from sludge pits was processed; contaminated lands were cleaned up with oil-contaminated soil being removed and treated.

Waste management, thousand tonnes

	2010	2011	2012
Waste stored at the beginning of the year	2,524	2,318	1,704
including oil sludge	363	288	329
including drill cuttings	137	218	1,198
Waste generation over the year	1,514	1,736	1,679
including oil sludge	106	101	59
including drill cuttings	108	157	245
Waste recovery over the year	336	231	216
including oil sludge	54	34	18
including drill cuttings	0	3	0
Decontaminated at the Company's facilities	519	546	53
including oil sludge	47	18	0.76
including drill cuttings	26	30	23
Sent to external companies for disposal	1,178	2,480	3,368
including oil sludge	47	94	99
including drill cuttings	0	7	1,633
Waste stored at the beginning of the year	2,403	1,616	822
including oil sludge	351	277	265
including drill cuttings	220	336	359

Area of contaminated land and land remediation, ha

	2010	2011	2012
Area of contaminated land at the end of the year	n/a	2,827	2,343
Land remediation over the year,	2,548	3,135	3,610
incl. contaminated land	849	1,286	853

Number of sludge pits

	2010	2011	2012
At the beginning of the year	840	813	657
At the end of the year	813	657	505
Built over the year	74	58	95
Remediated over the year	100	214	247

Energy consumption and efficiency. In 2012, the Company's energy consumption grew both in absolute terms and per unit of output as a result of exploitation of deeper reservoirs, increased average water cut, expanded oil production at the Vankor field, and commissioning of additional APG recovery infrastructure. In 2012, the Company's operations collectively consumed 22.4 thousand GWh of electricity and 14.7 mln Gcal of heat. Direct energy consumption in 2012¹⁹ amounted to $8.28 \cdot 10^{16}$ J, whereas indirect consumption (expressed in terms of primary energy use) was $2.60 \cdot 10^{17}$ J.

In 2012, the Company continued implementing its Energy Conservation Program for 2009–2013. As in the previous years, electricity saving measures were focused on oil production operations, while heat saving activities were implemented mainly in the refining sector. As a result of the Program, in 2012 the Company saved over 1 thousand GWh of electricity and 257 thousand Gcal of heat.

At present, the Company has started the development of a new Rosneft Energy Conservation Program for 2014–2018, which will encompass all major operations of Rosneft.

Production of environmentally safer motor fuel. In 2012, the Company increased its output of higher-grade fuels, using a number of state-of-the-art units commissioned at its refineries in 2011. The year 2012 also saw the commissioning of several relevant facilities, including a prefractionation unit of the catalytic reforming plant at the Komsomolsk Refinery and a gasoline blending station at the Angarsk Petrochemical Company. Rosneft was able to improve the quality of diesel fuel by fine-tuning catalytic processes at the existing units and using state-of-the-art additives.

Motor gasoline output, thousand tonnes

	2011	2012	Percentage of the total output
Euro 3	4,241.4	4,360.3	77.37%
Euro 4	—	—	—
Euro 5	—	—	—
Total above Euro 2	4,241.4	4,360.3	77.37%

¹⁹ The data on primary energy consumption in 2010–2011 provided in the previous Sustainability Reports are incorrect.

Diesel fuel output, thousand tonnes

	2011	2012	Percentage of the total output
Euro 3	4,376.3	6,202.9	41.68%
Euro 4	120.2	182.7	1.23%
Euro 5	—	45.0	0.30%
Total above Euro 2	4,496.5	6,430.5	43.21%



A gasoline prefractionation unit of the catalytic reforming plant at the Komsomolsk refinery

Industrial Safety and Occupational Health

In the reporting period, the Company's most significant achievement in the field of OHS was reduction of both the number and the rate of occupational injuries. This was a result of a system of injury prevention actions implemented by Rosneft subsidiaries and a company-wide awareness campaign carried out within the framework of the Year of Health, Safety, and Environment at Rosneft. The Company also made serious efforts to enhance fire safety and well control, strengthen emergency preparedness, and improve pipeline reliability.

DEVELOPMENT OF THE INDUSTRIAL SAFETY AND OHS MANAGEMENT SYSTEM

In 2012, the Company developed a draft OHS Performance Improvement Strategy, which is expected to be approved in 2013.

The document sets Company's objectives with regard to reducing the number of occupational injuries, accidents, and incidents, and defines specific tasks supporting those objectives and focused on:

- raising the priority and significance of OHS issues at the Company;
- adopting best practices in the field of OHS management successfully used by other companies.

The Company implemented actions for the automation of its internal reporting processes in the field of industrial safety, OHS, and incident response. The resulting system will reduce the time necessary for preparing immediate incident reports and provide complete and accurate information about the prevention of and response to accidents and incidents, causes of schedule variance, and delays in financing. At present, the system is used in a test mode.

In 2012, the Company continued to carry out periodic expanded meetings to review the performance of its subsidiaries in the field of industrial safety, accident prevention and response, OHS, and environmental management. Such meetings are traditionally held on the premises of one of Rosneft subsidiaries and accompanied by a demonstration accident response exercise.

Meeting participants included executives and specialists of the respective departments of all the key subsidiaries of the Company. Such meetings provide one of the main corporate platforms for sharing best practices and joint discussion of issues in the respective fields.

In 2013, the Company plans to continue improving its industrial safety and OHS management system, paying particular attention to the integration of TNK-BP assets and upcoming offshore projects, especially sensitive in terms of industrial safety.

Health and safety competition among Rosneft subsidiaries

At the beginning of the reporting year, an annual competition among Rosneft subsidiaries based on their health and safety performance in 2011 was held. In accordance with the rules of the competition, winners were identified in each major sector of the Company's business.

Oil production subsidiaries:1st place — RN–Severnaya Neft2nd place — Samaraneftegaz3rd place — Dagneftegaz**Refining and gas processing subsidiaries:**1st place — Tuapse Refinery2nd place — Kuybishev Refinery3rd place — Angarsk Polymer Plant**Marketing subsidiaries:**1st place — Tuapsenefteprodukt2nd place — Bryansknefteprodukt3rd place — Prioksky Terminal

The Tuapse refinery and Tuapsenefteprodukt became winners of the corporate industrial safety and OHS competition

INDUSTRIAL SAFETY AND OHS PERFORMANCE INDICATORS IN 2012

Workplace safety. As a result of additional injury prevention actions taken by Rosneft subsidiaries in the reporting year, the rates of occupational injuries as a whole and fatalities in particular decreased. An analysis of monthly injury statistics showed that about 40% of all injuries take place between August and October, when most employees return from vacation. During that months, that were designated a "Period of Special Attention towards OHS", additional workplace safety inspections and orientations were carried out; special awareness materials were published in corporate periodicals etc. Now the Company's objective is to maintain the achieved safety level.

Like in the previous years, the main causes of occupational injuries include inadequate organization of work and failure to comply with workplace safety requirements. Since a significant proportion of injuries are associated with road accidents, the Company takes additional preventive measures in this area. The corporate road safety standard was revised; all corporate vehicles were equipped with safety belts; and the use of vehicles without safety belts by contractors was prohibited. OHS supervision at Rosneft subsidiaries was strengthened, and the respective corporate standard was update.

In 2012, the Company continued the process of workplace assessment in terms of working conditions; by the end of the year, 92% of workplaces had been certified.

The Company's overall expenditures on OHS and industrial safety in 2012 amounted to over RUB 3.5 bn.

Occupational injuries among Company and contractor employees

	2010	2011	2012
Total number of occupational injuries,	63	56	46
including fatalities	7	8	6
Number of occupational injuries, excluding injuries due to the fault of third-party persons,	47	44	24
including fatalities	7	6	4
Number of occupational injuries among contractor employees on the premises of Rosneft subsidiaries,	27	25	17
including fatalities	14	6	9
Occupational fatality rate (cases per 100 mln hours worked)	2.55	2.68	2.02
Occupational injury rate (injuries per one mln hours worked)	0.22	0.187	0.155
excl. injuries due to the fault of third-party persons	0.17	0.147	0.08
Rate of road accident injuries (injuries per one mln hours worked)	0.09	0.043	0.023
excl. injuries due to the fault of third-party persons	0.036	0.02	0.01
Lost day rate (days lost due to work-related injuries and occupational diseases per 200 thousand hours worked)	3.03	1.91	2.18
Occupational disease rate (total number of diagnosed occupational diseases per 200 thousand hours worked)	0.03	0.25	0.03

THE YEAR OF HEALTH, SAFETY, AND THE ENVIRONMENT AT ROSNEFT

The year 2012 was declared the Year of Health, Safety, and Environment at Rosneft and its subsidiaries. Within the framework of this initiative, the Company implemented a number of actions aimed at raising awareness of OHS and environmental safety among employees and their family members and reinforcing employee responsibility in these areas. The key activities included:

- *communicating the environmental policy, objectives and tasks to employees of the Company and its subsidiaries by means of meetings, dissemination of awareness leaflets etc.*
- *strengthened oversight of operations of the Company's industrial facilities and contractors providing services at the Company's license areas. Furthermore, a "Period of Special Attention towards OHS" was introduced.*
- *active participation of employees of Rosneft subsidiaries in various environmental exhibitions, competitions, conferences, roundtable meetings, and forums at the federal and regional levels, such as "100 Best Russian Enterprises in terms of Environmental Performance and Environmental Management"; "Eco-Leader"; the 6th National Conference "Environment and Industry — Prospects for the Development of Economic Mechanisms of Environmental Protection" etc.*
- *a competition of drawings dedicated to OHS, environmental protection, and fire safety among children of employees of Rosneft subsidiaries. The competition winners received prizes.*
- *measures to improve environmental performance of Rosneft subsidiaries, including the implementation of such targeted corporate programs as the environmental program, the gas program, the program for the elimination of legacy environmental damage, the pipeline reliability improvement program, and the energy conservation program.*



Fire safety and accident preparedness. In 2012, the Company continued to maintain its accident prevention and response system. In order to maintain and strengthen response capacity, 190 exercises to prepare for response to accidental oil spills, fires, and other possible accidents were carried out over the reporting period. More than 8 thousand employees of the Company's subsidiaries participated in these exercises. No emergencies, major accidents or fires took place



Mobile firefighting machinery demonstrates suppressing fire and cooling reservoirs with sea water during a firefighting exercise at RN-Nakhodkanefteprodukt

Accidents at Rosneft's operations

	2010	2011	2012
Total number of accidents,	1	3	1
incl. with environmental consequences	0	0	0
Number of fires	8	5	5
Number of gas, oil, or water inflows	5	4	2
Number of technogenic emergencies	0	0	0

in 2012. One accident at the pipeline of an engineering facility and two gas, oil, or water inflows were registered. All accidents were investigated and measures to prevent them from occurring in the future were taken.

In 2012, a targeted program for the modernization and strengthening of the resource base of fire services of Rosneft subsidiaries was being implemented. A dedicated subsidiary fully responsible for fire response at Rosneft's facilities, LLC RN — Fire Safety, was established. A targeted program for the modernization of the resource base of corporate fire services for 2013–2016 was developed. In 2012, the Company's expenditures on accident prevention and response, fire and radiation safety remained at the previous year's level, amounting to some RUB 4.4 bn.

Pipeline reliability. In 2012, as in the previous years, the Company continued systematic implementation of its Pipeline Reliability Improvement Program and worked with contractors to reduce risks in the construction and operation of pipelines. An independent oversight mechanism in construction was implemented and the system of KPIs was enhanced. In the reporting year, the Company's overall expenditures on improving pipeline reliability totaled over RUB 8 bn.

Pipeline ruptures and oil spills

	2010	2011	2012
Total number of pipeline ruptures (oil, gas, and water pipelines)	12,385	11,069	10,279
Rate of pipeline ruptures per 1 mmt of output in the oil and gas production sector	103.56	90.4	84.3
Number of oil pipeline ruptures involving spills	7,817	7,134	6,793
Spilled oil and petroleum products, tonnes	n/a	1,066	1,152
Spilled oil per 1 mmt of output in the oil and gas production sector	n/a	8.7	9.4
Pipeline rupture rate, per km	0.31	0.28	0.26

Rosneft's pipeline system and pipeline protection measures, km

	2010	2011	2012
Total pipeline length	54,076	54,074	55,175
Total length of operational pipelines at the end of the period	39,107	38,907	39,409
Pipeline modernization and repairs	701	872	681
Construction of pipelines with internal coating	169	143	145
Corrosion inhibition works	8,770	9,121	9,404
Pig cleaning works	5,915	5,959	6,727
Pipeline inspection and safety assessment	6,331	7,382	8,864

Employees

In 2012, the Company remained one of the largest employers in Russia, providing some 170 thousand jobs in all federal districts of the Russian Federation.

DEVELOPMENT OF THE HR MANAGEMENT SYSTEM



To support its overall strategy focused on major international projects and the expansion of production operations in regions with severe environmental conditions, the Company identified priority HR management objectives:

- provide the Company with highly-skilled employees capable of supporting its sustainable development on the basis of state-of-the-art technology and management approaches;
- support high motivation for personal effectiveness and team performance among employees;
- ensure the attraction of young talented specialists to the Company;
- ensure the preservation and use of best practices and knowledge sharing within the Company;
- build a corporate culture supporting long-term loyalty of employees to the Company and attractiveness of the latter to the best managers and specialists in the job market;
- ensure social security of Company employees and their family members.

In 2012, the Company continued all personnel support and development programs from the previous years, expanding their financing.

As part of the integration of TNK-BP assets, in 2013 the Company will analyze approaches towards personnel development and support in order to maintain an effective HR management system and a high potential of employees necessary for the achievement of the Company's strategic goals.

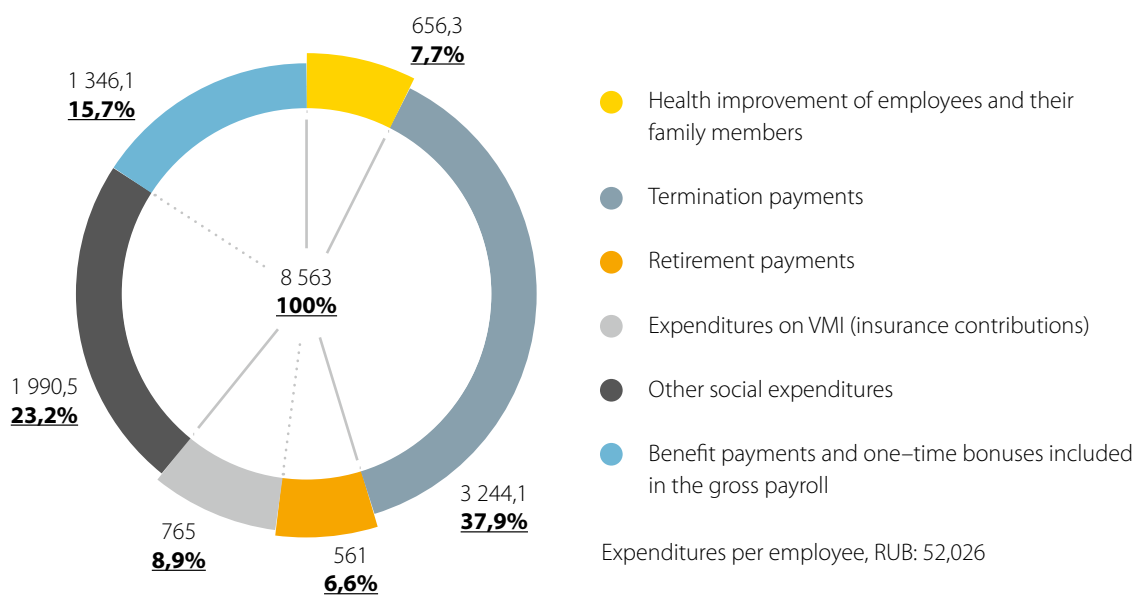
PERFORMANCE INDICATORS IN THE FIELD OF HR MANAGEMENT IN 2012

Employee remuneration. In the reporting period, the Company continued to expand the scope of its new bonus system, encompassing additional employee groups such as middle-level managers, specialists and workers at the corporate headquarters, as well as CEOs and other senior executives at Rosneft subsidiaries. Key performance indicators for 2012 for some groups of executives at both the headquarters and Rosneft subsidiaries were developed and approved. An automated Personnel Performance Management System was used in a pilot mode at the Company's headquarters.

In 2012, the Company continued to increase employee salaries; the average salaries paid by most subsidiaries exceeded the average salary levels in the respective regions.

In the reporting period, the Company's expenditures on termination payments increased as a result of the replacement of a number of executives at the corporate headquarters and the payment of associated compensations. Another significant factor of the growth of social expenditures was the introduction of a life and accident insurance program for employees of the Company's headquarters. Expenditures on one-time bonuses also increased in 2012, since such bonuses were paid to employees of a number of oil and gas production and refining operations.

Social expenditures, benefit payments and one-time bonuses included in the gross payroll in 2012, RUB mln



Personnel training and development system. In 2012, in addition to regular personnel training and development activities, the Company was taking focused steps to provide its strategic projects with highly-skilled staff. Particular attention was paid to the training of industrial safety and OHS specialists, as well as mandatory specialist courses required for certain jobs (over 100 thousand man-hours of this training were provided in this category). For example, mandatory training courses for operators of new process units commissioned under the program of modernization of the Company's refineries were introduced. Rosneft continued to develop the corporate distance learning system and expand the library of e-learning courses available to employees. Under the targeted innovation project "Introduction of a Competency-Based Method of Employee Assessment and Development at Rosneft (2011-2016)", the Company continues to standardize professional requirements for employees on the basis of competency profiles. Rosneft was taking steps to strengthen the corporate training infrastructure; in the reporting year, over half of the amount of training received by employees was provided by the Company's own centers and trainers. The Company also continued implementing a program to provide corporate training centers with simulation equipment for practical training of operators of hazardous industrial facilities (2011-2015).

In order to provide upcoming offshore projects with skilled staff, the Company contracted the Gubkin Russian State University of Oil and Gas to develop an innovative training program for offshore drilling supervisors. The program is delivered with the involvement of the American company Drillbert Engineering and includes practical training at offshore drilling units operated by Stena Drilling (Sweden).

Training of Rosneft staff in 2012, man–courses

	2010	2011	2012
Total over the year	120,458	129,836	135,915
Mandatory training	100,784	110,290	113,280
Professional training	18,221	17,365	19,550
Management training	1,453	2,181	3,085
By category	120,458	129,836	135,915
Managers	25,274	28,293	26,120
Candidate pool	450	940	1,470
Specialists	28,163	27,070	28,950
Young professionals	1,286	2,392	2,430
Workers	65,285	71,141	76,945
By business units	120,458	129,836	135,915
Headquarters	1,095	1,904	1,944
Production	25,326	29,290	32,650
Refining and gas processing	37,285	34,089	32,576
Marketing	13,597	19,967	22,510
Service	40,191	40,916	42,415
R&D	2,964	3,670	3,820

Candidate pool for executive positions. The creation and maintenance of a candidate pool encompassing all levels of management across the entire Company is a priority HR management objective. Rosneft has in place a policy and corporate standards for candidate pool management. In 2012, the Company continued to expand and maintain its candidate pool for management positions. The composition of the candidate pool for senior executive positions was updated; over 3 thousand persons across the Company underwent evaluation procedures, and the most talented and promising ones of them were selected for the candidate pool. A corporate management rotation standard was developed in order to facilitate best practice sharing and help managers gain additional professional experience. Best members of the candidate pool are engaged in the implementation of the Company's priority projects. Candidate pool members receive additional corporate training (some 1,500 man–courses over the reporting period).

In 2012, a project titled Career Growth was implemented at the Company's refining operations in order to select candidates for middle–level management positions at the respective subsidiaries. Of more than 4 thousand persons who took part in the project, 27 managers with the highest development potential were selected. In the near future, they will assume positions at the next level of the corporate hierarchy.

