



# EMPOWERED BY INNOVATION



ANNUAL REPORT  
2023





# Rosneft is the leader of the Russian oil industry

We strive to be first in all aspects of our activities. We are planning the future of the Company by leveraging the latest technology and preventing adverse effects on society and the environment.



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# Message from the CEO and Chairman of the Management Board



**Igor SECHIN**

Chief Executive Officer and Chairman of the Management Board

## Dear shareholders,

In 2023, Rosneft capitalised on the benefits of its business model, which enables the Company to swiftly respond to diverse external factors while pursuing its goals. This is confirmed by Rosneft's operating and financial results.

During the reporting year, Rosneft continued its consistent efforts to improve efficiency and unlock production potential across all of the Group's producing assets. As a result, we

managed to achieve a high level of hydrocarbon production at nearly 270 mtoe.

Due to rigorous cost control and endeavours to improve production efficiency, unit production costs decreased to USD 2.6 per boe for 2023, placing Rosneft among the companies with the lowest production costs globally.

In 2023, Rosneft achieved strong financial results, supported, among other things, by its solid business

model and robust corporate policy. Key indicators, such as revenue, EBITDA, profit, and free cash flow, all delivered notable growth during the reporting period. Also, in response to rising interest rates in Russia, the Company focused on reducing its total debt, making substantial progress in this area.

Protecting shareholder interests has traditionally been one of our top priorities. In 2023, Rosneft paid annual dividends for 2022 in the amount of more than

RUB 190 bln and approved the payment of interim dividends for 2023 in the amount of RUB 326 bln. The results of the second half of the year laid a solid foundation for the Company to pay record-high dividends for 2023 and fully meet our commitments to shareholders.

The number of Rosneft individual shareholders continues to grow. Between June and November 2023 alone, it increased by more "than a quarter" and reached 1.14 million people, which serves as additional evidence of the strong trust that investors put in Rosneft.

Rosneft has maintained its investment in field development, progressing with mature and new projects alike. This ensures the energy security of Russia while helping meet the world's growing demand for energy resources. The Company's capex for 2023 was up by 15% to RUB 1.3 trln, among other things, driven by the active implementation of the Vostok Oil flagship project. Work is ongoing to construct the Vankor – Payakha – Sever Bay trunk oil pipeline, logistics infrastructure, and hydraulic structures. Pilot development of the Payakha, Icheminskoye and Baikalovskoye fields is in progress.

A lot has been made in the gas business, which is one of the Company's strategic priorities. In 2023, Rosneft ranked first among Russia's independent gas producers by bringing output to an all-time high of 92.7 bcm (excluding gas used for other process needs).

Importantly, Rosneft remains the largest supplier of fuel to the domestic market. In 2023, we supplied more than twice the required amount, helping develop exchange trading and contributing to greater affordability of prices for domestic consumers.

The Company's share in the total volume of exchange sales of gasoline and diesel fuel was 40%.

Despite attempts by unfriendly states to step up sanctions, which are basically illegitimate pressure on the energy sector, Rosneft is developing its cooperation with key international partners. Strengthening partnerships with businesses from Asia and other regions will help the Northern Sea Route further establish itself as a key transport corridor globally.

In 2023, the Company continued its consistent efforts to support basic science and develop its R&D capabilities, which are among the crucial components of Rosneft's strategy. Leadership in innovations and R&D has traditionally been one of the key pillars of our growth.

Rosneft developed and implemented a unique portfolio of high-tech software, spanning all key processes in oil and gas production. The Company's IT solutions help address tasks in geology, engineering, field development and operation and are superior to foreign peers in terms of speed, scope, and reliance on modern algorithms. Some of them were successfully marketed and now enjoy strong demand both domestically and abroad.

In 2023, Rosneft obtained more than 70 patents for its innovations. Today, the Company holds exclusive rights to more than 1,000 intellectual property items, which all underwent state registration and are estimated to have enabled total savings of more than RUB 150 bln.

With strong production and research capacities under its belt, the Company also

continued to take steps to deliver on its sustainability goals under the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy.

Environmental safety is among the key areas for innovations. Green initiatives outlined in Rosneft's Strategy are designed to reduce greenhouse gas emissions, make rational use of associated petroleum gas, improve carbon capture and storage technologies, optimise water treatment and water discharge processes, remediate land, and study ecosystems and preserve their balance.

Rosneft has traditionally been paying special attention to reforestation, as forests are a natural absorber of greenhouse gases. Together with its subsidiaries, the Company planted more than 10 million seedlings of various tree species in 2023, with a total of around 26 million seedlings and trees planted over the past three years,