Comparison of monthly salaries in selected Rosneft subsidiaries and the regions where they are based, 2012, RUB

№	Key regions of operation	Subsidiary	Sector²⁰	Average salary paid by the subsidiary, 2011	Average salary paid by the subsidiary, 2012	Relative increase of the average salary paid by the subsidiary between 2011 and 2012, %	Average salary in the respective region in 2012 (statistical data)²¹	Ratio of average salary at the subsidiary to average salary in the region in 2012, %
1	Archangelsk Region, incl. Nenets AA	LLC Polar Lights Company	P	118,361	128,874	9	28,900	446
2	Archangelsk Region, incl. Nenets AA	LLC RN–Archangelsknefteprodukt	M	23,712	27,535	16	28,900	95
3	Irkutsk Region	OJSC Angarsk Petrochemical Company	R	40,395	44,903	11	26,045	172
4	Irkutsk Region	OJSC Angarsk Polymer Plant	R	38,372	42,041	10	26,045	161
5	Irkutsk Region	CJSC Irkutsknefteprodukt	M	24,782	28,455	15	26,045	109
6	Krasnodar Territory	LLC RN–Krasnodarneftegaz	P	27,530	36,133	31	21,870	165
7	Krasnodar Territory	LLC RN–Tuapse Refinery	R	36,338	41,241	13	21,870	189
8	Krasnodar Territory	LLC RN–Tuapsenefteprodukt	M	28,952	32,897	14	21,870	150
9	Krasnodar Territory	OJSC RN–Kubannefteprodukt	M	15,065	18,642	24	21,870	85
10	Krasnoyarsk Territory	CJSC Vankorneft	P	120,225	130,484	9	28,734	454
11	Krasnoyarsk Territory	OJSC East Siberian Oil and Gas Company	P	95,871	103,434	8	28,734	360
12	Krasnoyarsk Territory	OJSC Achinsk Refinery VNK	R	44,783	51,922	16	28,734	181
13	Krasnodar Territory	LLC RN–Krasnoyarsknefteprodukt	M	47,764	50,920	7	28,734	177
14	Primorsky Territory	LLC RN–Nakhodkanefteprodukt	M	33,645	38,689	15	27,453	141
15	Komi Republic	LLC RN–Severnaya Neft	P	77,683	85,717	10	33,465	256
16	Dagestan Republic	OJSC Rosneft–Dagneft	P	12,891	15,485	20	13,823	112
17	Dagestan Republic	OJSC Dagneftegaz	P	13,354	15,179	14	13,823	110

²⁰ P — oil and gas production, R — refining, M — marketing, O — other.

²¹ Here and below in this Report, average monthly salaries in Russian regions are cited according to the data of the Federal Service for State Statistics available on the official website www.gks.ru.

No	Key regions of operation	Subsidiary	Sector ²⁰	Average salary paid by the subsidiary, 2011	Average salary paid by the subsidiary, 2012	Relative increase of the average salary paid by the subsidiary between 2011 and 2012, %	Average salary in the respective region in 2012 (statistical data) ²¹	Ratio of average salary at the subsidiary to average salary in the region in 2012, %
18	Samara Region	OJSC Samaraneftgaz	P	42,841	44,687	4	20,969	213
19	Samara Region	OJSC Novokuibyshevsk Refinery	R	32,529	34,062	5	20,969	162
20	Samara Region	OJSC Kuibyshev Refinery	R	31,631	35,220	11	20,969	168
21	Samara Region	OJSC Syzran Refinery	R	30,650	36,109	18	20,969	172
22	Samara Region	OJSC Samaraneftprodukt	M	16,017	18,461	15	20,969	88
23	Samara Region	LLC Novokuibyshevsk Oils and Additives Plant	R	31,351	34,675	11	20,969	165
24	Sakhalin Region	LLC RN–Sakhalinmorneftgaz	P	57,362	66,075	15	44,453	149
25	Sakhalin Region	CJSC RN–Shelf Far East	O	136,433	165,453	21	44,453	372
26	Stavropol Territory	LLC RN–Stavropolneftgaz	P	23,032	31,577	37	18,469	171
27	Stavropol Territory	OJSC Rosneft–Stavropolye	M	16,431	23,069	40	18,469	125
28	Udmurt Republic	OJSC Udmurtneft	P	38,446	44,753	16	18,552	241
29	Khabarovsk Territory	LLC RN –Komsomolsk Refinery	R	44,014	54,685	24	30,908	177
30	Khabarovsk Territory	LLC RN–Vostokneftprodukt	M	33,435	36,720	10	30,908	119
31	Khanty Mansi AA — Yugra	LLC RN–Yuganskneftgaz	P	66,836	75,509	13	51,061	148
32	Chechen Republic	OJSC Grozneftgaz	P	20,111	22,775	13	18,297	124
33	Yamalo–Nenets AA	LLC RN–Purneftgaz	P	69,947	75,175	7	63,963	118
34	Yamalo–Nenets AA	OJSC Rosneft–Yamalneftprodukt	M	33,046	38,575	17	63,963	60



Rosneft enhances its training capacity, increasingly relying on its own resources

In the reporting period four employees of the Company were nominated for the Federal Candidate Pool for Management Positions — a nation-wide pool of candidates for executive positions in the public sector.

In 2013, it is planned to expand Rosneft's candidate pool, update its composition, and build a pool of candidates for all positions essential to the functioning of the Company's subsidiaries. Furthermore, it is planned to make significant efforts towards the integration of TNK-BP assets and making effective use of its human resource potential. The integration will be based on a mixed model — a part of TNK-BP's executives will join Rosneft corporate headquarters.

Working with the youth. Since 2005, the Company has maintained its continuous education system "School — University — Company" to ensure the inflow of highly educated, talented, well-trained young people with active life attitude. The first level of the system is the network of Rosneft Classes, which are active at the best schools in all strategic regions of the Company's operation. The geography of the program has been expanding each year. In 2012, new Rosneft Classes were opened in Rostov-on-Don, the settlement of Iskateley (Komi Republic), Nefteyugansk and the settlement of Poykovsky (Khanty Mansi Autonomous Area — Yugra), and the settlement of Wrangel (Primorsky Territory). The tenth-graders newly admitted to Rosneft Classes are offered team-building workshops titled The Ladder to Success, where experienced trainers provide information about the Company and its subsidiaries, conduct vocational guidance events, and help school students make a conscious career choice, considering a possibility of their future work with the Company. In 2012, 8 team-building workshops for some 1 thousand students of Rosneft Classes from 18 Russian regions were carried out. Furthermore, skills upgrading workshops for principals, psychologists, and teachers of schools hosting Rosneft Classes were conducted.

Rosneft continues working with talented young people when they enter universities. The Company's objective in this area is to build an external candidate pool of best university students who have a good level of skills and knowledge, while being loyal to the Company and interested in professional growth and effective work at Rosneft. The Company has long-term partnership agreements with 27 Russian universities, 8 of them having the status of Rosneft's strategic partners. The Company has built a system for working with students of partner universities intended to identify the best ones and motivate them for employment with Rosneft. To that end, the Company supports a number of events including career guidance business games for students — graduates of Rosneft Classes studying in relevant disciplines — and the students' festival The Future of Rosneft. To support the most talented students, the Company provides corporate scholarships to the best of them. This category of students is given preference when applying for a work placement or a job with the Company. In 2012, over 3.5 thousand university students received work placements with the Company.



Thematic workshop in Moscow on new education techniques and modern planning approaches for principals of regional schools

Development of the system of Rosneft Classes

	2010	2011	2012
Number of Rosneft Classes	60	68	78
Number of students	1,487	1,728	1,967
Number of regions	16	18	19
Expenditures on Rosneft Classes, RUB thousand	70,710	81,010	88,993

Development of partnership with universities

	2010	2011	2012
Number of partner universities	26	27	27
Number of students who received work placements	3,282	3,494	3,596
Expenditures on university partnership programs, RUB thousand	109,730	194,350	213,493

Working with young professionals. Young professionals are another priority target group of the Company's HR policy. In 2012, 76 subsidiaries within the Company boundary collectively employed some 3 thousand young professionals. All newly employed young professionals receive adaptation courses designed to facilitate their adaptation, introduce them to the system of corporate values, and foster their motivation for effective work. Various business games, conferences, contests, trainings, and festivals targeting this employee group are carried out on a regular basis. The Company maintains a system of mentorship whereby each newly employed young professional is assigned an experienced mentor. In 2012, the Company carried out re-



Artyom Seleznyov, a young professional from Udmurtneft, became the winner of a regional stage of the Science and Technology Conference with his project for an integrated well cementing technology

gional workshops for young professionals' mentors to share their best practices. In the reporting year, Young Professionals' Councils were established at 10 Rosneft enterprises, bringing the total number of subsidiaries having such councils to 56. The development of methodological guidelines for Young Professionals' Councils started in the reporting period.

Seeking to foster scientific and engineering creativity of young professionals and facilitate their engagement into corporate innovation processes, the Company has carried out science and technology conferences on an annual basis. In 2012, it held the 7th Inter-Regional Science and Technology Conference (IRSTC) of young professionals with over 200 participants representing more than 50 Rosneft subsidiaries. As a result of the IRSTC, 68 participants from 29 enterprises were selected as winners; over 50 best works were recommended for practical implementation. Overall, 1,400 young professionals from 73 subsidiaries took part in science and technology conferences at various levels.

The Company's young professionals has traditionally participated in the TEC Contest by the Russian Ministry of Energy — an annual competition of science and technology projects for the fuel and energy sector by young employees.

Rosneft maintains a conducive environment for career growth and professional development of its young employees. In 2012, in order to identify prospective young leaders, five business games with specific focus on employee assessment were carried out at three corporate sites based in Moscow, Nefteyugansk, and Otradny. As a result of the games, 82 young professionals with a high level of corporate competencies (effective communication, team leadership, systems thinking) and leadership qualities were selected. They received training according to the program Personal Effectiveness of a Manager focused on the development of corporate competencies and building motivation for the further improvement of leadership and management skills. After the assessment procedures and training, most of those selected were recommended for the inclusion in candidate pools for management positions at the respective subsidiaries.

In the reporting year, winners and nominees of the 6th Inter-Regional Science and Technology Conference held in 2011 were offered work placements at relevant units of the Company's headquarters. Based on their performance during work placements, some of them were transferred to the corporate headquarters, promoted, or included in the corporate training program to facilitate their further professional development.

Young professionals at Rosneft

	2010	2011	2012
Number of young professional recruited after graduating from a university	1,020	1,035	1,065
Number of young professionals at the Company	2,725	2,637	2,868
Expenditures on corporate programs targeting young professionals, RUB thousand	51,106	70,090	67,573

Ensuring decent working conditions. The Company implements a system of measures aimed at ensuring decent working conditions, including amenities and services available to employees in the workplace. In 2012, the Company provided catering and cleaning services, as well a set of other services at its facilities in the production and refining sectors, and in shift camps. Rosneft subsidiaries implement a number of projects for the overhaul, modernization, and construction of workplace amenities and service facilities, including projects initiated based on the results of internal inspections at the Company's enterprises.

Some 16 thousand persons of the Company's employees work on a rotational basis, living in 65 camps during their shifts. Therefore, providing access to adequate amenities, healthcare and other services for persons staying in those camps is an important aspect of the Company's activities for ensuring decent working conditions.

Supporting employee health. The Company implements an integrated program for supporting and protecting employee health. The program is intended to provide employees with timely and quality health services; build corporate health improvement, health resort treatment, and convalescence care systems; and facilitate actions for disease prevention and promotion of healthy lifestyle among employees and their family members.

As of 2012, most of the Company's employees participated in voluntary medical insurance (VMI) schemes. Rosneft provides subsidized health resort services and convalescence care to



Employees of the Novokuibyshevsk refinery and their family members receive medical procedures in a speleochamber of Dubki Health Resort

its employees and their family members, the Company's veterans and pensioners; the Company also subsidizes fitness group and sports center memberships for its staff. Medical check-ups of employees working in hazardous conditions are carried out on a regular basis. Health posts have been established at industrial sites and shift camps; campaigns to prevent contagious diseases are carried out during pre-epidemic periods. Integrated programs to improve working conditions, including services and amenities available to employees in the workplace, are carried out.

In 2012, the Company's expenditures on health resort treatment and health improvement amounted to RUB 656.3 mln, on financing voluntary medical insurance for its employees — RUB 765 mln. Overall, the Company spent some RUB 1.4 bn on various health-related programs and promotion of healthy lifestyle.

Providing employees with housing. The Company for many years has had a housing program to provide employees of its subsidiaries with housing through:

- corporate mortgage schemes;
- corporate housing construction programs;
- providing housing owned by the Company.

In 2012, some 500 families obtained housing within the framework of the program, the Company's associated expenditures being about RUB 700 mln.

In February 2012, the Russian Regional Development Bank launched a new mortgage project specifically targeting employees of the Company and its subsidiaries. The project provides access to mortgage loans for employees who previously were not eligible for socially-oriented mortgage schemes. Home loans under the new project are available to virtually any employee of the Company who is a citizen of the Russian Federation 21 years old or older but under the statutory pension age, has a proof of permanent income, and has a total work experience of at least two years, including at least one year in the current job.

Standardization of benefits available to employees. In 2012, the Company continued to follow its policy of partnership with labor unions active at its operations. As a result of joint efforts, new collective agreements based on company-wide guidelines were concluded at most subsidiary companies.

The process of revising collective agreements is focused on strengthening social security of employees and improving their standard of living. The priority aspects of the model collective agreement recommended to the Company's subsidiaries include:

- assistance to employees' families with many children and low-income families;
- support of pensioners;
- attraction and retention of employees in the regions of operation with severe climate and in jobs with hazardous working conditions;
- assistance to employees in a difficult life situation.

The scope and size of social benefits provided by the Company are above statutory requirements and determined taking into account regional circumstances, the subsidiary's priorities, and the nature of the specific job.

Corporate pension program and care for veterans. The corporate pension program offers employees an extended set of options for building up their pension savings using their own funds. These options include personal pension plans and participation in the government pension co-financing program.

At the beginning of 2012, a revised version of the corporate standard for occupational pension programs was approved. In 2012, a total of RUB 3.36 bn was transferred to the “Neftegarant” Non-State Pension Fund under the corporate pension program, including RUB 0.41 bn transferred under a project for strengthening social security of the Company’s veterans. As part of that project, in 2012, over 13 thousand veterans of Rosneft subsidiaries who had received payments within the framework of the respective collective bargaining agreements started receiving payments through the “Neftegarant” fund. As a result of that reform, the size of the monthly occupational pension paid to veterans increased on average by 40%. Furthermore, the Company subsidiaries collectively spent RUB 180 mln on subsidized health resort treatment of their veterans and various forms of allowances associated with holidays and special family circumstances.

Occupational pension system in 2012

	2010	2011	2012
Rosneft’s contributions to the “Neftegarant” pension fund, RUB mln	2,479	2,679	3,358
Number of persons receiving corporate pensions	31,553	39,893	54,492
Pension payments, RUB mln	634.15	753.26	1,122.79
Total value of personal pension plans with the “Neftegarant” fund, RUB mln	740.55	1,174.26	1,708.52
Number of persons having personal pension plans with the “Neftegarant” fund	19,690	26,714	34,923
Number of Rosneft employees covered by the occupational pension system	over 120 thousand	over 125 thousand	over 133 thousand

Society

Being one of the largest Russian companies, Rosneft pays special attention to the implementation of integrated socio-economic programs in the regions where its operations are based. In the process of the integration of TNK-BP assets, the Company will adjust those programs to be consistent with the new scale of its business.

DEVELOPMENT OF THE SOCIAL IMPACT MANAGEMENT SYSTEM



Rosneft's social policy targets not only employees and their family members, but also all communities in the Company's regions of operation. The objective of the social policy is reducing social risks to the maximum extent possible and implementing a systemic approach towards the management of social issues, investments, and social development in the regions where Rosneft subsidiaries operate.

The Company is interested in its employees to live in modern cities and towns with quality services, appropriate healthcare, and a high level of comfort. This is especially important for remote regions and regions with inhospitable climate conditions.

SOCIAL PERFORMANCE INDICATORS IN 2012

Cooperation with the regions of operation. The Company bases its cooperation with regional stakeholders on framework socio-economic cooperation agreements signed with the respective regional governments. Furthermore, in 2012 the Company signed two strategic cooperation agreements with federal districts of the Russian Federation: the Agreement on Cooperation for the Development of the Infrastructure, Achievement of Economic and Social Objectives, and Improvement of the Investment Climate in the Far Eastern Federal District; and the Agreement on Strategic Partnership for the Socio-Economic Development of the Urals Federal District. More details on these agreements are available below in sections on the Company's activities in the respective regions.

Expenditures under regional socio-economic cooperation agreements,²² RUB mln

	2010	2011	2012
Social expenditures in the regions of operation	1,879.7	3,227.8	2,801.07

Expenditures under regional socio-economic cooperation agreements by category, RUB mln

	RUB mln	Percentage, %
Healthcare	43	1.5
Education and science	348	12.4
Sports	294	10.5
Culture	82	3.0
Pre-school institutions	856	30.6
Aid to veterans, persons with disabilities, and people in need	2	0.1
Charitable and non-governmental organizations	95	3.4
Revival of spiritual heritage	5	0.2
Minority indigenous peoples of the North	21	0.7
Regional and municipal infrastructure	995	35.5
Environment	36	1.3
Miscellaneous	24	0.9
Total	2,801	100

Charity. Like in the previous years, in 2012, priorities of the Company's charity projects included assistance to regional governments aimed at facilitating social development, as well as financial support of socially significant programs of non-governmental organizations and charity foundations in such areas as the revival of spiritual heritage, sports, assistance to healthcare institutions and children's homes, and strengthening the society's cultural and moral principles.

In its regions of operation, the Company pays special attention to providing assistance to minority indigenous peoples of the North: they are paid compensations for the use of their traditional lands, donated equipment and fuel for hunting and herding activities. The Company sponsors a summer recreation and recuperation program for children and covers university tuition fees for students from indigenous communities, finances participation of community members in various exhibitions, festivals, and other events. In 2012, Rosneft spent a total of RUB 3.2 mln on those objectives within the framework of corporate charity programs.

The Company actively participates in the restoration of spiritual heritage and construction of religious buildings in many Russian regions. In 2012, it continued financing the construction of

²² According to management accounts.



Preparation for a reindeer race — the central event of the Reindeer Day in the indigenous village of Kharampur (Yamalo–Nenets Autonomous Area)

the Nativity Cathedral in Yuzhno–Sakhalinsk, provided funds for restoration works in the Temple of the Martyr Antipas of Pergamon on Kolymazhny Lane in Moscow, construction of the Temple of the Icon of Our Lady “The Unburnt Bush” in Smolensk Region, and the Temple of Our Lady of Kazan in Nakhodka, and other similar projects.

Funds to finance Rosneft’s charity projects are provided on the basis of decisions of the Rosneft President, Management Board, and Board of Directors. In the reporting year, the Company spent a total of RUB 3.4 bn (compared to RUB 2.9 bn in 2011) on such projects.

Expenditures on supporting minority indigenous peoples of the North (within the framework of regional socio–economic cooperation agreements), RUB mln

	2010	2011	2012
Housing construction	33.3	26.0	0
Construction or repairs of social facilities and infrastructure	26.5	9.0	2.1
Providing equipment and other resources	56.7	84.7	39
Preservation of traditional culture, health improvement programs	25.5	61.9	25.7
Total	142.0	181.6	66.8

Charity expenditures of Rosneft,²³ RUB mln

	2010	2011	2012
Charity expenditures of Rosneft	1,652.0	2,864.2	3,422.0

²³ According to management accounts.

Charity expenditures by category in 2012

	RUB mln	Percentage, %
Healthcare	25.1	0.7
Education and science	326.0	9.5
Sports	320.5	9.4
Culture	47.0	1.4
Pre-school institutions	890.6	26.0
Aid to veterans, persons with disabilities, and people in need	92.7	2.7
Children's homes	6.5	0.2
Charitable and non-governmental organizations, humanitarian aid	342.3	10.0
Revival of spiritual heritage	1,317.3	38.5
Minority indigenous peoples of the North	3.2	0.1
Regional and municipal infrastructure	31.2	0.9
Miscellaneous	19.6	0.6
Total	3,422.0	100

Recipients of charity aid and social investments in 2012

In 2012, within the framework of regional cooperation agreements and charity projects, the Company provided funds for the construction, renovation, equipping, and support of 114 kindergartens and other pre-school institutions, 211 school, 84 cultural institutions, 82 sports facilities, 43 healthcare institutions, and 49 temples.

Maintenance of social infrastructure owned by the Company. Rosneft continues to optimize the social infrastructure in its ownership in order to reduce the costs associated with non-core assets. Under the program, Rosneft subsidiaries sell or hand over to other owners non-core assets having no particular social significance to the Company's employees and facilities comprising a part of municipal infrastructure. In 2012, Rosneft's expenditures on the maintenance of social infrastructure totaled RUB 1.1 bn.

Sports and cultural events in the regions of operation. The most significant corporate events carried out annually in the Company's regions of operation include Rosneft Spartakiad (a multi-sports team-based tournament) and the talent festival Rosneft Ignites Stars.

In 2012, over 18 thousand employees took parts in try-out competitions carried out at individual subsidiaries to select athletes for teams that then competed in corporate tournaments. Each year, the Company holds two Spartakiad: a winter and a summer one. The winter Spartakiads, which has been conducted since 2011, features an ice hockey tournament, skiing and skating competitions, and a sled relay race. In 2012, 20 teams of Rosneft subsidiaries comprising over

300 members competed in the finals. The summer Spartakiad, which has been carried out since 2006, includes tournaments in such sports as futsal, volleyball, basketball, table tennis, track and field, kettlebell lifting, chess, and tug of war. Teams of 65 subsidiary companies competed in the 8th Summer Spartakiad held in 2012. Overall, more than 2 thousand employees took part in regional rounds and the finals held in 7 cities.

Talent festival Rosneft Ignites Stars. In 2012, the annual corporate talent festival was carried out for the second time. Participants of the festival Rosneft Ignites Stars presented their creative acts and works, both collective and individual, in five categories: Vocals, Choreography, Vocal and Instrumental Ensembles, Specialty Genres, and Reflection (visual arts).

The festival was conducted in three stages, which included selection competitions held in individual subsidiaries, regional festivals carried out in Angarsk, Nefteyugansk, Samara, and Krasnodar, and the finals in Moscow. Over 2 thousand employees and their family members representing 48 Rosneft subsidiaries took part in all rounds of the festival (compared to 36 subsidiaries in 2011).

At the final stage of the competition, performances were judged by a professional jury comprising prominent Russian artists and performers. The festival was concluded with a gala concert held at the Maly Theater.

The Grand Prix of the 2012 festival was won by a dance troupe from Severnaya Neft.



All winners of the corporate festival Rosneft Ignites Stars 2012 representing 48 subsidiaries watched the final gala concert of the festival in the Maly Theater



At the final gala concert of the corporate festival Rosneft Ignites Stars 2012 in the Maly Theater





THE COMPANY'S ACTIVITIES IN ITS REGIONS OF OPERATION



THE COMPANY IN THE CENTRAL
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THE COMPANY IN THE NORTHWESTERN
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THE COMPANY IN THE URALS
FEDERAL DISTRICT 83

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THE COMPANY IN THE FAR EASTERN
FEDERAL DISTRICT 91



The Company's Activities in its Regions of Operation

Rosneft is one of the largest employers and taxpayers in the Russian Federation, with its operations based in all eight federal districts of the country. Recognizing the regional significance of its activities, the Company develops partnerships with regional and local authorities, taking into account specific needs and socio-economic circumstances of individual regions. In 2012, the Company took its approach to a new level, signing strategic partnership agreements with the Far Eastern Federal District and the Urals Federal District.

At present, the Company is implementing a number of major investment projects of strategic significance both to the entire Russia and individual regions where the respective activities take place. In the reporting period, the Company started the process of acquiring assets of TNK-BP; their integration is going on in 2013. Therefore, managing the Company's social and economic impacts in an integrated manner will become increasingly important to Rosneft.

In 2012, the Company carried out another series of roundtable meetings with regional stakeholders, where a broad range of sustainability issues was discussed. Such meetings help the Company identify the main development priorities of its regions of operation and then consider them when planning socio-economic activities at the regional level.

This section presents certain initiatives and projects, which were implemented by Rosneft and its subsidiaries in each of the federal districts in 2012. The activities have been selected to illustrate the Company's approach towards some of the challenges identified as relevant.

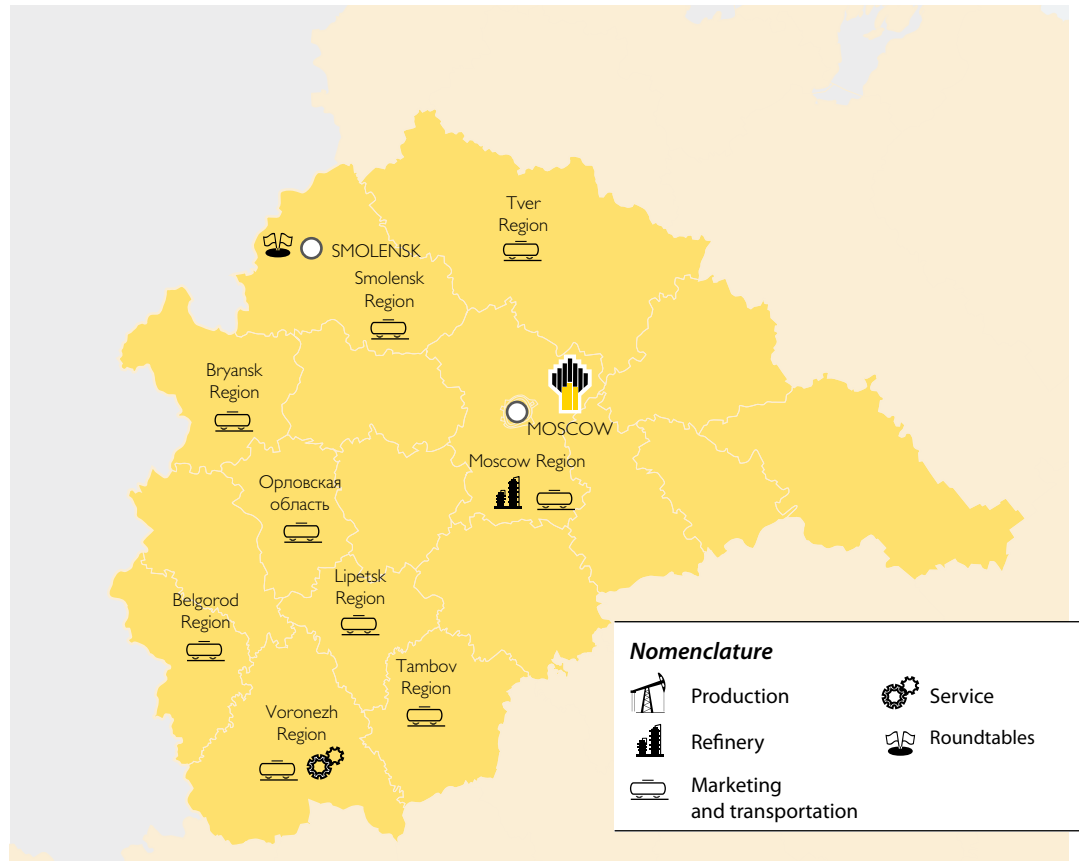


The Company in the Central Federal District

The main area of the Company's business in the Central Federal District is the marketing of petroleum products. In the region, Rosneft has a continually growing network of filling stations. The Company has socio-economic cooperation agreements with Lipetsk, Oryol, and Moscow regions. These agreements help address social challenges faced by the regions, such as the development of small and medium businesses, creation of infrastructure facilities making life in the regions more comfortable, improvement of the state of the environment etc.



General information about the federal district in 2012



²⁴ Percentages of investments in Russia do not total 100% due to indicator methodological reasons of the Federal Service for State Statistics.

The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries; ²⁵ RUB mln	7,636	18,688
Total capital investment in the CFD; ²⁶ RUB mln	2,360,371	2,689,587
Average number of employees of the Company and its subsidiaries in the CFD	17,192	18,185
Total workforce in the CFD	20,271,000	20,340,900
Average nominal monthly salary paid by the Company and its subsidiaries in the CFD, RUB	76,532	97,355
Average nominal monthly salary in the CFD, RUB	28,779	32,389

Development of cooperation in the Central Federal District: Tula Region

In 2012, a meeting between the Governor of Tula Region and the Company's senior executives was held. The participants discussed approaches towards socio-economic cooperation between the Company and the regional government, and the Company's plans for expanding its business in the region.

One of the most important areas of cooperation discussed at the meeting was support of regional agricultural producers. The Company already actively works with agribusinesses of Tula Region and plans to scale up the cooperation.

Sustainability activities of Belgorodnefteprodukt



Belgorodnefteprodukt specializes in small-scale wholesale and retail marketing of petroleum products; it operates 46 filling complexes, 3 filling stations, and 3 mini-terminals. Belgorodnefteprodukt has an integrated HSE management system compliant with the international standards ISO 14001:2004 Environmental management systems — Requirements with guidance for use and OHSAS 18001:2007 Occupational health and safety management systems — Requirements. A re-certification audit of the system carried out by Bureau Veritas Certification Russia in March 2012 confirmed the system's conformance to those standards. The subsidiary conducts annual OHS and environmental protection competitions, whose results are announced before the World Day for Safety and Health at Work (April 28) and the World Environment Day (June 5). In 2012, the subsidiary took additional measures to improve performance in those areas within the framework of the Year of Health, Safety, and Environment at Rosneft:

- a special OHS room for staff orientation and training was designated and equipped;
- weekly operations meetings and monthly instructional meetings with OHS managers and specialists of Belgorodnefteprodukt and individual filling stations were carried out;
- thematic meetings "Safety Hour" and OHS workshop meetings for contractors were carried out;
- best collectives and individual employees were rewarded for maintaining healthy and safe working conditions;
- additional awareness materials on workplace safety were prepared and disseminated;
- regional and corporate media on a regular basis covered Belgorodnefteprodukt's actions taken within the framework of the Year of Health, Safety, and Environment;

²⁵ Investments of Rosneft subsidiaries are allocated among federal districts according to their place of registration; therefore, investments of most service subsidiaries are accounted for in the Central Federal District, although they may have branches across the country.

²⁶ The source of statistical data about Russian regions provided here and below is the official website of the Federal Service for State Statistics: www.gks.ru

- *extraordinary inspections (at night time) of compliance with industrial safety, OHS, and emergency prevention requirements were carried out;*
- *the integrity and condition of process equipment, locks and safety cutoffs, as well as the presence and the effectiveness of warning signs were monitored;*
- *a standing road safety commission oversaw compliance of drivers of the subsidiary's vehicles with speed limits and the use of safety belts by both drivers and passengers;*
- *the commission for the Year of Health, Safety, and Environment reviewed results of all OHS inspections and the progress of corrective measures based on the inspections results;*
- *to prevent occupational injuries between June and October (a time with an increased risk of injuries according to company-wide statistical data), that period was designated a "Period of Special Attention towards OHS" at Belgorodnefteprodukt;*
- *the subsidiary oversaw the use by employees of personal protective equipment consistent with the nature of work and workplace environment, as well as compliance with workplace microclimate requirements during the hot weather period between June and August 2012;*
- *to prevent overheating and fatigue of filling station operators, they were provided with drinking water compliant with sanitary standards;*
- *competitions of drawings dedicated to OHS, environmental protection, and fire safety were conducted among employees' children. Young artists were free to choose any genre they wanted — from phantasies to realistic depictions of day-to-day work. Seven winning works were sent to Rosneft headquarters;*
- *a number of companies renting the subsidiary's property reported to Belgorodnefteprodukt about additional actions taken to raise their staff's awareness of OHS and environmental safety and improve compliance with the respective requirements.*

As a result of the measures taken by the subsidiary, no workplace injuries took place and no occupational diseases were diagnosed in 2012.

Staff of the subsidiary's filling stations actively participated in the program Green Capital, which involved tree and shrub planting projects implemented across the region. Many employees received honorary diplomas and letters of appreciation from the respective municipal authorities.

In 2012, a competition for the best site improvement project was conducted among teams of Belgorodnefteprodukt's filling stations. A customer loyalty contest titled A Million Reasons to Stay with Us was also carried out in the reporting year. The winners were rewarded with bonus cards for filling at stations of Belgorodnefteprodukt; the main prize was 2012 liters of free gasoline in 2012.

The Company in the Northwestern Federal District

The main areas of the Company's business in the Northwestern Federal District include oil production and marketing of petroleum products. The district plays an important role in the development of the Company's projects in the Arctic: the Arctic Research and Design Center for Offshore Development is based in St. Petersburg; stakeholder engagement events dedicated to the planned Arctic projects were carried out in Archangelsk (see section Stakeholder Engagement). As of the end of 2012, the Company had socio-economic cooperation agreements with Komi Republic, Murmansk Region, and Nenets Autonomous Area.



General information about the federal district in 2012

9.9 %
of Russia's area

9.6 %
of Russia's population

11.5 %
investments in Russia



The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	7,217	6,610
Total capital investment in the NWFD, RUB mln	1,259,724	1,449,190
Average number of employees of the Company and its subsidiaries in the NWFD	6,546	6,707
Total workforce in the NWFD	7,569,000	7,510,000
Average nominal monthly salary paid by the Company and its subsidiaries in the NWFD, RUB	51,850	57,467
Average nominal monthly salary in the NWFD, RUB	26,210	29,270

Utilization of associated petroleum gas at RN–Severnaya Neft

In 2012, RN — Severnaya Neft continued actions to increase the APG recovery rate at its fields. It is planned that already in 2013 the subsidiary will bring its APG recovery rate to 95% — a level required by the government. RN–Severnaya Neft uses APG in three ways — as a fuel for oil preheaters and boilers, for the heating of administrative, utility, and living premises, and for in-house power generation using gas-fueled reciprocating and diesel units. The subsidiary was one of the first companies in the region to use gas-fueled reciprocating engines for power generation. At present, it runs five such units with a total capacity of 3.8 MW at the Sandiveyskoye field. Since their commissioning, the units produced 146 mln kWh of power, using 42.3 mscm of APG and thus saving 30 thousand tonnes of diesel fuel. At the Khasyreiskoye field, the company runs a gas turbine power plant, which supplies electricity for all oil fields of the Val Gamburtseva group. After the commissioning of extra generating capacities, the plant will be able to also supply “northern” fields, which are currently at an early development stage. At present, Severnaya Neft meets some 70% of the overall power demand of its oil fields using associated petroleum gas.

Since 2010, Severnaya Neft has been retrofitting diesel power plants at a number of its “southern” fields with dual fuel engines capable of using both APG and diesel fuels. In 2012, the subsidiary was implementing a project for the construction of two gas-fueled diesel units and three APG-fueled reciprocating generators at the Srednemakarikhinskoye field.



A gas turbine power plant at the Khasyreiskoye field

**Support of veterans
by Rosneft subsidiaries
based in the region**

Continual assistance to veterans has become a corporate tradition at RN–Severnaya Neft. In 2012, veterans were presented gifts for the Victory Day and the New Year Day; veterans' associations of the region received a total of RUB 800 thousand. Participating in a regional charity marathon, employees of RN–Severnaya Neft and Usinsk Branch of RN–Service donated to veterans over RUB 1 mln.

**Participation in volunteer
environmental programs
in the region**

Young employees of RN–Severnaya Neft for the second year in a row participated in the environmental campaign River Band, organized within the framework of the national volunteer initiative Clean Banks and Wharfs to Water Bodies. In 2012, the campaign included several stages conducted between June and September. The objectives of the campaign include improving the condition of water bodies and surrounding areas, promoting care for the environment among local communities, and developing volunteer activities focused in environmental protection and conservation of natural resources.

The first stage of the large–scale initiative took place in June, when young employees of RN–Severnaya Neft and representatives of the municipal administration jointly cleaned up banks of the Bolbanyel stream. Some 80 m3 of waste was removed from the site and properly disposed of.

The second stage of the campaign included volunteer cleanup actions at the rivers of Pechora, Lyzha, Kolva, and Usa, and at the Lake Komanyur. The total number of participants amounted to some 200 persons, including specialists of municipal authorities and young employees of RN–Severnaya Neft.

The completion of the campaign was marked by an event in Syktyvkar, where the most active participants received gifts and letters of appreciation.



Young employees of Rosneft subsidiaries participate in voluntary cleanup and environmental conservation campaigns

The Company in the Southern Federal District

In the Southern Federal District, most of the Company's businesses and projects operate in Krasnodar Territory. It is there that production, refining, and marketing subsidiaries are based, and geological exploration of prospective fields is carried out, in some cases — jointly with international partners. The Company carries out exploration operations at a number of license areas, including the Tuapse Trough, the West-Chernomorsky and the South-Chernomorsky offshore areas in the Black Sea, as well the Temryuksko-Akhtarsky area in the Sea of Azov.

The Company has socio-economic cooperation agreements with Adygea Republic and Rostov Region. Furthermore, Rosneft is a national partner of the 22nd Winter Olympics and the 11th Paralympics, which will be held in 2014 in Sochi.