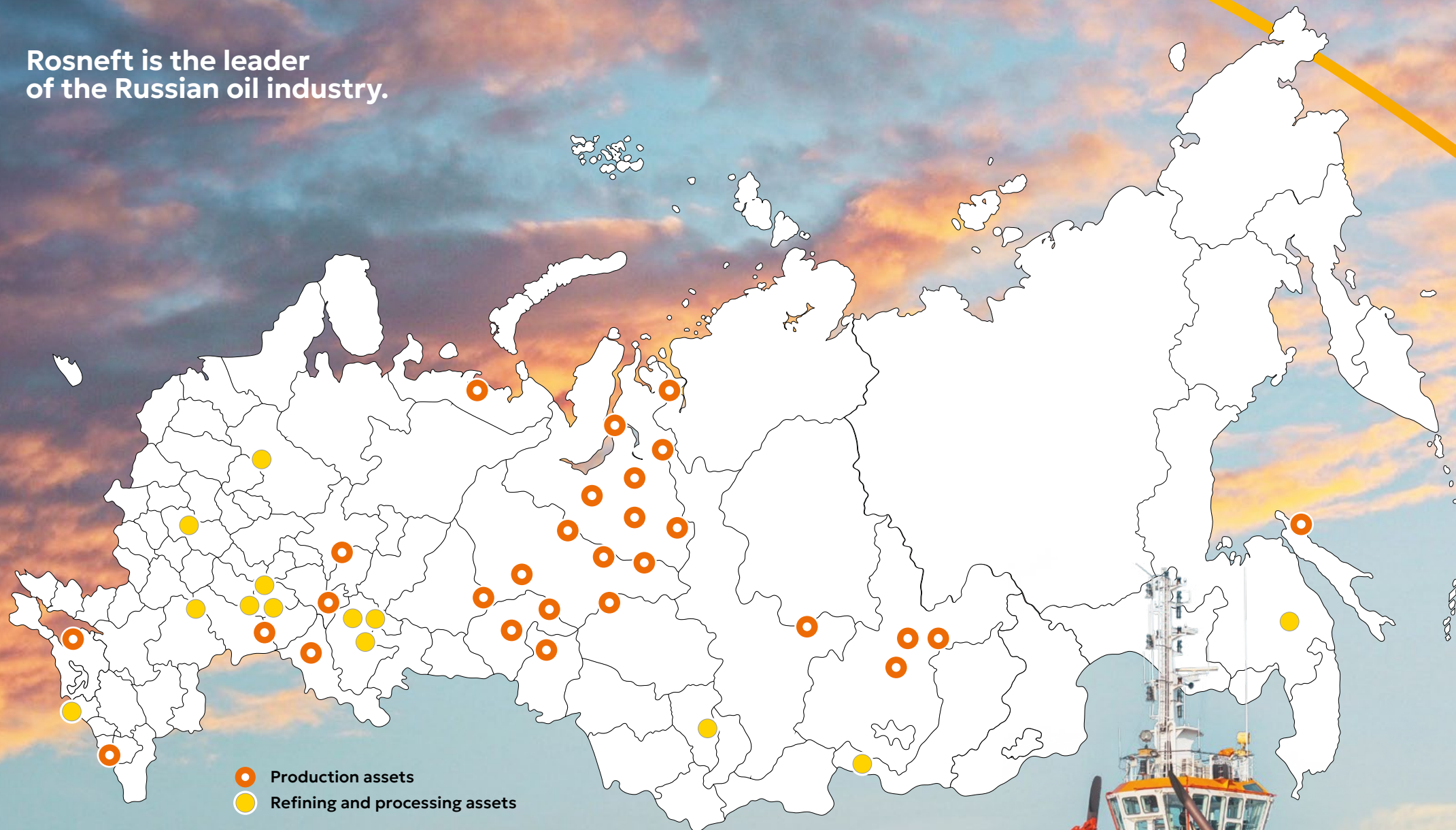
Rosneft's performance underscores the soundness and balance of chosen focus on developing our business and pursuing new high-potential projects while adhering to stringent environmental protection standards and reducing greenhouse gas emissions.

Under external pressure and high volatility of the macro environment, the Company once again demonstrated a very strong performance. I am convinced that with the decisions made and projects completed in 2023, we will be able to deliver on all our goals, meet financial and operating targets, and ensure reliable uninterrupted hydrocarbon supplies to consumers in Russia and abroad.



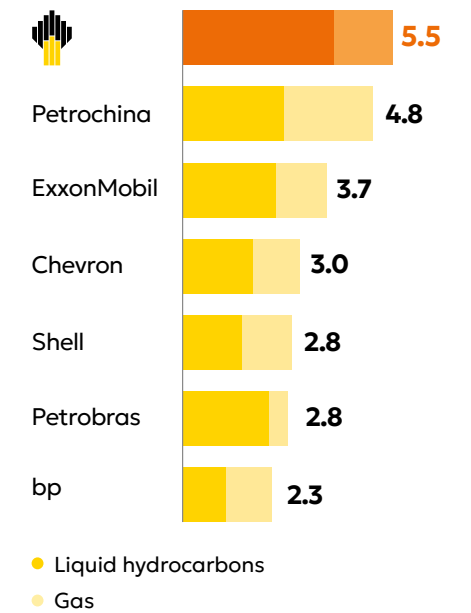
# Rosneft operations

Rosneft is the leader of the Russian oil industry.



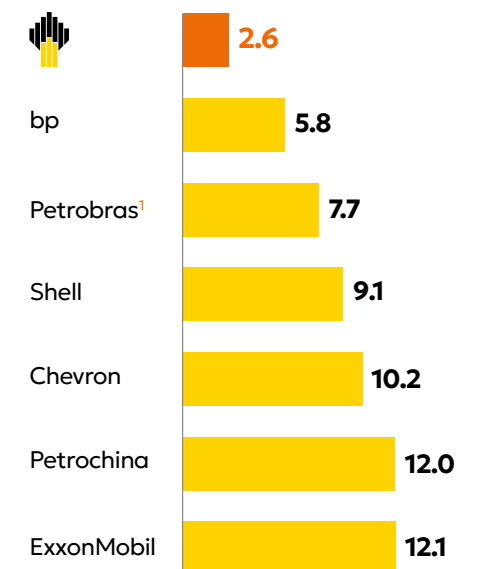
● Production assets  
● Refining and processing assets

## Hydrocarbons production in 2023, mmboc per day



Source: company reports for 2023

## Unit production costs in 2023, USD per boe



Source: company reports for 2023

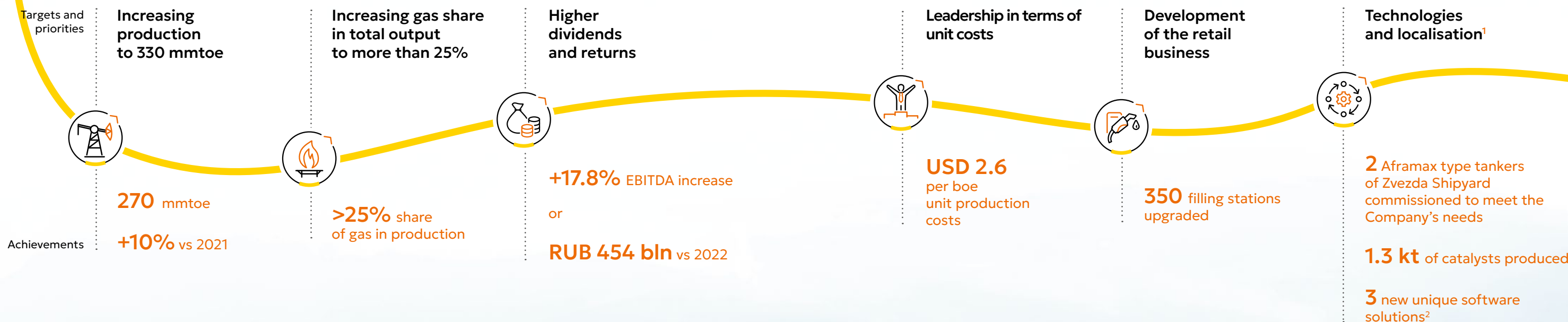
<sup>1</sup> Petrobras data covers Brazil only.



# Rosneft-2030 Strategy



## Consistent focus on our targets



## Committed to the environment



<sup>1</sup> Developing efficient in-house technologies, localising critical production solutions and services.  
<sup>2</sup> New solutions added to the specialised software range to enhance exploration and production efficiency.



# Long-Term Development Programme and progress report

In 2023, we revised the Programme<sup>1</sup>, taking into account the Company's performance, action plans to achieve certain strategic goals, and updated initiatives drafted pursuant to the Russian Government's directives<sup>2</sup>.

The Programme details the Company's strategic focus areas, targets and goals for all business areas and corporate functions. It also includes a list of key initiatives to achieve the Company's strategic goals.

We completed the Programme's key initiatives planned for core businesses and functional units in 2023. For the Programme's key outcomes in 2023, see the [Operating and Financial Results](#) section.

TSATR – Audit Services LLC, an independent auditor, completed its engagement and provided assurance about Rosneft's Programme Progress Report and achievement of the key

performance indicators in 2023. The opinion was received on 22 April 2024.



<sup>1</sup> In accordance with Instruction of the President of the Russian Federation Vladimir Putin No. Pr-3086 dated 27 December 2013; the Long-Term Development Programme was originally developed in 2014 (approved by Rosneft's Board of Directors on 9 December 2014, Minutes No. 12) and is subject to annual updates.  
<sup>2</sup> Directives No. 7558p-P13 dated 12 November 2014, No. 1346p-P13 dated 5 March 2015, No. 7389p-P13 dated 31 October 2014, No. 1472p-P13 dated 3 April 2016, No. 4531p-P13 dated 28 June 2016, No. 4750p-P13 dated 4 July 2016, No. 830p-P13 dated 6 February 2017, No. 276p-P13 dated 17 January 2019, No. 6739p-P13 dated 30 July 2020, and No. 3502p-P13 dated 15 April 2021.

# KPI structure

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



## KPI progress

### The Company's Strategy

### Long-Term Development Programme

### Consolidated business plan

- › Corporate KPIs
- › Individual KPIs of the Chief Executive Officer
- › Bonus disqualification (blocking) indicators for the Company

### Business plans of business units

- › Individual KPIs of the Company's top managers responsible for the performance of businesses
- › Bonus disqualification (blocking) indicators set for heads and employees of business units

### Business plans of Group Subsidiaries

- › Collective KPIs of Group Subsidiaries
- › Individual KPIs of Group Subsidiaries' senior management
- › Bonus disqualification (blocking) indicators for Group Subsidiaries

## KPI progress



**The KPI system ensures:**

- Well-balanced integrated indicators motivating employees to achieve the Company's main goals
- Transparency, measurability, minimum sufficiency, and consistency of KPIs
- A top-down approach to cascading and breaking down KPIs

**The KPI system is aimed at:**

- Delivering on the Company's Strategy and Long-Term Development Programme
- Consistently improving the Company's financial and operating (industry-specific) results
- Ensuring compliance with directives of the Russian Government.



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

- › Corporate KPIs based on the key financial, economic, operating and industry-specific indicators from the Company's consolidated business plan and business plans of its business units
- › Individual KPIs based on individual strategic goals for each top executive

Aside from that, for the purpose of motivating the Company's employees, we introduced bonus disqualification (blocking) indicators. A failure to achieve targets under

these indicators reduces the employee's overall annual bonus amount in the reporting period.

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

## KPI progress

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

Once the reporting period is completed, the Company's Internal Audit Service annually assesses the performance against corporate and individual KPIs set for calculating annual bonuses for the management of the Company and Group Subsidiaries. The audit findings serve as the basis to determine the bonuses payable to the

management of the Company and Group Subsidiaries to be approved by governing bodies of Rosneft (Board of Directors, Management Board, etc.).

Target KPIs are normalised to reflect the factors beyond the management's control, such as FX volatility and global market prices in accordance

with the Regulations on the KPI Normalisation Procedure Related to Management Performance Review and Assessment in the Reporting Period to Calculate Annual Bonuses, and the Guidelines for KPI Normalisation Related to Performance Review against Business Plan<sup>1</sup>.



<sup>1</sup> The Regulations were approved (Minutes No. 27 dated 6 April 2015) and amended (Minutes No. 10 dated 27 September 2021) by Rosneft's Board of Directors. The guidelines were approved by Order of Rosneft No. 147 dated 1 April 2023 and enacted on 1 April 2023.