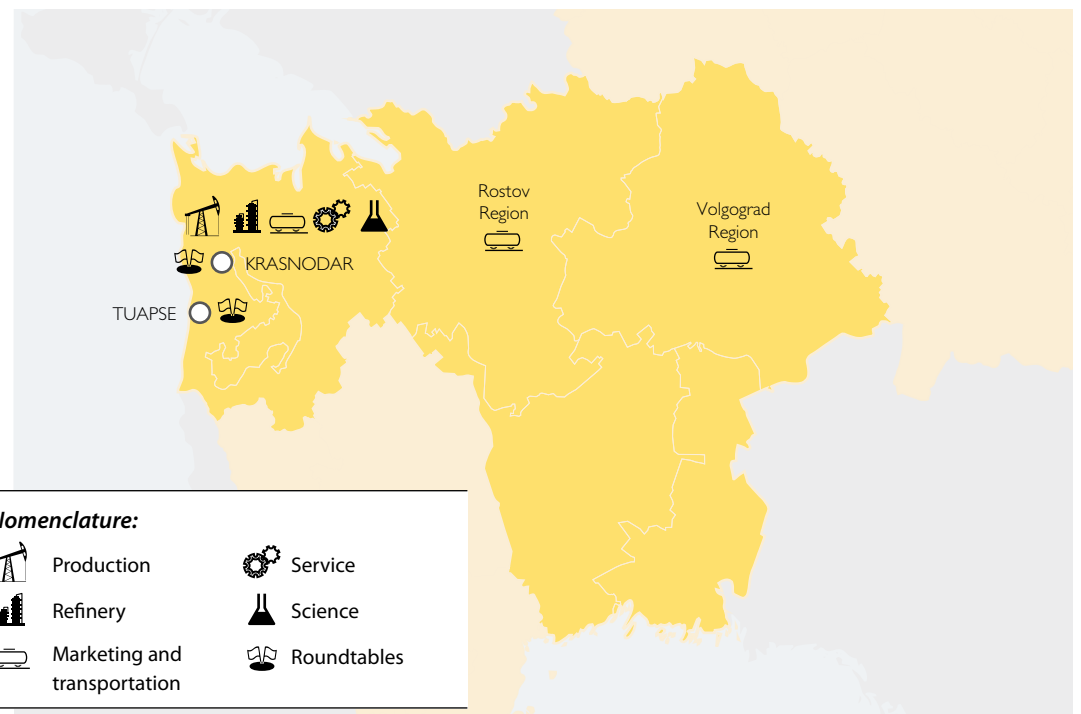


General information about the federal district in 2012

2.4 %
of Russia's area

9.7 %
of Russia's population

9.8 %
investments in Russia



The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	59,886	90,297
Total capital investment in the SFD, RUB mln	1,026,624	1,232,201
Average number of employees of the Company and its subsidiaries in the SFD	12,162	12,325
Total workforce in the SFD	6,975,000	6,894,700
Average nominal monthly salary paid by the Company and its subsidiaries in the SFD, RUB	25,950	31,185
Average nominal monthly salary in the SFD, RUB	17,408	20,208

Implementation of the Program for the Elimination of Legacy Environmental Damage Accumulated Prior to the Consolidation of Subsidiaries at RN–Krasnodarneftegaz



RN–Krasnodarneftegaz carried out works to prepare oil sludge pits and settling ponds for produced water for decontamination and subsequent reclamation

In 2012, RN–Krasnodarneftegaz, an oil production subsidiary, was implementing projects for the elimination of legacy oil sludge pits and settling ponds for produced water dating back to before 1991. In 2012, specialist contractors removed over 37 thousand tonnes of oil–contaminated waste from those sites for proper decontamination and disposal. Land remediation projects were also implemented at the sites. All those actions were taken within the framework of Rosneft’s Program for the Elimination of Legacy Environmental Damage, approved by the Company President in 2010.

In 2012, RN–Krasnodarneftegaz spent RUB 144.5 mln on the removal, decontamination, and disposal of oil–contaminated waste. In the same year, the company reclaimed six sludge pits and settling ponds with an overall area of 3.2 ha at a total cost of over RUB 15 mln.

In the reporting year, RN–Krasnodarneftegaz was also implementing land reclamation projects at abandoned well sites, which then were handed over to other land users. In the reporting year, the subsidiary reclaimed the sites of 165 abandoned wells with a total area of almost 60 ha. The associated costs amounted to RUB 21 mln.

***Aid to those affected
by natural disasters
in the region***

In 2012, the Southern Federal District was hit by two major disasters — floods in Krymsk and Novomikhaylosky. Rosneft subsidiaries based in the region contributed to response efforts and providing aid to the affected people.

Just after the news of the Krymsk tragedy broke, employees of RN–Krasnodarneftegaz and Kubannefteprodukt stepped in to help the victims. Individual staff members donated over RUB 8 mln, which were handed over to Kubannefteprodukt employees affected by the disaster. RN–Krasnodarneftegaz provided RUB 3.6 mln to the affected employees and veterans.

Employees of the subsidiaries collected humanitarian aid for the affected (food, pharmaceuticals, household items, and other articles of prime necessity). Donations worth almost RUB 1.5 mln were transferred to a special account of the Krasnodar Branch of the Russian Red Cross.

As a result of a flood in the settlement of Novomikhaylovsky, 600 houses were damaged. In addition to private houses and apartment buildings, a school, a kindergarten, and a district hospital were affected. Immediately after the flood the emergency regime was introduced in Tuapse District. When management of the Tuapse petroleum complex learned about the flood, a rescue brigade was immediately formed despite demanding work schedule of the enterprise. The brigade was comprised of employees of the refinery, petroleum depot, and contractor companies, and headed by Andrey Votinov, General Director of the Tuapse Refinery. Overall, more than 200 employees of the Tuapse petroleum complex took part in the response effort. Furthermore, Rosneft operations provided 30 units of machinery, including tractors, excavators, and graders. Prompt assistance from the Company's subsidiaries helped accelerate the recovery process and reduce the period of returning the settlement's vital systems back to normal.



Special machinery sent by the Tuapse petroleum complex is hurrying to help those affected by the flood in Novomikhaylovsky

The Company in the North Caucasian Federal District

In the North Caucasian Federal District, most Rosneft operations are based in Neftekumsk District of Stavropol Territory. The Company has cooperation agreements with both Stavropol Territory and Neftekumsk District (for 2011–2012). Within the framework of these agreements, the Company contributes to regional socio-economic development. Rosneft has also signed cooperation agreements with other regions of the federal district, including Ingushetia Republic, Kabardino-Balkarian Republic, and Chechen Republic.

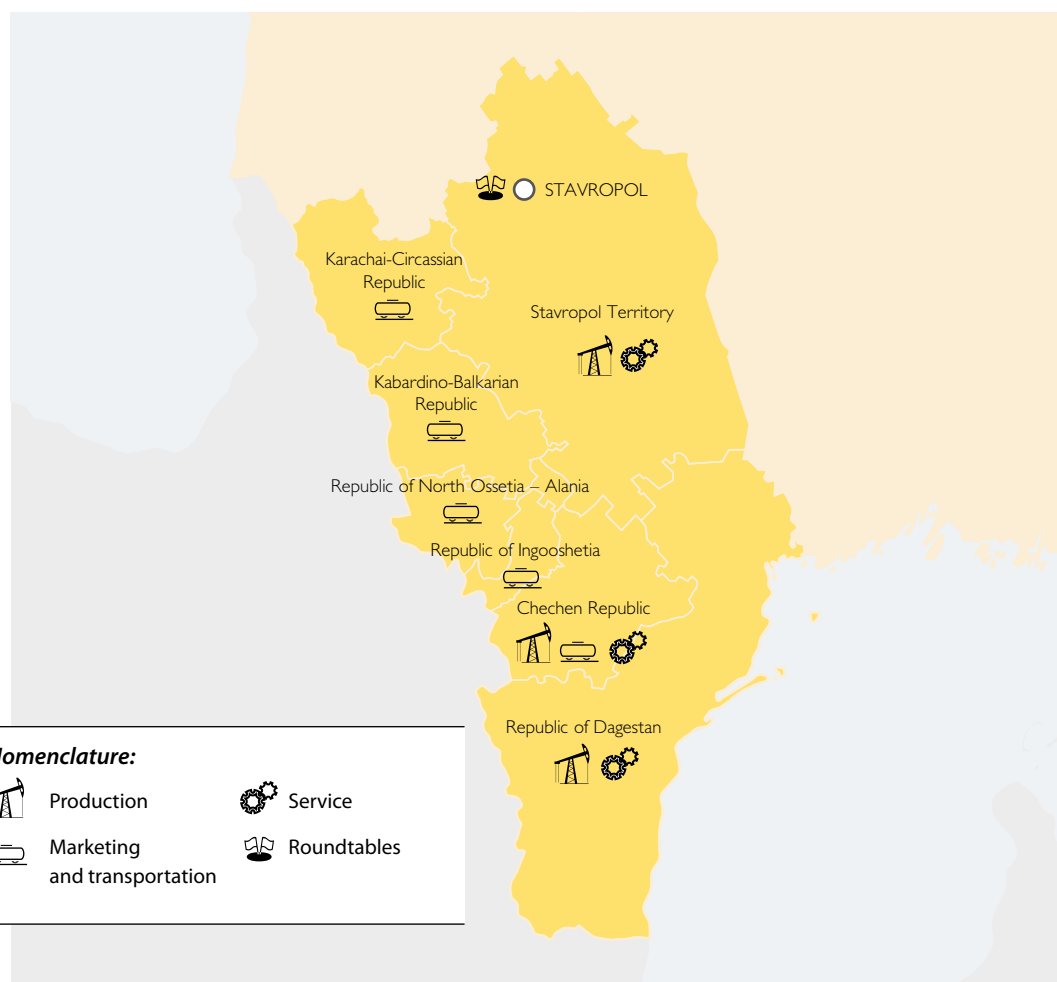


General information about the federal district in 2012

1.0 %
of Russia's area

6.6 %
of Russia's population

3.2 %
investments in Russia



The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	3,601	4,137
Total capital investment in the NCFD, RUB mln	346,264	397,180
Average number of employees of the Company and its subsidiaries in the NCFD	11,392	11,198
Total workforce in the SFD	4,431,000	4,468,900
Average nominal monthly salary paid by the Company and its subsidiaries in the NCFD, RUB	16,389	20,552
Average nominal monthly salary in the NCFD, RUB	14,324	16,936

Rosneft's contribution to the development of the social infrastructure in Neftekumsk

In 2012, RN–Stavropolneftegaz implemented a number of projects to facilitate the development of the social infrastructure in the city of Neftekumsk:

- *the construction of a new building for a district outpatient clinic was completed. RN–Stavropolneftegaz provided over RUB 200 mln as a charity donation to the municipal administration for the completion of the construction and acquisition of medical equipment and furniture. Among other purposes, the funds were used to purchase new treatment and diagnostic equipment for offices of specialist physicians, physiotherapy and X–ray departments, and the clinical laboratory, thus replacing obsolete equipment. Additional funds were provided for the purchase of a computer tomography unit, and mobile intensive care units for children and adults;*
- *a major renovation of the secondary school #3 was completed. As a result, over 1 thousand students of the school which hosts two Rosneft Classes are now able to study in a comfortable environment;*
- *the construction of a residential building with 216 apartments was completed. Some of the apartments will be handed over to regional authorities to be used by physicians and other employees of the Neftekumsk district outpatient clinic, whereas the remaining apartments will be either provided to RN–Stavropolneftegaz employees within the framework of a corporate mortgage scheme or used as company–owned housing for young professionals or employees seconded from other regions.*



Neftekumsk school #3 after a major renovation

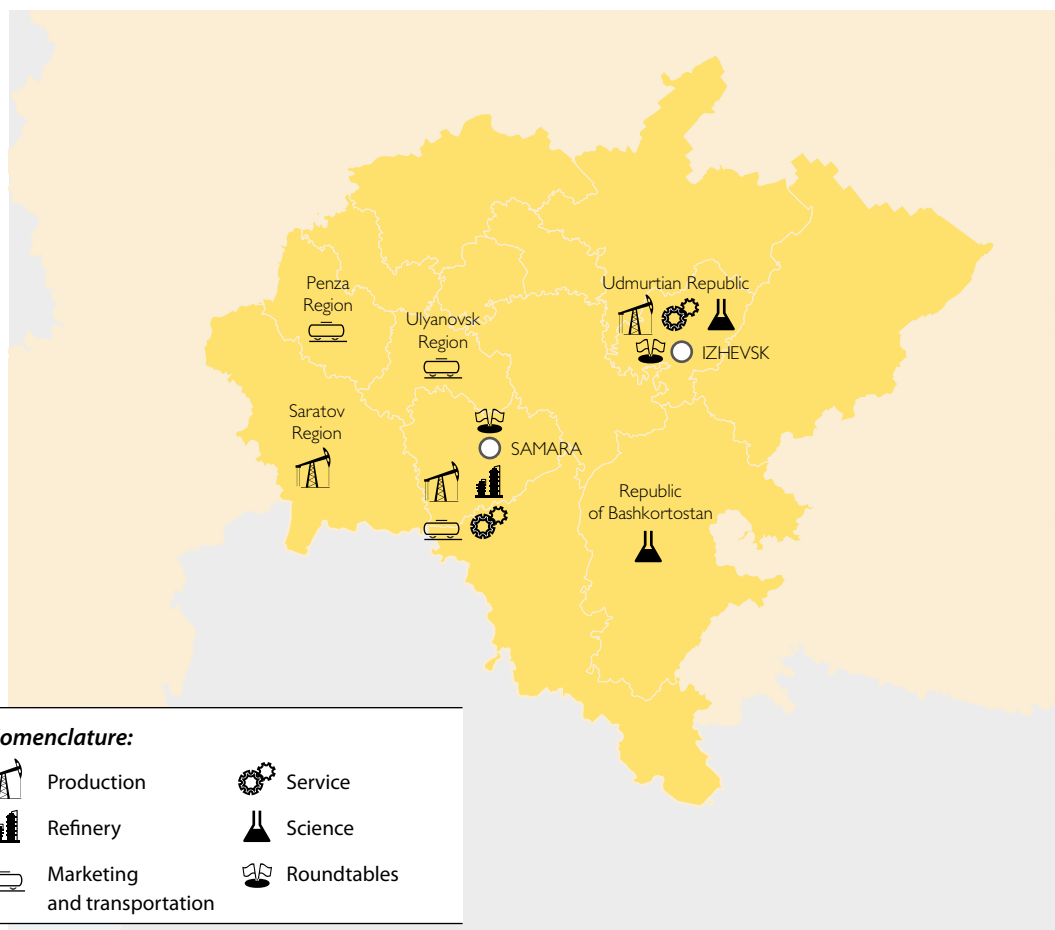
The Company in the Volga Federal District

Rosneft's key regions of operation in the Volga Federal District include Samara Region and Udmurt Republic, both of them having socio-economic cooperation agreements with the Company. Since all Rosneft operations based in the VFD have been active for many decades, they face similar challenges related to the need for modernization or introduction of new technologies in order to enhance their performance and minimize adverse environmental impacts.



General information about the federal district in 2012

6.1 % of Russia's area 20.8 % of Russia's population 15.7 % investments in Russia



The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	38,515	44,754
Total capital investment in the VFD, RUB mln	1,685,380	1,976,183
Average number of employees of the Company and its subsidiaries in the VFD	40,851	39,946
Total workforce in the VFD	16,067,000	15,962,700
Average nominal monthly salary paid by the Company and its subsidiaries in the VFD, RUB	31,185	34,172
Average nominal monthly salary in the VFD, RUB	17,671	20,098

Introduction of new technologies at Udmurtneft

At present, most oil fields exploited by Udmurtneft are on the third or the fourth development stage. At these stages, fields they typically show a rapid decline in base production and a significant increase in water cut. This brings to the forefront the objective of the identification and adoption of new technologies capable of increasing the output and reducing operating costs. As part of its innovation-related activities, in 2012 Udmurtneft tested 17 new technologies (3 of them within the framework of Rosneft's New Technology System and 14 — within the framework of pilot testing programs).

In 2012, the key projects implemented within the framework of the New Technology System were focused on further development of multi-zone well completion — a technology allowing to keep a low-yield well in operation by means of tapping into additional reservoirs. This helps reduce operating costs and enhance profitability of the production. Udmurtneft was the first Rosneft subsidiary to start developing this technology.

Ten technologies of those tested in 2012 were approved and recommended for commercial use. The additional oil production achieved due to the introduction of new technologies is estimated at some 3.2 thousand tonnes.

Prospective areas for the further introduction of new technologies by Udmurtneft include:

- *well drilling;*
- *more efficient oil production equipment;*
- *enhancement of well yields, identification of new types of well workover activities;*
- *measures to maintain reservoir pressure;*
- *squeeze cementing to prevent water and gas from leaking into the well.*

In 2013, Udmurtneft plans to test 17 new technologies at a planned cost of RUB 80.7 mln.

Young professionals of the subsidiary play an important role in its innovation-related activities. At the the 7th Inter-Regional Science and Technology Conference of Rosneft's young professionals, they won in seven categories and placed second in another two.

Due to its continued efforts for the introduction of innovative technologies, Udmurtneft has been able to maintain a growth in its oil output over the last few years.

Samareneftegaz won an award in the category Best Energy–Conserving Industrial Enterprise in Samara Region of a regional energy efficiency competition

The competition was carried out within the framework of the targeted program Energy Conservation and Efficiency Improvement in Samara Region approved by the regional government; it was supported by the regional energy conservation agency. Improving resource and energy efficiency is a priority to Samareneftegaz, which has had an energy conservation and efficiency program of its own since 2009.

Due to a number of equipment overhauls and improved insulation of heating networks, Samareneftegaz was able to reduce its heat consumption. One of the key approaches to energy conservation is the selection of energy efficient equipment having optimal performance parameters. The enterprise makes continual efforts to reduce power transmission losses by installing power factor correction units and optimizing the configuration and length of its transmission lines.

The subsidiary uses efficient lighting equipment and replaces obsolete lighting systems with modern LED-based ones. State-of-the-art power metering and accounting systems have been installed.

The installation of a computerized commercial accounting system for electricity was an important project to Samareneftegaz. The system allows industrial customers to pay for electricity on the basis of accurately measured consumption data.

A gift to children

Within the framework of socio-economic partnership with Samara Region, new playgrounds — a gift to children from Rosneft — were installed on Shkolnaya street and in Melioratorov Park in the town of Bezenchuk and also in the settlement of Osinki in 2012. Modern playgrounds provide a decent alternative to computer games. All equipment meets applicable safety standards.

The charity project has been implemented under the socio-economic cooperation agreement between Rosneft and the government of Samara Region. In 2011, the Company provided RUB 1.7 mln to Bezenchuk District, in 2012 — over RUB 7.5 mln. The targeted aid helps municipal authorities address important social issues and facilitates local development.



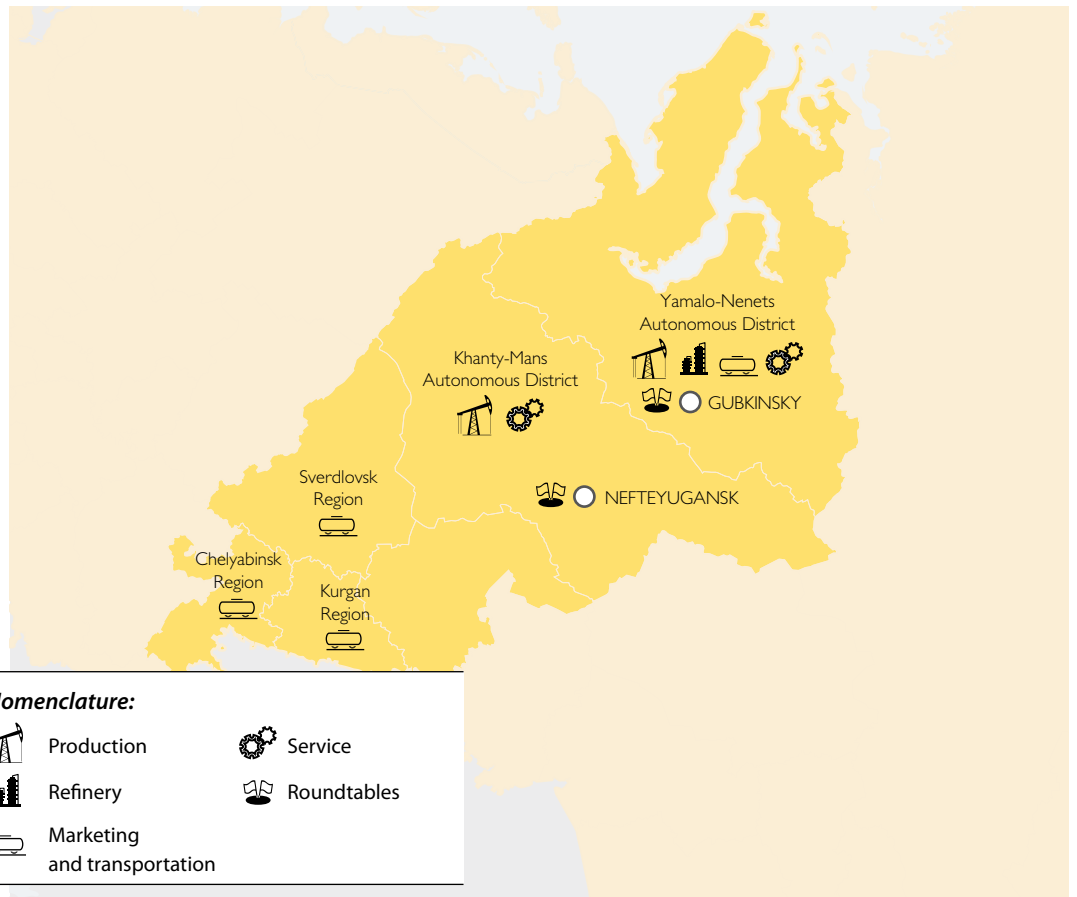
The playground in Bezenchuk (Samara Region) is always busy

The Company in the Urals Federal District

In 2012, the Company and the Plenipotentiary Presidential Envoy to the Urals Federal District signed a strategic cooperation agreement aimed at facilitating socio-economic development of the UFD. The agreement defines commitments of its parties with regard to cooperation for the growth of the region's industrial potential. Given the fact that the Company's major production assets are based in the UFD, the implementation of the agreement will make a significant contribution to the development of the regional economy. An important objective of the cooperation is enhancing the efficiency of operations achieved, among other means, through the introduction of innovative technologies. The cooperation program puts particular emphasis on the efficient use of the UFD's natural resources and the improvement of environmental safety of operations.



General information about the federal district in 2012



The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	128,085	119,767
Total capital investment in the UFD, RUB mln	1,869,904	1,994,686
Average number of employees of the Company and its subsidiaries in the UFD	29,674	30,292
Total workforce in the UFD	6,704,000	6,683,700
Average nominal monthly salary paid by the Company and its subsidiaries in the UFD, RUB	52,354	59,506
Average nominal monthly salary in the UFD, RUB	28,478	31,884

One important provision of the agreement is the development of Rosneft's regional marketing network, which will help ensure the reliability of supply of high-quality petroleum products to regional customers. The document specifically focuses on supplying regional agricultural producers with motor fuel. The agreement also provides for the implementation of effective social policy in the UFD.

In addition to the integrated cooperation agreement at the federal district level, in 2012 the Company had socio-economic cooperation agreements with the governments of Khanty-Mansi Autonomous Area, Chelyabinsk Region, and Yamalo-Nenets Autonomous Area.

In the context of the development of new offshore projects in the Arctic, the Urals Federal District will become increasingly important to the Company's business.



Construction of a new community center in Sentiabrsky (Nefteyugansk region, Khanty-Mansi Autonomous Area) was performed within the framework of socio-economic agreement between the Company and the District. The new community center, built using modern techniques and provided with all the necessary equipment, has become the hub of local cultural life

The environmental program of RN–Purneftegaz

RN–Purneftegaz manages its environmental activities on the basis of annual action plans consistent with Rosneft's environmental program. In 2012, in accordance with the plan, the subsidiary implemented a broad range of activities for the protection and efficient use of water and subsoil resources, protection of air and land, reduction of waste generation and improvement of the waste recovery rate.

The main results were the following:

- *Bureau Veritas Certification Russia, a specialized agency, re–certified RN–Purneftegaz's integrated HSE management system to the international standards ISO 14001:2004 and OHSAS 18001:2007. The new certificates are valid until 2015;*
- *at the Kharampurskoye field, a new waste landfill was commissioned. The capacity of the landfill is some 14 thousand tonnes of oil–contaminated waste and over 50 thousand m3 of solid household and industrial waste;*
- *at the landfill of the Barsukovskoye field, 6 thousand tonnes of oil–contaminated waste was processed;*
- *some 350 ha of disturbed land was reclaimed;*
- *within the framework of Rosneft's targeted Gas Program:*
 - *at the Kharampurskoye oil field, RN–Purneftegaz continued implementing a project for the construction of a booster compressor station with a gas treatment plant aimed at achieving a 95% APG recovery rate at the Kharampursky and Festivalny license areas. The gas will be pumped into an underground storage facility;*
 - *at the Kharampurskoye oil field, a booster compressor station and a gas treatment plant were launched in a pilot mode;*
 - *at the Barsukovskaya group of fields, construction and installation works at compressor stations were completed.*
- *in order to improve environmental safety and prevent adverse impacts associated with pipeline ruptures, RN–Purneftegaz implements a pipeline modernization program.*

Mandatory training at Yuganskneftegaz

Personnel development and training is a priority area of sustainability activities at Yuganskneftegaz. The subsidiary has the corporate standard Organization of Employee Training and Development. In 2012, Yuganskneftegaz employees received 7.6 thousand man–courses; the subsidiary's training costs amounted to over RUB 50 mln.

In addition to relevant industrial processes, mandatory training at Yuganskneftegaz covered industrial safety, OHS, and environmental protection. The training topics in these fields included:

- *environmental safety in hazardous waste management;*
- *training of managers and specialists with responsibilities in the field of civil defense and emergency preparedness;*
- *fire safety;*
- *well control;*
- *industrial safety (protection of subsoil resources, OHS);*

- *initial training of members of emergency response and rescue services (brigades) of companies in the fuel and energy sector, training of members of spill response brigades.*

In the reporting period, over 2 thousand employees received training in these areas, whereas more than 4 thousand employees participated in all types of corporate training programs. Training services were provided by the Nefteyugansk Corporate Institute and NAKS "Western Siberia" (Surgut).

According to the standard, another important area of activities is the training of young professionals focused on their development and adaptation. Such trainings are also considered mandatory.

In 2012, the topics of training courses delivered to young professionals included:

- *introduction to the management;*
- *industrial engineering;*
- *young specialist in the company: adaptation, engagement, communication;*
- *leadership and team-building;*
- *the art of presentation — a training for a confident behavior;*
- *information technology;*
- *personal effectiveness of a manager — a corporate course;*
- *a corporate course for mentors.*

In 2012, almost 400 young professionals working at Yuganskneftegaz received corporate training.

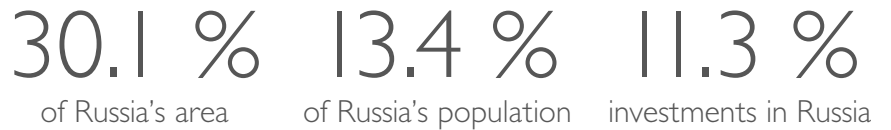


The Company in the Siberian Federal District

The Siberian Federal District is one of the Company's key regions of operation with the most promising development prospects. The Vankor field — the largest oil production project in Russia over the last 20 years — is a flagship project among onshore fields developed by the Company. The field is located in the north of Eastern Siberia, in Turukhansk District of Krasnoyarsk Territory. In January 2012, a working meeting between the general director of CJSC Vankorneft and the governor of Krasnoyarsk Territory was held, where priority areas of cooperation between the company and the region were discussed. The Vankor project helped Krasnoyarsk Territory become an oil-producing region and diversify the regional economy, which previously had been dominated by metallurgical industries.



General information about the federal district in 2012



Nomenclature:

Production	Service
Refinery	Science
Marketing and transportation	Roundtables

The launch of oil production in the region leads to an increase in the number of young people interested in getting an oil-related profession and subsequent work for Vankorneft. These socio-economic activities of the region's largest oil production enterprise are carried out on the basis of a cooperation agreement with the regional government — a document focused on facilitating the development of the area.

Rosneft also has similar agreements with other regions of the SibFD, including Novosibirsk Region, Irkutsk Region, and Zabaikalsky Territory.

The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	127,859	123,922
Total capital investment in the SibFD, RUB mln	1,214,700	1,416,604
Average number of employees of the Company and its subsidiaries in the SibFD	32,734	32,710
Total workforce in the SibFD	10,187,000	10,078,400
Average nominal monthly salary paid by the Company and its subsidiaries in the SibFD, RUB	45,798	50,937
Average nominal monthly salary in the SibFD, RUB	20,970	23,920

Public hearings organized by Vankorneft in its area of operation in 2012

The construction of new facilities for the Vankor project involves a process of public consultations organized by Vankorneft. The main objective of the process is to make sure that the proposed projects meet not only statutory environmental requirements but also expectation of residents of Turukhansk District, who are equally interested in maintaining the environmental balance and in the industrial development of the area.

In 2012, Vankorneft initiated and conducted a series of public hearings to discuss proposed projects with an environmental focus:

- *public hearings on project materials (including EIA materials) for a thermal waste processing unit in Dudinka (Taimyr Dolgano–Nenets Municipal District);*
- *public hearings on the proposed construction of a treatment line for drilling waste from the Vankor field (Turukhansk);*
- *public hearing on the proposed temporary storage site for drill cuttings within the framework of the Vankor field development project including external oil–transport system and junction point to system of JSC Transneft;*
- *public hearings on project materials (including EIA materials) for a temporary storage and disposal facility for industrial and household waste in Turukhansk;*
- *public hearings on project materials (including EIA materials) for a horizontal flare unit with a sump for thermal treatment of water–methanol mix in Turukhansk.*

All projects were approved by the public. After each event, official minutes were signed by all stakeholder groups.

Biodiversity conservation actions of Angarsk Petrochemical Company

Angarsk Petrochemical Company (APC) for many years has systematically implemented measures to minimize adverse environmental impacts of its operations. One of the key environmental projects of the year 2012 was the installation of fish protection systems at APC's two industrial water intakes on the Angara River. Before the project completion, the young of valuable fish species — taimen, lenok, whitefish, and grayling — had been drawn into the intakes, whereas the new system deters fish from getting into them.

In 2010, project documentation was prepared and underwent expert review; in 2012 construction and installation works were completed. The systems are based on the principle of the bubble screen. Pressurized water and air are mixed in aeration units, and then the mixture is used to create an air bubble curtain preventing the fish young from getting into the intake. The aerator units are positioned three meters apart from each other. Prior to the installation of underwater equipment, the respective sections of the river bottom were cleaned up.

The overall cost of the project was over RUB 30 mln.

At present, a specialist organizations contracted by APC evaluates the effectiveness of the new fish protection systems.

In 2012, APC received a diploma from the Russian Union of Industrialists and Entrepreneurs for its environmental activities.



Project "Future Champions, We Are with You!" in Altai Territory

In 2012, LLC RN–Altainefteprodukt sponsored the construction of the first children's "motor town" in the region, which was opened on the Child Protection Day in the settlement of Blagoveshchenka.

This socially significant project was implemented on the initiative of RN–Altainefteprodukt in partnership with the regional road police department and the municipal administration of Blagoveshchesky District. The "town" features a miniaturized replica of a real street network.

The project is intended to facilitate the adaptation of children to road traffic. Young residents of the settlement assisted by teachers and road police officers are able to put themselves in the roles of a driver, a pedestrian, and a cyclist in almost real streets with traffic lights and crossroads.

Representatives of the municipal administration noted the social significance of the project — the modern, well–equipped facility will help children learn road safety rules and skills.



Activities of the Young Professionals' Council at Vankorneft

One of the key areas of the Council's activities is the development of the scientific potential of young employees. Young professionals actively participate in corporate science and technology conferences. Another important area of the Council's work is the corporate program "School — University — Company"; under which they assist Vankorneft's HR Department in vocational guidance activities targeted at students of Rosneft Classes and the Oil and Gas Institute at the Siberian Federal University.

The Council also supports adaptation of new employees, introducing them to plans, objectives, procedures and traditions of the subsidiary and the Company as a whole. The Council participates in organizing corporate team-building, charity, training, and sports events.

Furthermore, the Young Professionals' Council of Vankorneft participates in activities of the regional Association of the Working Youth. In partnership with the Association, it carried out a charity action "Help to Become a Student!" and delivered several components of the training program College of the Working Youth, including Team Management: a Project-Based and a Plan-Based Approaches, Personal Effectiveness, and Motivation.

For 2013, the Council plans a number of joint projects, which include various socially-oriented actions, leadership programs, sports events, and campaigns to promote a healthy lifestyle.



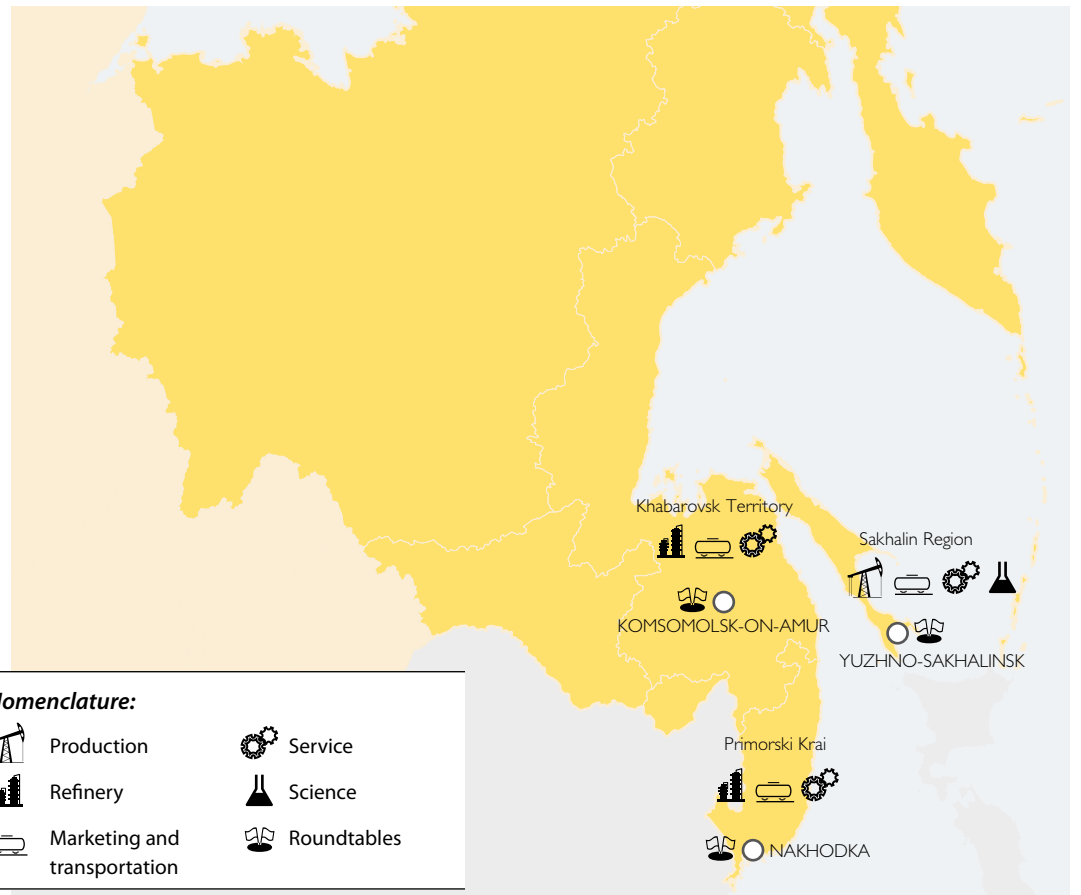
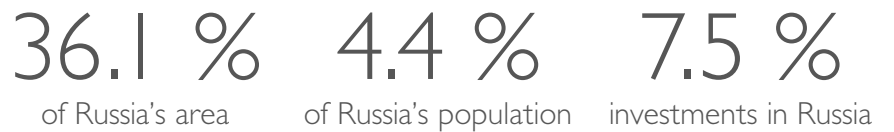
The traditional Rosneft Day at the Siberian Federal University. Potential candidates are being informed of the largest oil company and its activities

The Company in the Far Eastern Federal District

In 2012, the Company and the Ministry for Development of the Russian Far East signed a cooperation agreement aimed at the development of infrastructure in the Far Eastern Federal District, achievement of its socio-economic objectives, and improvement of the investment climate in the region. The document defines key areas of cooperation, taking into account existing strategies of both the FEFD and the Company. Considering the significance of natural resources to the regional economy and the dependence of regional socio-economic development on the resource potential, the parties designated geological study, exploration, and production of hydrocarbon resources as a priority area of cooperation.



General information about the federal district in 2012



The parties will focus their efforts on expanding the production of hydrocarbons and replacement of the resource base achieved, among other means, through the introduction of innovations and state-of-the-art technologies in the field of the exploration, production, and processing of hydrocarbon resources. To achieve this objective while supporting sustainable development of the region, the agreement provides for environmental actions, investment and innovation projects, energy conservation and efficiency, development of social services, development of small and medium businesses, improvement of transparency, and information cooperation.

In addition to the framework agreement signed at the federal district level, in 2012 the Company had cooperation agreements with a number of individual regions, including Amur, Magadan, and Sakhalin Regions, as well as Kamchatsky, Primorsky, and Khabarovsk Territories. The agreements focused on specific challenges relevant to the regions. For example, one of the key objectives of the cooperation agreement with Primorsky Territory is ensuring secure and reliable supply of petroleum products to regional customers achieved, among other means, through the construction of facilities for manufacturing and distribution of petroleum products and the development of infrastructure for their transshipment and storage. Among specific projects, the agreement provides for the construction of a combined heat and power plant at the industrial site of the Eastern Petrochemical Company. It is expected that the plant will supply electricity and heat not only for the company, but also for Nakhodka Municipal District and other communities located close to the site. The cooperation agreement with Sakhalin Region pays special attention to environmental projects within the region. In partnership with the regional government, Rosneft will continue implementing a system of measures to protect the environment and improve its state, modernize and enhance the engineering infrastructure preventing spills of oil and petroleum products. The agreement also covers such areas as support of social development, job creation, and sports.

The Company and the federal district

	2011	2012
Capital investment by the Company and its subsidiaries, RUB mln	31,735	32,241
Total capital investment in the FEFD, RUB mln	1,013,906	940,142
Average number of employees of the Company and its subsidiaries in the FEFD	12,424	13,118
Total workforce in the FEFD	3,547,000	3,520,700
Average nominal monthly salary paid by the Company and its subsidiaries in the FEFD, RUB	49,122	55,657
Average nominal monthly salary in the FEFD, RUB	29,421	33,611

Minimization of environmental impacts of the Komsomolsk Refinery

In July 2012, after the beginning of pre-commissioning works at a new delayed coking unit to be commissioned by Komsomolsk Refinery, residents of Komsomolsk-on-Amur started filing complaints regarding unpleasant smells in the city's industrial zone. To address the complaints, on the initiative of Igor Sechin, Rosneft President, the Company sent an extended commission headed by Igor Pavlov, Vice President of Rosneft, to the site. The commission comprised heads of the Company's relevant units, industrial safety and environmental experts, specialists from R&D institutions, as well as representatives of licensor organizations, equipment manufacturers and contractors. The commission was given broad discretion in handling the situation, being authorized even to suspend the operation of the unit in case of its non-compliance with environmental standards. The commission conducted an inspection of the delayed coking unit and carried out additional measurements of the refinery's emissions. No violations of air quality standards were found.



A major modernization project is going on at the Komsomolsk refinery

The commission also reviewed the progress of implementing the decision regarding the accelerated commissioning of a liquefied hydrocarbon gases storage — a necessary prerequisite for the complete processing of those gases. The storage was commissioned in 2012. Furthermore, to prevent hydrocarbon emissions into air, in 2012 the refinery replaced two obsolete open-type oil separators installed in 1979 with two new closed separators meeting modern environmental requirements. The refinery also converted its labyrinth water treatment system into an enclosed one. The operation of the open system led to evaporation of odorous sulphur compounds, which, in turn, affected the level of smell both at the industrial site and in residential areas. The enclosing of the system helped reduce the smell substantially. At present, the refinery is taking steps to make its flaring systems capable of smokeless operation. The respective actions have been included in the action plan for 2013; necessary design documentation is being prepared; tendering procedures have been initiated. It is planned to purchase additional equipment for the refinery's laboratory in order to make it capable of measuring the content of an extended range of air pollutants (up to 27 substances). Until the laboratory is fully equipped with necessary reagents, materials, and equipment, all necessary air quality parameters are measured by an independent laboratory contracted by the refinery.