# Investment Programme

Rosneft's 2023 investment programme was approved as part of the 2023–2024 Business Plan at the Board of Directors meeting on 26 December 2022 (Minutes No. 13 dated 27 December 2022).

The 2023 capex was mainly focused on maintaining and developing mature and new oil and gas assets to meet our strategic production and reserve replacement goals, as well as implementing cost-effective projects to develop refineries and a retail network development programme.

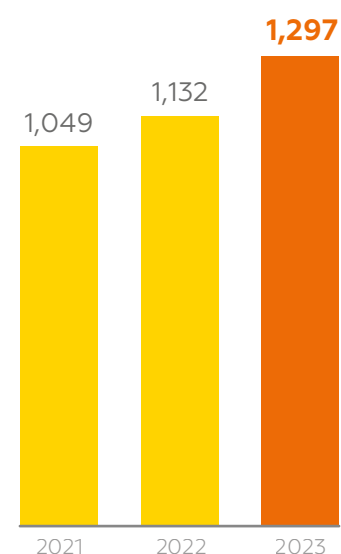
As part of drafting and implementing its investment programme, the Company swiftly responds to external and internal developments by selecting and prioritising projects and quickly optimising or reallocating investments between different business segments

based on portfolio management approaches.

Within our portfolio, we evaluate projects and investment opportunities on the basis of project profitability by taking into account risk assessments and the Company's financial capacity.



Capex, RUB bln



**RUB 1.3 trln**  
capex in 2023

# Investment process

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

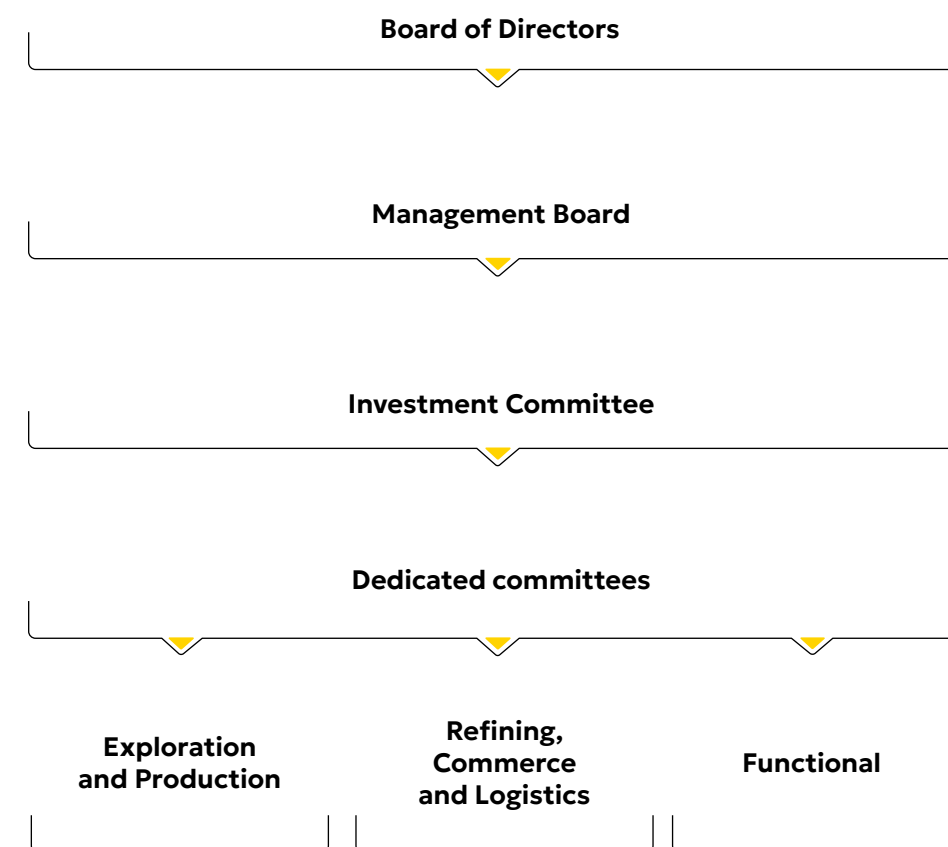
- › Sustainable business growth driven by investments in competitive and high value-added projects based on an ongoing portfolio optimisation
- › Increasing efficiency across all business streams through an in-depth analysis

of investment needs, efficient decision-making and project implementation, monitoring and control throughout the project life cycle

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

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

## Delegating powers: investment decision-making hierarchy



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



# Operating and financial results

## Exploration and production

In 2023, the Company's hydrocarbons production amounted to 269.8 mmtoe, including 193.6 mmt of liquid hydrocarbons.

Natural gas production came in at 92.7 bcm in 2023<sup>1</sup>.

In 2023, the Company successfully tested 73 onshore wells, with a record-breaking success rate of 90%. Two new fields were discovered, along with 133 new deposits with reserves of 0.1 btoe (AB1C1+B2C2).

Following an audit under the PRMS<sup>2</sup> standards, the Company's 2P hydrocarbon reserves as at the end of 2023 stood at 11.4 btoe. The 2P reserve replacement ratio exceeds 100%.

Production drilling in 2023 amounted to 12.0 mln m, with the commissioning of 3.2 thousand new wells, 71% of which were horizontal.

**269.8 mmtoe**

Company's hydrocarbon production in 2023

**12.0 mln m**

Company's production drilling in 2023

## Refining and sales

In 2023, the Company's volume of oil and gas condensate refining in Russia amounted to 88.0 mmt. The light product yield and refining depth across its refineries came in at 58.6% and 76.2%, respectively.