To keep residents of Komsomolsk-on-Amur adequately informed of the quality of the environment, the Company allocated RUB 14 mln for the purchase of extra monitoring equipment that will make it possible to monitor 56 air quality indicators, including mercaptan concentration. Furthermore, real-time data from four automatic air quality monitoring stations will be transmitted to the city's civil defense and emergency response control center.

The Komsomolsk Refinery follows the policy of transparency with regard to its environmental impacts, actively engages with regional and city authorities, mass media, and the general public, cooperates with members of the regional Civic Chamber.

***RN–
Nakhodkanefteprodukt
initiated an interagency
conference on the
antiterrorist and
countersabotage
protection of its
transportation facilities***

RN–Nakhodkanefteprodukt, like other Rosneft subsidiaries operating hazardous industrial facilities, has the status of a strategically important enterprise. The fact that the subsidiary's business involves the handling and storage of large amounts of flammable petroleum products makes its potentially vulnerable to terrorist attacks and sabotage. Therefore, the development and implementation of a system of effective prevention measures is a strategic priority to RN–Nakhodkanefteprodukt.

In 2012, the subsidiary initiated an interagency conference on the antiterrorist and countersabotage protection of its transportation facilities, inviting heads of respective regional departments and representatives of law enforcement and defense agencies.

The conference adopted a joint action plan for the enterprise and government agencies, a scheme of coordination and specific actions in response to a terrorist threat. Additional surveillance procedures were introduced; the guarding and inspection of tank cars was organized; a schedule of countersabotage exercises was developed.

***In 2012, RN–
Sakhalinmorneftegaz
became a winner in the
category High Social
Effectiveness Organization
of the annual competition
Charity Provider
of the Year***

The recognition of the subsidiary's achievements in the field of social partnership was a result of the systematic implementation of its strategic initiatives aimed at supporting education, sports, healthcare, environmental protection, and indigenous communities within its area of operation.

The subsidiary provides support to local Rosneft Classes and partners with a number of universities, including the Sakhalin State University, Ufa State Technical University, and Tomsk Polytechnic University. In 2012, it financed vocational guidance activities, learning equipment and materials for schools, workshops for students, instructors, and principals of educational institutions, and prizes to winners of regional academic contests.

Young employees of the subsidiary took active part in the environmental campaign Clean Springs, which involved a waste removal action at a mineral spring site in the settlement of Goryachiye Klyuchi (Nogliki District of Sakhalin Region). Such actions have been conducted in the district for four years already. In 2012, the action was initiated by local environmental activists and supported by young employees of RN–Sakhalinmorneftegaz.

The company helped children's homes of Northern Sakhalin to organize decent New Year festivals for the children; it provided financial aid to veteran associations and other NGOs of Okha and Nogliki.

Supporting sports has been a traditional priority of charity activities of RN–Sakhalinmorneftegaz. In 2012, it donated over RUB 500 thousand to the Okha Olympic Reserve School. Operating in the areas where indigenous communities have traditionally lived, the subsidiary pays special attention to their needs. In the reporting year, the subsidiary sponsored the 5th Ethnic Sports Championship of Sakhalin Region among children from indigenous communities, which was conducted in the settlement of Nekrasovka (Okha District, Sakhalin Region).

Some RUB 500 thousand was spent on the preparation of an ethnic sports school for the opening; another RUB 300 thousand was provided to finance participation of winners of the Sakhalin Region Championship in the Summer Ethnic Sports Championship of Khabarovsk Territory.

Attracting young specialists for the development of the Eastern Petrochemical Company

Representatives of the Eastern Petrochemical Company sat on state attestation committees of the leading universities of the Russian Far East — the State Technical University in Komsomolsk-on-Amur, the Far Eastern Federal University, the Nevelskoy Maritime State University, and the Nakhodka Branch of the Far Eastern Federal University. Evaluating students who defended their diploma papers, the company representatives selected potential young specialists for the new petrochemical plant being built close to Nakhodka.

The subsidiary actively engages with universities to meet its significant workforce demand: at the first stage alone, the new enterprise will have to recruit almost 1,700 persons. Petrochemical industry and refining are new to Primorsky Territory, and the necessary skill sets are scarce in the region. At the company's request, the Far Eastern Federal University has already introduced new training programs. The specialties demanded by the Eastern Petrochemical Company include "Chemical technology of natural energy resources and hydrocarbon materials", "Essential processes and IT in the chemical industry", "Environmental protection and efficient natural resource management" etc. The subsidiary provides work placements for university students. Currently the enterprise is at an early stage of its development, and this is the best time for a young person to join the company. Newly employed young persons receive much attention — they are assigned experienced mentors, offered internships and skills upgrading courses with relevant companies in Russia and abroad.



The Rosneft Day in the Far Eastern Federal District (May 2012)



Building a better
working world

Independent Assurance Report on the Sustainability Report 2012

To the Board of Directors and Stakeholders of OJSC Oil Company Rosneft

Identification and description of the subject matter

At the request of OJSC Oil Company Rosneft (hereinafter 'Rosneft') we have provided a limited level assurance on the qualitative and quantitative information disclosed in the Sustainability Report 2012 of Rosneft (hereinafter 'the Report') except for the following matters:

- ▶ forward-looking statements on performance, events or planned activities of Rosneft; and
- ▶ correspondence between the Report and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting developed by the International Petroleum Industry Environmental Conservation Association and American Petroleum Institute ('IPIECA/API'), Basic Performance Indicators issued by the Russian Union of Industrialists and Entrepreneurs ('RUIE'), and UN Global Compact principles.

Identification of the criteria

The criteria of our engagement were the GRI Sustainability Reporting Framework (hereinafter 'the GRI Framework'), including version 3.1 of the Sustainability Reporting Guidelines (hereinafter 'the GRI G3.1 Guidelines') and the sustainability reporting principles of Rosneft as set out in section 'About the report' on page 14 of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of Rosneft is responsible for the preparation of the Report and the information therein in compliance with the GRI Framework and the sustainability reporting principles of Rosneft that are described in section 'About the report' on page 14 of the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusions that:

- ▶ the information in the Report is, in all material respects, a reliable and sufficient representation of sustainability policies, activities, events and performance of Rosneft for the year ended December 31, 2012;
- ▶ the Report is consistent with the principles and the requirements of 'A+' Application level of the GRI G3.1 Guidelines.

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by IFAC, and accordingly included the following procedures:

- ▶ interviews with representatives of Rosneft's management responsible for its sustainability policies, activities, performance and relevant reporting,
- ▶ analysis of key documents related to Rosneft's sustainability policies, activities, performance and relevant reporting,
- ▶ analysis of Rosneft's stakeholder engagement activities via reviewing minutes of stakeholder meetings conducted by Rosneft and observing public hearings regarding the environmental impact assessment materials on the Vostochnaya petrochemical company (hereinafter also 'VNKhK') in Vrangal settlement of the Nakhodka city region,
- ▶ benchmarking of the Report against sustainability reports of selected international and Russian peers of Rosneft,
- ▶ review of a selection of corporate and external publications with respect to Rosneft's sustainability policies, activities, events, and performance in 2012,
- ▶ identification of sustainability issues material for Rosneft based on the procedures described above and analysis of their reflection in the Report,
- ▶ review of data samples regarding human resources, energy, environment, health and safety, and charitable activities for key indicators as well as data collection processes to assess whether these data have been collected, prepared, collated and reported appropriately at the central office level,

- ▶ visits to three Rosneft subsidiaries — a petrochemical company VHKhK CJSC which facilities are currently under design phase, petroleum products terminal RN-Nakhodkanefteprodukt LLC, and oil and gas producing company RN-Yuganskneftegaz LLC in order to gather evidence supporting the assertions on Rosneft's sustainability policies, activities, events, and performance made in the Report,
- ▶ collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the central office level,
- ▶ assessment of compliance of the Report and its preparation process with Rosneft's sustainability reporting principles, and
- ▶ assessment of compliance of information and data disclosures in the Report with the requirements of 'A+' Application level of the GRI G3.1 Guidelines.

We believe that our procedures provide a basis on which we can provide limited assurance. Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that the information in the Report, in all material aspects does not provide reliable and sufficient representation of sustainability policies, activities, events and performance of Rosneft for the year ended December 31, 2012 in accordance with the GRI Framework and sustainability reporting principles of Rosneft.

Nothing has come to our attention that causes us to believe that the Report does not meet the requirements of "A+" Application level of the GRI G3.1 Guidelines.

Ernst & Young (CIS) B.V.

Moscow
14 August 2013

Annex 1. Achievement of Objectives Presented in Rosneft Sustainability Report 2011. Objectives and Targets for 2013–2016²⁷

ACHIEVEMENT OF OBJECTIVES PRESENTED IN ROSNEFT SUSTAINABILITY REPORT 2011

Objective	Achievement
Innovation	
Continue the implementation of targeted innovation projects and targeted modernization and efficiency improvement programs.	At the end of 2012, the Company was implementing 56 targeted innovation projects and 5 modernization and efficiency improvement programs.
Initiate a number of new targeted innovation projects.	Five integrated targeted projects focused on the production and refining of unconventional and hard-to-recover hydrocarbon resources were initiated in partnership with research institutions of the Russian Academy of Sciences.
Continue the establishment and development of Rosneft excellence centers at the leading Russian universities.	In 2012, the Company was defining topics and identifying specific areas for prospective research projects aimed at the development of technologies for refining and petrochemical industry, taking into account the actual and planned availability of laboratory equipment and pilot units at the SFU.
Expand cooperation with innovative small and medium businesses, leading Russian and foreign research centers and organizations.	In 2012, the Company actively developed innovation-related cooperation and built new partnerships (with Agency for Strategic Initiatives, Rostec State Corporation etc.).
Continue cooperation with foreign oil and gas companies.	An agreement on the participation of ExxonMobil in the activities of the Arctic Research and Design Center for Offshore Development was reached; the two companies determined priorities of the center's activities, designed specific research programs, approved a center development program until 2016 and the center's budget for 2013.
Develop methodological support of innovation activities.	Internal regulatory base for activities of the Department for Scientific and Technology Development and Innovation was created. The Company's Innovation Policy was approved by the Board of Directors.
Implement a program for employee skill development and technology training.	The program is being implemented; technology training courses are delivered both at the corporate headquarters and at subsidiary companies.
Compete organizational arrangements for the establishment of Rosneft Innovation Centers at the Gubkin Russian State University of Oil and Gas and the Siberian Federal University.	The Academic Council of the SFU approved the establishment of the Rosneft Innovation Center at the university; a regulation on the center was also approved.
Prepare the programs "Sedimentology of Oil and Gas Basins" and "Management of Offshore Projects" at the Lomonosov Moscow State University for the launch in 2012.	As of December 31, 2012, the master's program "Sedimentology of Oil and Gas Basins" had been prepared for launch at the Geology Department of the MSU: the program had been approved by the Teaching and Methodology Association and by the University's Academic Council, a special classroom had been equipped, and a collection of cores had been created. It is planned to launch the program in 2013. As for the professional conversion program "Management of Offshore Projects", a draft curriculum had been prepared, a study vessel for comprehensive marine practice had been partially equipped, a pilot practical training with the involvement of MSU students had been carried out. In 2013, it is planned to get the program approved by Rosneft and prepare it for launch.
Continue support of the Department of Global Energy Policy and Energy Security, the Company's partner department at the International Institute of Energy Policy and Diplomacy of the Moscow State Institute of International Relations of the Russian Ministry of Foreign Affairs.	The department continues its work. Over 10 students participate in its master's program; they receive work placements with the Company as part of their curriculum.

²⁷ Operational goals and objectives are presented in Rosneft Annual Report 2012.

Objective	Achievement
Environmental safety	
Revise quantitative environmental objectives, taking into account the performance of international oil and gas companies.	Delayed until 2013-2014. In 2012, the Company prepared a draft Environmental Safety Strategy of Rosneft Oil Company until 2020. To accommodate the expanded scale of the Company's business, it was decided to update the prepared draft. To support the implementation of the Strategy, it is also planned to develop a Program of the Implementation of the Environmental Safety Strategy of Rosneft Oil Company until 2020. Among other provisions, the new document will include revised quantitative environmental objectives and their analysis.
Implement the Program for the Elimination of Legacy Environmental Damage Accumulated Prior to the Consolidation of Subsidiaries.	Continued in accordance with the plan.
Revise and update the targeted environmental program for the oil and gas production sector.	Targeted environmental programs of Samaraneftgaz and RN-Stavropol-neftegaz were updated and presented at the meeting of the Investment Committee. Draft updates to targeted environmental programs of RN-Yuganskneftegaz and RN-Purneftegaz were fully prepared and approved for presentation to the Company's governing bodies. However, the process has been suspended, since the upcoming integration will affect the goals and objectives of the programs, as well as specific actions included into them.
Develop a targeted environmental program for the refining sector.	The development of the program has been suspended, since the upcoming integration will affect the goals and objectives of the program, as well as specific actions included into it.
Implement plans for the commissioning of environmental facilities at the refineries as part of their modernization.	The plans have been modified to accommodate the changes in the process and timing of the commissioning of core facilities under the refinery modernization program.
Ensure timely removal, decontamination, and final disposal of oil-contaminated soil resulting from modernization projects at the Samara group of refineries and the Komsomolsk Refinery.	The objective was achieved in full. A total of 361 thousand tonnes of oil-contaminated soil and soil mixed with construction waste was removed and decontaminated in 2012.
Eliminate, in a phased manner, underground "lenses" of petroleum products at the Company's facilities in Samara Region.	The actions planned in accordance with the respective program were implemented in full.
Promote innovation activities in the field of environmental protection within the framework of the Company's system of targeted innovation projects.	In accordance with its Innovation Policy, the Company identifies, reviews, selects, and implements targeted innovation projects. The main areas, in which environmental targeted innovation projects are implemented, include reclamation and restoration of ecosystems, as well as waste management technologies. A number of such projects are at different stages of their implementation.
Industrial safety and OHS	
Continue the reduction of the occupational injury rate, as well as the improvement of the quality of operational oversight in the field of OHS, industrial safety, and fire safety at the facilities of the Company's subsidiaries.	In the reporting year, the total number of occupational injuries at the Company decreased by 17%, whereas the number of fatalities decreased by 25%.
Implement the targeted corporate program for the modernization and equipping of fire services of Rosneft subsidiaries.	The targeted program was implemented partially, which was a result of changed conditions of fire equipment lease.
Approve a concept of the development of the Company's activities in the field of occupational health and safety aimed at improving the effectiveness of these activities.	In the process of drafting the concept, the document was reworked into a Strategy of the Development of the Company's OHS Activities and Improvement of their Effectiveness. Unlike the concept, the Strategy contains an analysis of the effectiveness of the existing OHS management system and proposed specific measures for improving the situation. The draft Strategy has been prepared for the consideration by the Management Board.

Objective	Achievement
Employees	
Ensure fast adaptation of young professionals; to that end, develop a special adaptation course for newly recruited young employees.	To facilitate the adaptation of young professionals, introduce them to the system of corporate values, and foster their motivation for effective work, special adaptation courses have been developed and are delivered to all newly recruited young professionals. In 2012, 1065 persons (100% of newly recruited young professionals) took part in such courses.
Continue the development of research and innovation activities of young employees.	Continued in accordance with the plan. See the subsection about working with young professionals.
Identify young leaders in order to support their development, involvement in company-wide activities, and career growth.	Continued in accordance with the plan. See the subsections about working with young professionals and the candidate pool.
Develop the practice of mentoring; strengthen the activities of young professionals' councils at Rosneft subsidiaries; develop methodology guidelines for the councils.	Continued in accordance with the plan. See the subsection about working with young professionals.
Society	
Continue systematic cooperation with the regions where the Company operates.	In 2012, the Company continued cooperation with its regions of operation. In addition to framework cooperation agreements with individual regions, agreements with the UFD and the FEFD were signed.
Approve the Integrated Regional Policy Program.	The approval of the program has been postponed; the draft will be updated to take into account the integration of TNK-BP assets.
Expand the corporate employee health improvement program	The program was implemented in full; the coverage of the corporate VMI program was expanded.

OBJECTIVES FOR 2013-2016

2013	2014–2016
Innovation	
Implement the Innovation Development Program.	
Complete the establishment of the Arctic Research and Design Center for Offshore Development in partnership with Exxon Mobil.	
Continue cooperation with research institutions in the field of innovation development.	
Implement key corporate innovation projects.	
Environmental safety	
Create the working group Environment and Industrial Safety in the Development of the Arctic Resources.	Clean up all oil-contaminated lands and remove all oil sludge historically accrued by the Company's subsidiaries.
Update the Company's strategy and policies with regard to environmental safety; carry out an assessment of environmental risks, taking into account the expanded scale of operations.	Expand the Company's integrated HSE management system to include additional subsidiaries.
Carry out an assessment of environmental risks associated with the implementation of offshore projects.	Achieve a 95% APG recovery rate across the entire Company.
Continue environmental cooperation with international partners.	Reduce pollutant emissions per unit of output, the amount of accumulated oil-containing waste, the accident rate, and the area of contaminated lands.
Approve methodological guidelines for the inventory of greenhouse gas emissions at the Company level.	Develop a computerized system for the collection and analysis of environmental information; expand the range of data collected.
Develop an Energy Conservation Program for 2014–2018.	

2013	2014–2016
Industrial safety and OHS	
Reduce the number of accidents at field pipelines at least by 5% annually.	
Develop a new pipeline reliability improvement program.	
Maintain the achieved reduction in occupational injury rates. Improve the effectiveness of operational oversight in the field of OHS, industrial safety, and fire safety at facilities of the Company's subsidiaries.	
Continue enhancing the performance of the Company's industrial safety and OHS management system, particularly taking into account the upcoming integration of TNK-BP assets and planned offshore projects.	
Implement the targeted corporate program for the modernization and equipping of fire services in 2013-2016.	
Employees	
<p>Health protection:</p> <ul style="list-style-type: none"> ■ Develop a program for providing healthcare services to employees involved in the implementation of offshore projects. ■ Continue the development of health posts in shift camps. ■ Introduce corporate standards with regard to providing employees with recreation, health resorts, and convalescence services. ■ Continue the implementation of prevention measures aimed at reducing the sickness rate among employees. 	
<p>Development of the candidate pool:</p> <ul style="list-style-type: none"> ■ Expand the Company's candidate pool. ■ Update the composition of the candidate pool for the first-tier executive positions. ■ Build a pool of candidates for all positions essential to operations of the Company's subsidiaries. 	<p>Development of the candidate pool:</p> <ul style="list-style-type: none"> ■ Complete the formation of a strategic candidate pool system. ■ Expand the candidate pool system to encompass all management levels and the entire Company. ■ Ensure training and best practice sharing activities carried out on a regular basis for the most prospective participants of the Company's international projects. ■ Develop a system for the rotation of candidate pool members within the Company. ■ Create Rosneft Corporate Training Center (Corporate University) ■ Provide the Company with the necessary number of experienced highly-skilled project managers and experts.
<p>Development of the "School – University – Company" continuous education system:</p> <ul style="list-style-type: none"> ■ Motivate the maximum possible proportion of Rosneft Class graduates to get a job with the Company (at least 30% of those with higher education in a relevant specialty). ■ Raise the cooperation with universities to a qualitatively new level in order to provide the Company's prospective projects (including offshore projects and modernization of refining operations) with highly-skilled staff. ■ Ensure the inflow of prospective young professionals to the Company. Continue improving the Company's system for the development and retention of young professionals. ■ Provide support to education systems of the Company's regions of operation within the general framework of Rosneft's social policy. 	
<p>Ensure the implementation of annual corporate training plans in the following areas, among others:</p> <ul style="list-style-type: none"> ■ training staff for offshore projects; ■ training staff for modernized refining facilities; ■ training staff within the framework of the strategy for improving the quality of services at the Company's filling stations. 	
Introduce a system of assessment of professional and technical competencies in all areas of the Company's business.	
Society	
Continue roundtable meetings with stakeholders, conducting at least as many events as in 2011.	
Continue systematic development of cooperation with the regions of operation within the framework of socio-economic cooperation agreements, among other mechanisms.	

Annex 2. Correspondence between This Report and GRI Sustainability Reporting Guidelines

(version 3.1), the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API (2010), the Principles of the UN Global Compact, and the RUIE Basic Performance Indicators for Non-Financial Reporting (2008)

Disclosure (indicator)	GRI ²⁸	IPIECA ²⁹	UNGC ³⁰	RUIE ³¹	Report section	Page(s)	Disclosure status
Strategy and Analysis							
Statement from the Chairman of the Board, Statement from the CEO	1.1		*32		A Message from Chairman of the Board of Directors of Rosneft Oil Company; A Message from President of Rosneft Oil Company	4-7	+
Description of key impacts, risks, and opportunities	1.2						+
<ul style="list-style-type: none"> description of the significant impacts the organization has on sustainability and associated challenges and opportunities 	1.2				The Company's Activities in its Regions of Operation	68	+
<i>Additional information is available on Rosneft's corporate website http://www.rosneft.ru/Development/factors/</i>							
<ul style="list-style-type: none"> an explanation of the approach to prioritizing these challenges and opportunities 	1.2				The Company's Activities in its Regions of Operation	68	+
<ul style="list-style-type: none"> key conclusions about progress in addressing these topics and related performance in the reporting period 	1.2				A Message from President of Rosneft Oil Company; Annex 1. Achievement of Objectives Presented in Rosneft Sustainability Report 2011. Objectives and Targets for 2013–2016; Key Sustainability Performance Indicators	6–7, 98–101, 8–13	+
<ul style="list-style-type: none"> description of the main processes in place to address performance and/or relevant changes 	1.2				Sustainability Governance and Management	23	+
<ul style="list-style-type: none"> description of the most important risks and opportunities for the organization arising from sustainability trends 	1.2				Risk Management; The Company's Activities in its Regions of Operation	24–26 68	+
<ul style="list-style-type: none"> prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organizational strategy 	1.2				Risk Management	24–26	+
<ul style="list-style-type: none"> table(s) summarizing performance against targets, and lessons-learned for the current reporting period 	1.2				Key Sustainability Performance Indicators; Annex 1. Achievement of Objectives Presented in Rosneft Sustainability Report 2011. Objectives and Targets for 2013–2016	8–13, 98–101	+

²⁸ Disclosure or indicator code according to the GRI Guidelines.

²⁹ Indicator code according to the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API.

³⁰ Principle of the UN Global Compact.

³¹ RUIE basic performance indicator.

³² Statement expressing continued support.

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
<ul style="list-style-type: none"> table(s) summarizing targets for the next reporting period and mid-term objectives and goals related to key risks and opportunities 	1.2				Annex 1. Achievement of Objectives Presented in Rosneft Sustainability Report 2011. Objectives and Targets for 2013–2016	98–101	+
<ul style="list-style-type: none"> concise description of governance mechanisms in place to specifically manage these risks and opportunities, and identification of other related risks and opportunities 	1.2				Risk Management	24–26	+
Organizational profile							
Name of the organization	2.1				Contact Details	119	+
Primary brands, products, and/or services	2.2				The Company in 2012: General Information	18–19	+
<i>Primary products – oil and petroleum products</i>							
Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2.3				The Company in 2012: General Information	18–19	+
<i>Additional information is available in Rosneft Annual Report 2012 and on Rosneft's corporate website http://www.rosneft.ru/about/Glance/</i>							
Location of organization's headquarters	2.4						+
<i>Rosneft headquarters is based in Moscow.</i>							
Number of countries where the organization operates	2.5						+
<i>See Rosneft Annual Report 2012</i>							
Nature of ownership and legal form	2.6						+
<i>See Rosneft Annual Report 2012</i>							
Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.7						+
<i>See Rosneft Annual Report 2012.</i>							
Scale of the organization	2.8						+
<i>See Rosneft Annual Report 2012.</i>							
<ul style="list-style-type: none"> number of employees (breakdown by country/region) 	2.8				Key Sustainability Performance Indicators; The Company's Activities in its Regions of Operation	8–13, 69, 72, 75, 78, 80, 83, 87, 91	+
<ul style="list-style-type: none"> net sales, sales/revenues by countries/regions that make up 5 percent or more of total revenues 	2.8						+
<i>See Rosneft Annual Report 2012.</i>							
<ul style="list-style-type: none"> total capitalization 	2.8						+
<i>See Rosneft Annual Report 2012.</i>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
■ quantity of products or services provided	2.8				Key Sustainability Performance Indicators	8–13	+
■ total assets	2.8				Key Sustainability Performance Indicators	8–13	+
■ beneficial ownership (including identity and percentage of ownership of largest shareholders)	2.8				The Company in 2012: General Information	18–19	+
■ costs by countries/regions that make up 5 percent or more of total revenues	2.8						+
<i>The Company carries out most of its operations in the Russian Federation. Rosneft's foreign assets are not significant cost centers. See also Rosneft Annual Report 2012 (Performance Review).</i>							
Significant changes during the reporting period regarding size, structure, or ownership	2.9				A Message from Chairman of the Board of Directors of Rosneft Oil Company; A Message from President of Rosneft Oil Company	4–7	+
Awards received in the reporting period	2.10				Industrial Safety and Occupational Health; The Company's Activities in its Regions of Operation	44-45 82 94	+
Report Parameters							
Reporting period	3.1				About This Report	14	+
Date of most recent previous report (if any)	3.2				About This Report	14	+
Reporting cycle	3.3				About This Report	14	+
Contact point for questions regarding the report or its contents	3.4				Contact Details	119	+
Process for defining report content	3.5						+
<i>The Company defines Report content on the basis of the GRI Sustainability Reporting Guidelines, stakeholders' opinions voiced at roundtable meetings, topics raised by mass media, and priority areas of the Company's activities.</i>							
Boundary of the report	3.6	App. A			About This Report	15	+
Limitations on the scope or boundary of the report	3.7	App. A			About This Report	14–15	+
Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	3.8	App. A			About This Report	14–15	+
<i>The Report boundary includes the subsidiaries, in which the Company holds at least a 50% interest, and whose performance is significant in terms of sustainability aspects. Report boundaries for individual indicators may depend on the existing data collection systems and processes, as explained in comments to the respective indicators.</i>							
Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	3.9				About This Report	14-15	+
<i>The Company uses technical protocols for indicators defined by the GRI Guidelines, International Financial Reporting Standards (IFRS), and national accounting and reporting standards in such fields as HR management, environmental performance, and OHS.</i>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	3.10				About This Report	14–15	+
Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	3.11				About This Report	14–15	+
Table identifying the location of the Standard Disclosures in the report	3.12				This Annex	102–117	+
Policy and current practice with regard to seeking external assurance for the report	3.13				About This Report	14–15	+
Governance, Commitments, and Engagement							
Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight <i>See Rosneft Annual Report 2012 (Corporate Governance).</i>	4.1						+
Indication whether the Chair of the highest governance body is also an executive officer <i>See Rosneft Annual Report 2012 (Corporate Governance).</i>	4.2						+
For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members <i>See Rosneft Annual Report 2012 (Corporate Governance).</i>	4.3	SE15					+
Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body <i>The main mechanism for the Company's employees to provide recommendations is meetings of labor collectives with senior executives of the respective subsidiaries. Shareholders are able to provide their recommendations using standard mechanisms common to joint-stock companies.</i>	4.4	SE16					+
Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance) <i>See Rosneft Annual Report 2012 (Corporate Governance) (Remuneration of Members of the Board of Directors and Management).</i>	4.5				Sustainability Governance and Management	23	+
Processes in place for the highest governance body to ensure conflicts of interest are avoided <i>See Rosneft Annual Report 2012 (Corporate Governance). Additional information is available on Rosneft's corporate website http://www.rosneft.ru/Investors/corpgov/</i>	4.6						+
Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity <i>See Rosneft Annual Report 2012 (Corporate Governance). Additional information is available on Rosneft's corporate website http://www.rosneft.ru/Investors/corpgov/</i>	4.7						+

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation <i>Additional information is available on Rosneft's corporate website: Sustainability Policy of Rosneft http://www.rosneft.ru/attach/0/02/68/development_policy.pdf Code of Business Ethics http://www.rosneft.ru/attach/0/02/76/Kodeks_rus.pdf</i>	4.8			1.1.	Sustainability Governance and Management – Sustainability Policy, Code of Business Ethics	23	+
Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	4.9				Sustainability Governance and Management	23	+
Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance <i>See Rosneft Annual Report 2012 (Corporate Governance) (Remuneration of Members of the Board of Directors and Management).</i>	4.10						+
Explanation of whether and how the precautionary approach or principle is addressed by the organization <i>The Company considers it important to carry out necessary expert reviews and studies in order to minimize adverse environmental impacts of planned activities.</i>	4.11		Principle 7				+
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses <i>The Company has joined the UN Global Compact and the Social Charter of Russian Business.</i>	4.12						+
Memberships in associations (such as industry associations) and/or national/international advocacy organizations <i>The Company is a member to the following associations or initiatives:</i> <ul style="list-style-type: none"> ■ UN Global Compact; ■ Social Charter of the Russian Business; ■ Russian National Committee for the World Petroleum Congresses; ■ Union of Oil and Gas Producers of Russia; ■ Board of Trustees of Gubkin Russian State University of Oil and Gas; ■ Russian Chamber of Commerce and Industry; ■ Russian-Canadian Business Council; ■ Russian Association of Summer Olympic Sports. 	4.13						+
List of stakeholder groups engaged by the organization <i>The Company identifies the following stakeholder groups and engages with them as described in this Report:</i> <ul style="list-style-type: none"> ■ Employees ■ Business community: <ul style="list-style-type: none"> – shareholders and investors – suppliers – customers ■ Society: <ul style="list-style-type: none"> – government – local communities – educational institutions 	4.14						+

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Basis for identification and selection of stakeholders with whom to engage	4.15						+
<i>The Company engages with all stakeholder groups that influence the Company's activities and are influenced by them.</i>							
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	4.16	SE1, SE16			Stakeholder Engagement	27–29	+
Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	4.17				Stakeholder Engagement; The Company's Activities in its Regions of Operation	27–29, 68	+
ASPECT: ECONOMIC PERFORMANCE							
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	EC1	SE4, SE13, SE14	1.2. 1.3. 1.4. 1.5. 1.6. 1.7		Key Sustainability Performance Indicators	8	+
Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2				The Company's Activities in its Regions of Operation; Environment – Environmental Performance Indicators in 2012 – Greenhouse Gas Emissions	73, 85, 39	+
<i>The Company has not yet assessed the implications of climate change for its activities. The Company plans to carry out such an assessment and present the results by 2015.</i>							
<i>Structures to be built in areas with permafrost soil are designed on the basis of an updated version of the Code of Practice SP 25.13330.2012 "Foundations and Groundwork on Permafrost Soil".</i>							
Coverage of the organization's defined benefit plan obligations	EC3			1.8.	Employees – Performance Indicators in the Field of HR Management in 2012 – Corporate Pension Program and Care for Veterans	58–59	+
<i>"Neftegarant" Non-State Pension Fund Actuarial Assessment Report, 2011: http://www.neftegarant.ru/upload/actuar2011.pdf</i>							
Significant financial assistance received from government	EC4	SE13					+
<i>In a number of regions of operation, the Company and its subsidiaries have used tax credits, mainly on income tax and corporate property tax, in accordance with the federal and regional legislation.</i>							
<i>In 2012, the total amount of tax credits used by the Company was RUB 11.7 bn, including:</i>							
<ul style="list-style-type: none"> • Khanty-Mansi Autonomous Area – RUB 5.36 bn; • Samara Region – RUB 4.22 bn; • Irkutsk Region – RUB 1.23 bn; • Krasnodar Territory – RUB 50 mln; • Krasnoyarsk Territory – RUB 472 mln; • Komi Republic – RUB 176 mln; • Yamalo-Nenets Autonomous Area – RUB 101 mln; • Khabarovsk Territory – RUB 104 mln; • Sakhalin Region – RUB 1 mln; • Stavropol Territory – RUB 11 mln. 							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
ASPECT: MARKET PRESENCE							
Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	EC5		Principle 1		Employees	52–53	+
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6	SE5, SE7					+
<p><i>Rosneft selects its suppliers and contractors on the basis of tenders. Ceteris paribus, the preference is given to Russian suppliers. Equipment by foreign manufacturers can be procured only in case when economic benefits from the use of such equipment substantially exceed those of using Russian analogues, or no Russian analogues are available; any such decision requires a formal justification. In order to further reduce procurement of imported equipment, the Company makes significant efforts to study new products offered by Russian manufacturers, test them, and adopt them for production use.</i></p> <p><i>In 2012, the share of imported goods and services in the Company's total procurement was 15%.</i></p>							
Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	EC7	SE5, SE6	Principle 6		Employees – Performance Indicators in the Field of HR Management in 2012 – Working with the Youth	54–55	+
<p><i>In 2012, the approaches towards local hiring remained generally unchanged; the share of managers hired from local community (according to permanent residence registration) was 80%.</i></p>							
ASPECT: INDIRECT ECONOMIC IMPACTS							
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	EC8	SE4			Society; The Company's Activities in its Regions of Operation	60–64, 68, 71, 74, 77, 79, 82, 84, 89, 94	+
Understanding and describing significant indirect economic impacts, including the extent of impacts	EC9	SE6			A Message from Chairman of the Board of Directors of Rosneft Oil Company; The Company's Activities in its Regions of Operation	4–5, 68	+
Volume and type of estimated proved reserves and production	OG1				Key Sustainability Performance Indicators	8	+
Environmental Performance Indicators							
Management approach				1.1.	Environment	36–38	+
Environmental management system					Environment	36	+
ASPECT: MATERIALS							
Materials used by weight or volume	EN1				Key Sustainability Performance Indicators	8	+
<p><i>In addition to the use and processing of oil and gas, the Company uses significant amounts of materials for well drilling and completion. The amount of such materials procured in 2012 was:</i></p> <ul style="list-style-type: none"> • casing pipes – 228.9 thousand tonnes; • cement – 201.7 thousand tonnes; • barite – 14.2 thousand tonnes; • bentonite – 8.67 thousand tonnes. 							
Percentage of materials used that are recycled input materials	EN2	E10		2.1.			+
<p><i>Oil-containing waste recycled into marketable products by the Company represents an insignificant portion of materials used.</i></p>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
ASPECT: ENERGY							
Direct energy consumption by primary energy source	EN3	E2		2.2.	Environment – Environmental Performance Indicators in 2012 – Energy Consumption and Efficiency	42	+
<i>The Company's subsidiaries use different types of fuel, primarily natural gas, associated petroleum gas, oil, diesel fuel, and fuel oil. Due to the scale of the Company's activities and diversity of the fuels used, it is impossible to present a breakdown of direct energy consumption by primary source.</i>							
Indirect energy consumption by primary source	EN4	E2	Principles 8, 9		Environment – Environmental Performance Indicators in 2012 – Energy Consumption and Efficiency	42	±
<i>Due to insufficient information about the sources of the energy consumed, the Company is presently unable to identify primary energy sources. An estimate of primary energy consumption was made on the basis of the National Energy Mix 2009.</i>							
Total amount invested in renewable energy	OG2	E3	Principle 9		Innovation Development	30-34	+
<i>Within the framework of its Innovation Development Program, the Company implements a number of R&D projects related to producing electricity from renewable energy sources. At present, the respective investments account for an insignificant fraction of the Company's overall investments.</i>							
Total amount of renewable energy generated by source	OG3	E3	Principle 9				+
<i>At present, the Company does not produce electricity from renewable sources.</i>							
Energy saved due to conservation and efficiency improvements	EN5	E2			Environment – Environmental Performance Indicators in 2012 – Energy Consumption and Efficiency	42	+
ASPECT: WATER							
Total water withdrawal by source	EN8	E6	Principle 8	2.3.	Environment – Environmental Performance Indicators in 2012 – Water Consumption and Wastewater Discharge	40	+
Water sources significantly affected by withdrawal of water	EN9	E6	Principle 8	2.3.			+
<i>The Company has not identified significant impacts on water sources. Volumes of water withdrawn from surface and underground sources are within permitted limits.</i>							
Percentage and total volume of water recycled and reused	EN10		Principles 8, 9	2.4.	Environment – Environmental Performance Indicators in 2012 – Water Consumption and Wastewater Discharge	40	+
<i>In 2012, the percentage of water recycled and reused was about 86%.</i>							
ASPECT: BIODIVERSITY							
Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	EN11	E5	Principle 8		Environment – Environmental Performance Indicators in 2012 – Operations in Protected and Environmentally Vulnerable Areas	36-37	+
<i>The Company conducts geological exploration on the continental shelf in the Sea of Okhotsk and the Kara Sea. The Company carries out oil and gas field development, the production, preparation and transportation of oil and gas, constructs and operates associated facilities in the Ob River basin; in the Tundra</i>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
<p>zone of Timan-Pechora and Krasnoyarsk Territory; within or close to protected areas in Samara Region, namely in the vicinity of Samarskaya Luka National Park and within I. Sprygin Zhigulyovsky State Nature Reserve; in Krymsky State Zoological Sanctuary in Krasnodar Territory. The Company carries out oil transportation within Nogliksky Regional Nature Sanctuary in Sakhalin Region. Furthermore, the Company carries out oil and gas production, preparation and transportation operations within areas of traditional nature use of indigenous peoples of the North; it has retail outlets for petroleum products within a number of protected areas, including the Caucasian Mineral Waters environmental and resort region, Utrish State Nature Reserve, Losiny Ostrov National Park, Tunkinsky National Park, and Pribaikalsky National Park.</p>							
Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	EN12	E5			Environment – Environmental Performance Indicators in 2012 – Operations in Protected and Environmentally Vulnerable Areas	36-37	+
<p><i>The Company has not found evidence of significant impacts of its activities on biodiversity in protected and sensitive areas where it operates, including the continental shelf.</i></p>							
Strategies, current actions, and future plans for managing impacts on biodiversity	EN14	E5			Environment – Environmental Performance Indicators in 2012 – Operations in Protected and Environmentally Vulnerable Areas; Stakeholder Engagement	36–37, 27–29	+
Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	OG4	E5	Principle 7		Stakeholder Engagement	27–29	+
<p><i>The Company assesses potential impacts on biodiversity associated with proposed offshore projects and projects in coastal areas within the framework of environmental impact assessment (EIA). When implementing its projects, the Company carries out biodiversity monitoring in accordance with programs designed and approved at the EIA stage. Based on the monitoring results, the Company has not found evidence of significant impacts of its activities on biodiversity in protected and sensitive areas where it operates, including the continental shelf.</i></p>							
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE							
Total direct and indirect greenhouse gas emissions by weight	EN16	E1	Principle 8	2.5.	Environment – Environmental Performance Indicators in 2012 – Greenhouse Gas Emissions	39	+
Other relevant indirect greenhouse gas emissions by weight	EN17	E1			Environment – Environmental Performance Indicators in 2012 – Greenhouse Gas Emissions	39	+
Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18	E1	Principles 8, 9		Environment – Environmental Performance Indicators in 2012 – Greenhouse Gas Emissions	39	±
Emissions of ozone-depleting substances by weight	EN19	E7					+
<p><i>The Company does not use ozone-depleting substances on an industrial scale.</i></p>							
NO _x , SO _x and other significant air emissions by type and weight	EN20	E7	Principle 8	2.6.	Environment – Environmental Performance Indicators in 2012 – Emissions into Air	38	+
Volume and disposal of formation or produced water	OG5	E9	Principle 7, 9		Environment – Environmental Performance Indicators in 2012 – Water Consumption and Wastewater Discharge	40	+