The Company has been consistently working on domestic technologies and import substitution. In 2023, we produced over 900 tonnes of diesel hydrotreating catalysts and guard bed catalysts, over 200 tonnes of reforming catalysts, and about 160 tonnes of catalysts and adsorbents for hydrogen production units.

The Company continued the deployment of reactivated diesel hydrotreating catalysts at its refineries, with over 1,000 tonnes of spent catalysts regenerated and reactivated. We successfully commenced the utilisation of

integrated catalytic systems, incorporating hydrotreating, dewaxing, and hydrofinishing catalysts, which led to an increase in the output of winter-grade diesel fuel.

In 2023, the Company's domestic sales of petroleum products totalled 42.4 mmt, including 13.0 mmt of gasoline and 17.2 mmt of diesel fuel.

Sustainable supply of high-quality motor fuel to Russian consumers is one of Rosneft's key priorities. The Company is an active participant in trading at the St Petersburg International Mercantile Exchange (SPIMEX). In 2023, we sold 8.7 mmt of motor fuel on the exchange, which is more than twice the required volume. The Company's share in the total volume of exchange sales of gasoline and diesel fuel was 40%.

The price growth at the Company's filling stations on the domestic market remains limited to the inflation rate.

**88.0 mmt**

Company's volume of oil and gas condensate refining in Russia in 2023

**42.4 mmt**

Company's domestic sales of petroleum products in 2023

## Financial results

In 2023, the Company's revenue<sup>1</sup> amounted to RUB 9,163 bln, and EBITDA totalled RUB 3,005 bln. Unit lifting costs amounted to USD 2.6 per boe.

Net income attributable to Rosneft shareholders amounted to RUB 1,267 bln, driven by EBITDA growth and movements in non-cash items.

Capex in 2023 reached RUB 1,297 bln. The adjusted free cash flow<sup>2</sup> in the reporting period totalled RUB 1,427 bln.

Implemented measures aimed at maintaining financial stability helped the Company reduce its net financial debt and advance payment arrears by RUB 0.7 trln compared to the beginning of 2023. The net debt / EBITDA ratio as at the end of 2023 was 0.9x (in USD terms) compared to 1.3x as at the end of 2022.

**RUB 9,163 bln**  
Company's revenue<sup>1</sup> in 2023

**RUB 1,267 bln**  
Company's net income<sup>3</sup> in 2023



### Vostok Oil project

In 2023, the Company completed over 2.4 thousand linear km of 2D seismics and 1.6 thousand sq km of 3D seismics as part of the flagship Vostok Oil Project. The acquired data interpretation is in progress. Rosneft tested four exploration wells with a 100% success rate, and drilled four wells with three more wells being tested.

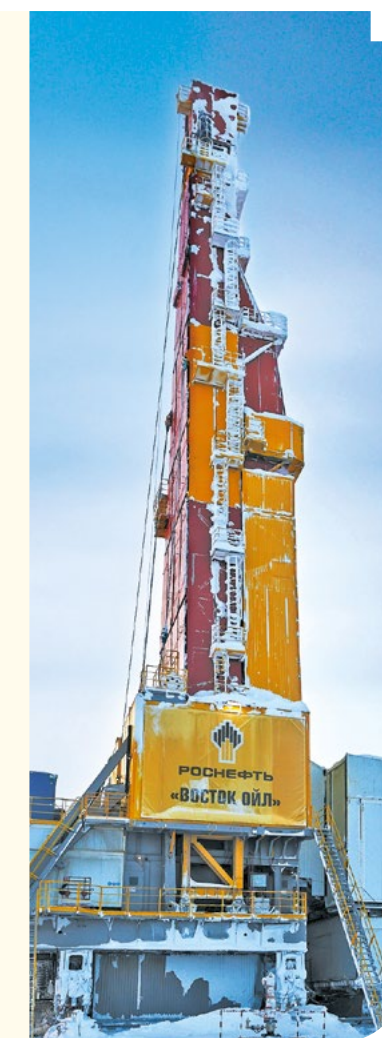
Pilot development of the Payakha, Icheminskoye and Baikalovskoye fields is in progress. In 2023, the Company drilled about 50,000 m and completed the drilling of 12 production wells.

The Company continues the construction of the Vankor – Payakha – Sever Bay trunk oil pipeline, with more than 29,000 piles mounted and about 230 km of pipes welded. Construction of the pipeline underwater section, which will be laid by way of trenching along the Yenisei River bottom, is in

progress. Dredging works have been completed and a fit-for-purpose site is being developed for the subsequent laying of the pipeline. Technologies and materials used in the construction of the underwater section are Russian-made.

Construction of logistics infrastructure, hydraulic structures, shore reinforcement, and expansion of coastal and berthing infrastructure are underway.

In December 2023, Rosneft started winter delivery of cargoes via the Northern Sea Route and winter roads. A record 700,000 tonnes of construction materials, machinery and equipment are planned to be delivered for the project facilities during the winter season. This is almost 20% more than the volumes delivered last year over the same period.



<sup>1</sup> Excluding gas used for other process needs.

<sup>2</sup> PRMS refers to the Petroleum Resources Management System.

<sup>1</sup> Includes revenues and equity share in profits of associates and joint ventures.

<sup>2</sup> Adjustments for prepayments under long-term oil supply contracts (including accrued interest payments), net changes in subsidiary bank operations, transactions involving securities.

<sup>3</sup> Net income attributable to Rosneft shareholders.



# Health, safety, and environment

As a national oil and gas champion, Rosneft operates in strict compliance with Russian health, safety, and environment (HSE) regulations.

The Company views human life as the greatest value and pays special attention to ensuring safe working conditions for the Company's employees and contractors, while also taking steps to prevent occupational accidents, emergencies, and fires and to mitigate their impact should such accidents, emergencies or fires occur.



The **Rosneft-2030 Strategy** sets out strategic HSE targets.

## Strategic HSE targets

**Drive towards:**

- > zero fatalities by 2030 or sooner
- > zero equipment breakdowns by 2030 or sooner

**Minimisation of environmental footprint**

**Net positive impact on ecosystems**

## HSE management system

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

The Company pursues its HSE objectives within the framework of the Integrated Health, Safety and Environment Management System (IMS).  
  
The system is certified annually by independent external auditors to verify that it meets the international HSE standards.

In 2023, Rosneft and 74 Group Subsidiaries once again confirmed their compliance with ISO 45001 and ISO 14001 as part of the Company's overall certification. In addition, 31 Group Subsidiaries completed independent occupational health and safety certification (ISO 45001), and 33 were certified in the area of environmental management (ISO 14001).

The HSE IMS certification process includes more than 100 companies, which account for 72.5% of total headcount in the Group Subsidiaries covered by the management accounting procedures.

Rosneft has designated its HSE Control and Investigation Department as the official body responsible for exercising HSE controls (including internal HSE IMS audits across Group Subsidiaries) as a way to ensure the uniformity and unbiased character of control procedures applied to Group Subsidiaries.

HSE controls rely on a risk-oriented approach and leverage distance control tools. Audits of Group Subsidiaries include assessment of their HSE performance. In addition to the mandatory controls required by law, the Company employs the following main types of regular controls:

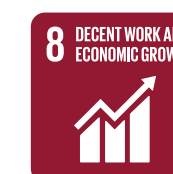
- > full-scope and ad hoc inspections to verify compliance with HSE requirements, corporate plans and internal documents of the Company, as well as the adequacy of ongoing operational and environmental risk management efforts;

- > internal IMS audits to assess compliance with the Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (ISO 45001) standards.

Following the audits, Group Subsidiaries prepare corrective action plans to improve the HSE governance system.

Rosneft has an HSE Control Commission responsible for reviewing the audit findings and developing adequate remedial initiatives (with emphasis placed on the elimination of systemic violations and breaches with a high and critical emergency risk).

## Priority UN SDGs





## Corporate HSE governance

The Board of Directors provides strategic management of the Company's HSE activities and regularly reviews related reports.

The HSE Committee is the Company's key standing coordinating body in charge of HSE.

In 2023, the HSE Committee met six times to adopt resolutions on the prevention of occupational accidents, incidents at hazardous facilities, and traffic accidents, management of HSE risks, and mitigation of the environmental impact, including the following:



Holding months of occupational safety and HSE campaigns as a way to prevent fatal injuries

Ensuring adequate design, inspection, and maintenance of infield roads to prevent incidents involving vehicle overturns

Proceeding with the steps to improve the HSE risk management process

Leveraging additional health and safety initiatives approved in 2022 (Control of Work, Behavioural Safety Audits (BSA), HSE Violation Tickets, Lessons Learned, HSE Internship) as a proven tool for preventing fatal injuries

Implementing additional comprehensive initiatives to prevent incidents associated with damages caused to the structural elements of overhead power lines and cable tray systems by vehicles and special-purpose machinery

**6 meetings**  
held by the HSE Committee in 2023

## Safe working environment

As a national oil and gas champion and a major global energy company, Rosneft boasts an impressive scale and diversity of operations, which by their nature require a consistent risk-oriented approach to HSE management.

The Company has defined key HSE initiatives designed to assist in achieving its strategic targets. In 2023, the main focus was on

improving the quality of planning, execution, control and efficiency for the following tools, with due

attention paid to their applicability in the context of specific operations.

The Control of Work procedure involves weekly planning of hazardous works requiring the issuance of work permits and features multilevel controls over such works. In 2023, **over 470 thousand hazardous operations were completed** under this procedure.

Resumption of dedicated face-to-face meetings (suspended during the pandemic) to discuss HSE performance. 2023 saw four regional meetings with the CEOs of Group Companies, four regional forums for contractors, and eight regional thematic forums.

Upgraded behavioural safety audits featuring photo evidence to strengthen occupational safety controls at sites. In 2023, we carried out **over 86 thousand audits**.

Systematic release of lessons raising awareness about safety measures designed to prevent recurring incidents.

Targeted monthly campaigns and events in the periods of the year with the highest frequency of injuries (with proactive measures put in place to prevent injuries).

HSE Violation Tickets. In 2023, Group Subsidiaries and their contractors issued **over 407 thousand tickets**.

Internships in the HSE units for the line managers of production facilities prior to their appointment to office. In 2023, over **550 line managers** completed the internship.

Continued implementation of targeted programmes to prevent falling and traffic accidents.

**> RUB 54 bln**  
spent by the Company on HSE initiatives in 2023



## Leadership and safety culture

Safety culture is a priority area for the Company. Daily safety improvement efforts must rely on an informed approach, while key safety culture objectives must include enhancement of informed leadership and engagement of all stakeholders in building such leadership. To that end, the Company organises communication activities for managers at various levels. These processes are directly supervised by respective Vice Presidents. There are feedback tools in place for employees to seek advice or submit proposals on occupational safety improvements.

In 2023, the HSE Committee was presented with a new approach to HSE leadership suggesting stronger support for certain activities and measures focusing on incident prevention and further HSE development as a way to ensure more effective and informal use of the leadership tools. There were significant updates in the relevant toolkit, including the Leadership Messages from top managers and heads of production businesses, and the Personal Leadership Commitments with a focus on the management control of dedicated HSE initiatives and programmes. In 2023, the updated approach was approved for implementation as a pilot.

## Contractor relations

The lives and health of people employed by the Company and our contractors/ subcontractors are one of our key priorities.

In 2023, the Company updated the standard HSE qualification requirements to refine the selection of contractors at the stage of procurement.