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Total water discharge by quality and destination	EN21	E9	Principle 8	2.7. 2.7.2.	Environment – Environmental Performance Indicators in 2012 – Water Consumption and Wastewater Discharge	41	±
<i>Due to the scale of the Company's operations, it is impossible to provide information on water discharges by destination.</i>							
Total weight of waste by type and disposal method	EN22	E10	Principle 8	2.8.	Environment – Environmental Performance Indicators in 2012 – Waste Management	41–42	+
Total number and volume of significant spills	EN23	E8	Principle 8	2.9.	Industrial Safety and Occupational Health – Industrial Safety and OHS Performance Indicators in 2012 – Pipeline Reliability	48	+
Volume of flared and vented hydrocarbon	OG6	E4			Key Sustainability Performance Indicators; Environment – Environmental Performance Indicators in 2012	39	+
Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	OG7	E10			Environment – Environmental Performance Indicators in 2012 – Waste Management	41	+
ASPECT: PRODUCTS AND SERVICES							
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	HS4		2.11.			±
<i>The Company has continued modernization projects at its refineries to ensure the transition to the production of gasoline and diesel fuel compliant with the Euro family of standards. The Company has not carried out an assessment of environmental impact reduction resulting from switching to the production of such fuel. In the process of defining report content, this issue has not been found material.</i>							
Percentage of products sold and their packaging materials that are reclaimed by category	EN27						–
<i>The indicator is not material to the Company, given the nature of its business (only insignificant portion of its products has potentially recyclable packaging). Furthermore, in the process of defining report content this issue has not been found material.</i>							
Benzene, lead and sulphur content in fuels	OG8		Principle 9				+
<i>The fuels produced by the Company conform at least to the standard Euro 3 and the respective Russian standards: for motor gasoline – GOST R 51866-2002 (EN 228-2004), for diesel fuel – GOST R 52368-2005 (EN 590:2009). According to those standards, there should be no lead in gasoline and diesels fuel, whereas the concentration of sulphur should not exceed 150 and 350 µg/kg respectively.</i>							
ASPECT: COMPLIANCE							
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	EN28		Principle 8	2.10.	Key Sustainability Performance Indicators	9	+
<i>Administrative fines were imposed on a number of oil production subsidiaries of the Company for environmental damage or failure to comply with environmental requirements. Most of those cases were associated with oil spills related to pipeline transport. Sizes of individual fines were insignificant. In addition, in several regions lawsuits to compel the Company to remediate lands disturbed as a result of earlier oil field development were initiated. As a rule, the Company carries out necessary land remediation activities in a timely manner; in case of disputed liability, it conducts full remediation.</i>							
ASPECT: OVERALL							
Total environmental protection expenditures and investments by type	EN30		Principles 7-9	2.12.	Key Sustainability Performance Indicators	9	+

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Labor Practices and Decent Work Performance Indicators							
Management approach				1.1.	Employees	49	+
Expenditures on occupational health and safety				3.1.9.	Key Sustainability Performance Indicators; Industrial Safety and Occupational Health	9, 46	+
ASPECT: EMPLOYMENT							
Total workforce by employment type, employment contract, and region, broken down by gender	LA1	SE15		3.1.1.	Employees; The Company's Activities in its Regions of Operation; Key Sustainability Performance Indicators	49, 69, 72, 75, 78, 80, 83, 87, 91, 11–12	+
<i>Almost all Company personnel (about 99%) are employed under a permanent job contract. The absolute majority of employees work in the Russian Federation.</i>							
Total number and rate of employee turnover by age group, gender, and region	LA2	SE15	Principle 6	3.1.2. 3.1.3.	Key Sustainability Performance Indicators	11–12	±
<i>At present, the Company does not collect information on employee turnover by age and gender. It is planned to start collecting such information by 2015.</i>							
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	LA3						+
<i>98.9% of the Company's staff are full-time employees.</i>							
Return to work and retention rates after parental leave, by gender	LA15						-
<i>Given the specifics of the national legislation, which prohibits dismissal of a person during parental leave, the Company explores possible approaches towards measuring this indicator and plans to start collecting data by 2015.</i>							
ASPECT: LABOR/MANAGEMENT RELATIONS							
Percentage of employees covered by collective bargaining agreements	LA4	SE16, SE8		3.1.4.			+
<i>As of the end of 2012, about 79% of employees of the Company's subsidiaries included in the centralized business planning boundary were covered by collective agreements.</i>							
Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	LA5	SE16	Principle 3				+
<i>The minimum notice period is defined in accordance with the RF Labor Code (at least two months).</i>							
ASPECT: OCCUPATIONAL HEALTH AND SAFETY							
Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	LA7	HS3		3.1.5. 3.1.6. 3.1.7. 3.1.8.	Key Sustainability Performance Indicators; Industrial Safety and Occupational Health – Industrial Safety and OHS Performance Indicators in 2012 – Workplace Safety	9, 46	+
<i>In 2012, the average number of days away from work was about 7.5 days per employee, or 13% less than in 2011.</i>							
Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	LA8	HS2			Employees – Performance Indicators in the Field of HR Management in 2012 – Supporting Employee Health	57	+

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Workforce participation in health and safety dialogues		HS1			Industrial Safety and Occupational Health – Industrial Safety and OHS Performance Indicators in 2012	44–48	+
ASPECT: TRAINING AND EDUCATION							
Average hours of training per year per employee by gender, and by employee category	LA10	SE17		3.1.10.	Employees – Performance Indicators in the Field of HR Management in 2012 – Personnel Training and Development System	50–51	+
<i>The Report provides data on the number of employees who received training in the reporting period. The Company does not collect data on hours (days) of training per year per employee, but plans to begin collecting such data since 2015.</i>							
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY							
Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	LA13	SE15	Principles 1, 6	3.1.12.	Key Sustainability Performance Indicators	11	+
<i>At the end of 2012, 100% of members of Rosneft's Board of Directors were men; the percentage of women among senior managers was 17%, of men – 83%.</i>							
Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	LA14	SE15	Principles 1, 6				+
<i>There is no difference between basic salaries of men and women for all employee categories.</i>							
Human Rights Performance Indicators							
Management approach							+
<i>In its activities, Rosneft adheres to such principles as: observance of human rights; transparency in relations with suppliers, contractors, and other business partners; and a socially responsible approach to the restructuring of the business of the Company, its subsidiaries and dependent companies. To ensure the observance of the rights of indigenous peoples of the North, the Company engages with local associations of indigenous peoples in Khanty-Mansi and Yamalo-Nenets Autonomous Areas, Krasnoyarsk Territory, and Sakhalin Region.</i>							
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES							
Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	HR1	SE8	Principles 1-6				–
<i>In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. Due to the nature of the Company's activities and the existing Russian legislation, there is no significant risk of human rights violation within the framework of investment agreements. Furthermore, in the process of defining report content this issue has not been found material.</i>							
Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	HR2	SE9	Principles 1-6				–
<i>In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. Due to the nature of the Company's activities and the existing Russian legislation, there is no significant risk of human rights violation by suppliers and contractors. In addition, in the process of defining report content this issue has not been found material.</i>							
Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	HR3	SE8					+
<i>Aspects of human rights are covered by existing training programs for HR and OHS specialists, representatives of legal department etc. The Company explores possible approaches towards measuring this indicator and plans to start collecting data for it by 2015.</i>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
ASPECT: NON-DISCRIMINATION							
Total number of incidents of discrimination and corrective actions taken	HR4	SE8 SE18	Principles 1, 2, 6	3.2.2.			+
<i>In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. In 2012, no incidents involving human rights violation and/or employee discrimination took place at the Company.</i>							
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING							
Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	HR5	SE8 SE9	Principles 1, 2, 3				+
<i>In its activities, the Company adheres to the legal requirements with regard to freedom of association and collective bargaining.</i>							
Labor disputes		SOC-6		3.2.1.			+
<i>In its activities, the Company adheres to the requirements of the labor legislation. The Company seeks to resolve all labor disputes by means of negotiations.</i>							
ASPECT: CHILD LABOR							
Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	HR6	SE8 SE9	Principles 1, 2, 5				+
<i>The Company does not carry out any activities involving the risk of child labor.</i>							
ASPECT: FORCED AND COMPULSORY LABOR							
Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	HR7	SE8	Principles 1, 2, 4				+
<i>The Company does not carry out any activities involving the risk of forced or compulsory labor.</i>							
ASPECT: INDIGENOUS RIGHTS							
Total number of incidents of violations involving rights of indigenous people and actions taken	HR9	SE2	Principles 1, 2	3.2.3.			+
<i>In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. In 2012, there were no incidents involving violation of rights of indigenous peoples by the Company.</i>							
Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	OG9	SE2	Principle 1		The Company's Activities in its Regions of Operation	84, 94	+
<i>In some regions, the Company carries out oil and gas production operations in the areas where indigenous communities are present. In all such regions, the Company has programs for engagement with and providing support to such communities.</i>							
ASPECT: ASSESSMENT							
Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	HR10						+
<i>Due to the nature of the Company's activities and the existing Russian legislation, there is no significant risk of human rights violation by the Company's operations. Review procedures for transactions completed in 2012 did not include human rights aspects.</i>							
ASPECT: REMEDIATION							
Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	HR11						+

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
<i>In 2012, no grievances related to human rights violations were filed using procedures and mechanisms in place at the Company.</i>							
Society Performance Indicators							
Management approach					Society; The Company's Activities in its Regions of Operation	60, 68	+
ASPECT: LOCAL COMMUNITIES							
Percentage of operations with implemented local community engagement, impact assessments, and development programs	SO1	SE1		3.3.3.	The Company's Activities in its Regions of Operation	68-95	+
<i>The Company implements programs for local community engagement, community impact assessment and management in the key regions of operation, in particular, when planning new projects. Such programs affect the absolute majority of the Company's operations.</i>							
Collaboration with government authorities in addressing socially significant objectives				3.3.1.	The Company's Activities in its Regions of Operation	70, 75, 82, 87, 91	+
Social investment		SE4			Society	60-64	+
Operations with significant potential or actual negative impacts on local communities	SO9	SE1					+
<i>Relocation of the Company's employees and contractors in the context of the implementation of new projects can have an adverse impact on local communities. Other adverse factors may include environmental impacts and threats to the safety of the Company's facilities.</i>							
Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	SO10	SE1			The Company's Activities in its Regions of Operation	68, 69, 73, 76, 89, 92, 93	+
<i>The Company takes action to prevent adverse effects of employee relocation on local communities and implements measures to mitigate environmental impacts and enhance the safety of its facilities.</i>							
Number and description of significant disputes with local communities and indigenous peoples	OG10	SE1, SE3					+
<i>No significant disputes with local communities and indigenous peoples took place in 2012.</i>							
Number of sites that have been decommissioned and sites that are in the process of being decommissioned	OG11						±
<i>The Company takes action to maintain production at the existing fields and supports reserve replacement and employment of its staff by means of active additional exploration at the existing fields and exploration of new fields in its regions of operation. The Company explores possible approaches towards measuring and presenting this indicator and plans to start collecting data for it by 2015.</i>							
ASPECT: CORRUPTION							
Percentage and total number of business units analyzed for risks related to corruption	SO2	SE11, SE12					-
<i>Preventing corruption is one of the components of the Code of Business Ethics adopted by the Company. The Company adopted the Policy for Preventing Involvement in Corruption and the Policy for Counteracting Corporate Fraud. To support the implementation of these documents, the Company plans to develop and adopt an Integrated Fraud and Corruption Prevention Program for 2013-2014.</i>							
Percentage of employees trained in organization's anti-corruption policies and procedures	SO3	SE11					+
<i>In 2012, such trainings were delivered to specialists of the security services and economic security departments of the Company's subsidiaries.</i>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
Actions taken in response to incidents of corruption	SO4	SE11, SE12					–
<p><i>Corporate departments with responsibilities in the field of preventing corruption include, among others, the Security Service and the Internal Audit and Control Service of the Company. Information about identified incidents of corruption and actions taken in response is confidential to the Company.</i></p>							
ASPECT: PUBLIC POLICY							
Public policy positions and participation in public policy development and lobbying	SO5	SE14		3.3.4.			+
<p><i>In 2012, as a result of the Company's active engagement with government authorities, the following decisions were made:</i></p> <ul style="list-style-type: none"> <i>• The Federal Antimonopoly Service of Russia approved the acquisition of TNK-BP by Rosneft.</i> <i>• The Russian Government issued a permit for conducting border control, customs control, and other control procedures at the temporary terminal within the framework of the Company's investment project for the construction of the Deep-Water Terminal No. 1A at the Tuapse Seaport.</i> <i>• The Russian Government issued an order permitting multiple crossings of the Russian border in the process of oil and gas prospecting works by RN – Shelf – Far East in the license area Astrakhanovskoye Sea – Nekrasovsky within the territorial waters and the exclusive economic zone of the RF.</i> <i>• The Russian Government issued an order on the inclusion of the subsoil plots Pomorskoye and Sever-Pomorskoye-2 into the list of subsoil plots of federal significance licensed without tenders or auctions.</i> <i>• The Russian Government issued an order allowing foreign vessels involved in the drilling of an offshore exploratory well (Sakhalin-3 project, the Veninsky block) to enter the respective area of the territorial waters and the exclusive economic zone of the RF.</i> <i>• The Russian Defense Ministry produced title documents for a land plot on Russky Island owned by the Ministry. Using the documents, Rosneft acquired land use rights for the construction of a filling station for the 2012 Asia-Pacific Economic Cooperation summit.</i> <i>• The Russian Ministry for Regional Development approved land planning documentation (planning schemes and boundary schemes) necessary to obtain land use rights for plots in Sochi designated for the construction of filling stations included in the Olympic facilities construction plan.</i> <i>• The Federal Agency for State Property Management approved the acquisition or lease of 22 plots in federal ownership by OJSC Samaraneftgaz. Necessary actions were taken for the Russian Agricultural Academy to waive its rights to the plot to be used by LLC Rosneft-Altainefteprodukt and for acquiring a land plot for LLC RN-Aero to construct a filling complex at the Yuzhno-Sakhalinsk airport.</i> <p><i>See also Annual Report 2012 (Appendix 2. Main Factors of Risk – Legal Risks).</i></p>							
ASPECT: ANTI-COMPETITIVE BEHAVIOR							
Total number of legal actions for anti-competitive behavior, anti-rust, and monopoly practices and their outcomes.	SO7						+
<p><i>The Company takes all necessary measures to reduce risks of non-compliance with the antimonopoly legislation, continually monitoring market prices, making active use of market mechanisms when selling petroleum products, and complying with other recommendations of antimonopoly authorities aimed at maintaining economically justified prices for petroleum products.</i></p> <p><i>In 2012, there were a number of cases against the Company and its subsidiaries initiated by antimonopoly authorities (some of them had been initiated earlier but were still pending in 2012):</i></p> <ul style="list-style-type: none"> <i>• for abuse of market dominance – 31 cases, of which in 17 cases violations of the antimonopoly legislation were found, and in 12 of them fines were also imposed (7 rulings to impose a fine were later reversed by a court), 7 cases are pending, and 7 cases were dismissed;</i> <i>• for price collusion – 8 cases, in which violations of the antimonopoly legislation were found, and in 7 of them fines were also imposed (2 rulings to impose a fine were later reversed by a court);</i> <i>• for failure to provide information to an antimonopoly body, or failure to comply with an order within the established timeframe – 5 cases, of which in 4 cases violations of the antimonopoly legislation were found and one case was dismissed.</i> 							
ASPECT: COMPLIANCE							
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	SO8						+
<p><i>In 2012, significant fines were imposed on the Company and its subsidiaries for violations of the antimonopoly legislation. The total size of the fines was RUB 1.77 bn (for cases in which either the Company chose not to appeal the ruling, or the ruling was upheld by an appeals court by January 1, 2013).</i></p>							
ASPECT: INVOLUNTARY RESETTLEMENT							
Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process	OG12	SE3					+
<p><i>No involuntary resettlement associated with the Company's activities took place in 2012.</i></p>							

Disclosure (indicator)	GRI	IPECA	UNGC	RUIE	Report section	Page(s)	Disclosure status
ASPECT: ASSET INTEGRITY AND PROCESS SAFETY							
Number of process safety events, by business activity <i>In 2012, one industrial accident took place – a pipeline accident at an oil field.</i>	OG13	HS5			Industrial Safety and Occupational Health	44-48	±
Product Responsibility Performance Indicators							
Management approach							+
ASPECT: CUSTOMER HEALTH AND SAFETY							
Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures <i>There are special regulatory requirements regarding the safety of petroleum products, and the Company considers these requirements in designing its products.</i>	PR1	HS4					+
ASPECT: PRODUCT AND SERVICE LABELING							
Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. <i>The Company provides information regarding compliance of its petroleum products with safety standards and safe handling of the products in accordance with the respective legislation.</i>	PR3	HS4		3.4.1.			+
ASPECT: MARKETING COMMUNICATIONS							
Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship <i>Marketing communications have not been identified as a material topic in the process of defining report content.</i>	PR6						–
ASPECT: COMPLIANCE							
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services <i>No significant fines for noncompliance with laws and regulations concerning the provision and use of products and services were imposed on the Company.</i>	PR9						+
ASPECT: FOSSIL FUEL SUBSTITUTES							
Volume of biofuels produced and purchased meeting sustainability criteria <i>At present, the Company does not produce biofuels.</i>	OG14	E3	Principle 8				+

Disclosure status on GRI indicators

+	Fully disclosed
±	Partially disclosed
–	Not disclosed

Annex 3. List of Abbreviations

Rosneft, the Company – abbreviated names of OJSC Rosneft Oil Company	
GRI Guidelines – Sustainability Reporting Guidelines (version 3.1) developed by the Global Reporting Initiative, an international organization	
AA	Autonomous Area
APC	Angarsk Petrochemical Company
APG	associated petroleum gas
API	American Petroleum Institute
ASI	Agency for Strategic Initiatives
CFD	Central Federal District
CJSC	Closed Joint-Stock Company
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FEFD	Far Eastern Federal District
GRI	Global Reporting Initiative
GTL	Gas to Liquids, a process to convert natural gas into liquid hydrocarbon products
HSE	health, safety, and environment
IMS	Integrated Management System
IPIECA	International Petroleum Industry Environmental Conservation Association
IRSTC	Inter-Regional Science and Technology Conference
JI	joint implementation
KPI	key performance indicator
LLC	Limited Liability Company
n/a	not available
NCFD	North Caucasian Federal District
NTS	New Technology System
NWFD	Northwestern Federal District
OHS	occupational health and safety
OJSC	Open Joint-Stock Company
PRMS	Petroleum Resources Management System
R&D	research and development
RAS	Russian Accounting Standards
RF	Russian Federation
RUIE	Russian Union of Industrialists and Entrepreneurs
SDCs	subsidiaries and dependent companies
SFD	Southern Federal District
SFU	Siberian Federal University

SibFD	Siberian Federal District
SPIEF	St. Petersburg International Economic Forum
UFD	Urals Federal District
UGSS	United Gas Supply System
UN	United Nations
UNGC	UN Global Compact
UNFCCC	United Nations Framework Convention on Climate Change
US GAAP	Generally Accepted Accounting Principles (United States)
VFD	Volga Federal District
VMI	voluntary medical insurance
VOC	volatile organic compound

bn	billion
bscm	billion standard cubic meters
mcm	million cubic meters
mscm	million standard cubic meters
mln	million
mmt	million metric tons
tscm	trillion standard cubic meters

		C	C+	B	B+	A	A+
Mandatory	Self Declared						+
Optional	Third Party Checked						+
	GRI Checked						

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FEEDBACK

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