To encourage contractors' compliance with the HSE requirements, the Company approved an updated version of a mandatory HSE appendix to contracts, which sets out a revised list of sanctions for breaches of such requirements.

In 2023, the Company developed a new version of Internal Regulations on the Procedure for Interaction with Contractors on Occupational and Fire Safety, Health, and Environment Issues. This document includes updated provisions of the previous version and introduces new ones related to contractor ratings and the audit of contractors' management systems.

## Risk-oriented approach

The aim of HSE risk management is to introduce and maintain adequate and sufficient management actions regarding all identified risks that are consistent with the level of the risk assessed, provided with the necessary resources allocated by priority and approved on the required management level of the Company.

The applied HSE risk management approaches include assessment, analysis and management taking into account global and industry best practices, and help predict possible events and take proactive steps to prevent them.

HSE risk management is a set of tools helping managers at various levels, from senior executives to line managers, to make the best and most efficient decisions on operational safety.

The Company has developed standard diagrams for key risks, defining a set of proactive and reactive barriers (measures) for a particular type of incident. Based on the standard solutions, Group Subsidiaries develop programmes to create/enhance barriers. In particular, they already run programmes to prevent falls and road accidents.

The Company also applies the risk-oriented barrier approach to the investigation of HSE incidents and development of remedial actions.

With the Rosneft-2030 Strategy in place, the risk-oriented approach remains the central element in HSE and covers the full cycle of operations, from planning to performance audits. Process safety in line with the proactive and risk-oriented approach results in a set of measures aimed at achieving the Company's safety targets. These measures are aimed not only at preventing accidents, but also at mitigating potential adverse consequences, primarily for people, society and the environment.





## Process safety and the integrity of facilities and equipment

The Company complies with national and corporate regulations on process safety. Operational functions and HSE units of Group Subsidiaries oversee both planning

and implementation of necessary actions when developing operational programmes and business plans.

The Company plays an active role in improving HSE legislation, including the large-scale revision on the federal level. In 2023, Rosneft participated in discussing 210 draft regulations on process

and fire safety, occupational safety and health put forward by Rostekhnadzor's R&D Council, the Industrial Safety Committee of the Russian Union of Industrialists and Entrepreneurs, federal ministries, the Russian Government and the State Duma of the Russian Federation.



### As part of the efforts to deliver on its strategic HSE targets, the Company continued to implement the following programmes/measures in 2023:



Maintenance and repair of tanks and tank farms based on the findings of targeted inspections



Ensuring the integrity and continuity in Oil Refining and Petrochemicals, with the following long-term initiatives ongoing:

- › Replacement of CrMo steel pipelines with austenitic welds;
- › replacement of end-of-life carbon steel pipelines (including replacement of overhead pipelines);
- › removal of dead-end sections;
- › removal of various fittings;
- › elimination of emissions from open pressure relief valves;
- › replacement of lens and bellows expansion joints;
- › bringing the chemical protection systems of distillation units in compliance with the internal documents of the Company;
- › bringing the hydrotreatment units in compliance with the internal documents of the Company;
- › action plan focusing on inoperative chokes



Extension of functional operation times between repairs for nine key oil refineries, two of which (Ryazan Refinery and Saratov Refinery) have already been switched to extended functional operation times between repairs



Implementation of a dedicated programme enabling Group Subsidiaries to establish professional rescue teams in charge of oil spill response



Enhancement of pipeline reliability

- › In 2023, Group Subsidiaries in Exploration and Production implemented a system for assessing progress in ensuring the reliability of oilfield pipelines. The performance assessment findings help develop measures to improve the efficiency of integrity enhancement initiatives. There is ongoing monitoring of the condition of oilfield pipeline crossings over water bodies, with over 118 km of pipelines replaced in 2023.
- › The Company introduced a project to assess the disintegration risks for pipeline transport facilities in the Gas business. Risk assessment and ranking were completed for pipeline transport facilities with a total length of 2,100 km.



Geotechnical monitoring:

- › To reduce the risks of on-site accidents caused by the deformation and instability of buildings and structures, the Company continues to run its geotechnical monitoring project, which includes review of existing production facilities and those under construction, regular training for the staff involved, and safe maintenance of facilities located on the permafrost soil, while also developing and updating the Company's internal documents governing the geotechnical monitoring design, construction, and operation of facilities located on the permafrost soil.

As part of its target innovative project to develop geotechnical monitoring technologies, Rosneft runs a comprehensive set of initiatives, including fundamental research into current permafrost processes, forecast of geological and engineering conditions amid climate change, search for and application of new methodologies and geotechnical monitoring techniques enhancing the monitoring efficiency (e.g. geotechnical monitoring cost reductions that do not translate into increased risks of on-site accidents).



Reliability assessment of technical devices, buildings, and structures at oil and gas treatment units and reservoir pressure maintenance facilities based on the principles of risk-oriented ranking:

- › The applied assessment approaches have been implemented and are used for developing repair, replacement, and reconstruction programmes for equipment at the on-site facilities of Group Subsidiaries in the Exploration and Production and Gas businesses. To provide methodological support for the assessment process, the Company has developed an internal document governing the procedure for evaluating the condition of equipment at Group Subsidiaries involved in oil and gas production. Efforts are underway to automate this process to enhance the quality of assessment.


## Road traffic safety


To achieve its production objectives, the Company actively uses different types of vehicles. In 2023, we


continued to implement traffic accident prevention initiatives, which reflect the key goals and objectives of the Road Safety Strategy of the Russian Federation for 2018–2024


and Decree of the President of the Russian Federation No. 204 On National Goals and Strategic Objectives of the Russian Federation through 2024 dated 7 May 2018.


**In 2023, the Company took the following proactive steps to reduce road safety risks and prevent accidents:**


- 


identifying dangerous locations on oilfield, on-site, industrial, or temporary winter roads and installing warning systems, traffic signs, and cameras that could help detect violations;
- 


monitoring the placement of road safety notices, traffic signs giving directions and alerting drivers to danger, as well as priority traffic signs, snow poles, and hazard delineators;
- 


monitoring road infrastructure and maintenance, timely cleaning and treatment of road surfaces, placement of traffic signs, condition of ice and winter roads, readiness of utility vehicles;
- 

running accident prevention campaigns in the regions where the Company operates (including in Exploration and Production, Gas, and Oilfield Service): March without Traffic Accidents, We Are for Road Safety – 2023, Summer without Overturns;
- 

monitoring compliance with safety requirements related to transportation and trip planning arrangements, compliance with established travel routes and work and rest schedules by drivers of Group Subsidiaries and contractors using in-vehicle monitoring systems;
- 

running the ten-day “Beware, Children!” campaign at some Group Subsidiaries in cooperation with the traffic police, including by raising awareness about road traffic safety rules and holding children’s drawing contests on traffic safety;
- 

assessing the equipment of the Company’s and contractors’ vehicles using in-vehicle monitoring systems and video recorders;
- 

enhancing controls over works conducted on ice roads / fast ice / surfaces (rivers, lakes, swamps, seas) as part of the Winter campaign;
- 

preventing road accidents, including vehicle overturns.



The programmes run by Group Subsidiaries to prevent traffic accidents have a positive effect. In 2023, Rosneft had zero road fatalities through the fault of its employees. With that in mind, Group Subsidiaries will continue running road traffic safety programmes in 2024 and beyond.

## Environmental responsibility

The Company consistently implements environmental initiatives and green investment projects to achieve its strategic targets of minimising environmental footprint and facilitating biodiversity conservation in the regions of operation.

### Green investments

In 2023, the Company’s green investments exceeded RUB 64 bln and targeted large environmental projects, including projects to improve pipeline reliability, reduce emissions, and streamline water management.

### Environmental management

The Company pays special attention to air pollution and implements air protection initiatives and projects on an ongoing basis. The facilities develop APG utilisation infrastructure (as part of the gas investment programme), construct desulphurisation and sulphur production plants, build flaring systems, etc. Several Group Subsidiaries currently participate in an experiment involving quota-based emission of priority pollutants under the Clean Air federal project, with work underway to comply with the approved quotas.

One of the Company’s strategic priorities is to minimise the demand for fresh water in alignment with the United Nations Sustainable Development Goals. This is achieved through the implementation of infrastructure modernisation projects and the use of the best available technologies. In 2023, the Company continued to improve the quality of wastewater discharges through construction and renovation of treatment facilities, continuously high efficiency of



wastewater treatment at the existing treatment facilities thanks to timely repairs and replacement of physically worn-out process equipment, and prevention of accidents leading to massive discharges of pollutants into water bodies.

Rosneft keeps handling waste in line with the applicable Russian laws. In 2023, the Company processed more than 4.4 mmt of drilling waste and over 1.1 mmt of oil-contaminated waste, which enabled it to dispose of the waste accumulated in the reporting year and reduce the amount of legacy waste.

The Company continues to restore land resources by reducing the area of contaminated land, with over 480 hectares remediated (ca. 80% owing to the efforts of internal ecological services established by key Group Subsidiaries).

In 2022, the Company approved and started implementing a programme to eliminate environmental legacy effects, which aims to fully eliminate land contaminated and waste generated as a result of past activities of previous owners of assets prior to their integration into Rosneft. As part of this programme, Rosneft remediated more than 230 hectares of land contaminated with legacy waste, including over 80 hectares in 2023.

**~RUB 64 bln**  
spent on green investments



### Biodiversity conservation and forest reproduction

As part of its corporate strategic initiatives designed to achieve a net positive impact on ecosystems, the Company places a special focus on biodiversity conservation.

In pursuance of the national Environment project and the cooperation agreement between Rosneft and the Russian Ministry of Natural Resources and Environment, the Company continued to research the dynamics of key species in the Arctic region. These species include the Kara and Barents Sea population of polar bear, Atlantic walrus, ivory gull, and wild reindeer.

In 2023, experts analysed the findings of the 2020–2022 research, processed the 2022 field data, and drafted final reports and research recommendations on each species. On top of that, an information brochure was released to provide insights into the target investment project “Findings of Research on Indicator Species under Rosneft’s Biodiversity Conservation Programme”.

In an attempt to further promote biodiversity conservation efforts and expand their scope, in 2023 the Company’s experts identified key indicator species in each biotope across Rosneft’s footprint, while also compiling lists of indicator species to be used for the development of biodiversity conservation programmes in the Russian regions where the Company operates.

In 2023, Rosneft completed the preparatory stage of the comprehensive forestation project in the Krasnoyarsk Territory. This project is run in collaboration with the Government of the Krasnoyarsk Territory and is expected to increase the absorption of GHG emissions by 10 mmt of CO<sub>2</sub>-equiv., thus contributing to the reduction of the carbon footprint created by Vostok Oil, the Company’s biggest asset in the Krasnoyarsk Territory. In 2023, Rosneft received scientifically validated data on the types of forestation projects



that would be most suitable for the Krasnoyarsk Territory, developed a tool to assess their carbon and economic efficiency, and provided project monitoring recommendations.

On 30–31 March 2023, the Company held a scientific and practical workshop in Moscow to discuss legislative gaps that hold off the scaling of forestation projects.

The event was attended by the officials of federal and regional executive authorities and the leading forestry research organisations and culminated in the development of proposals for legislative changes that have been submitted to the Federal Forestry Agency (Rosleskhoz) and the Russian Ministry of Natural Resources and Environment.

The comprehensive forestation project aims to offset the carbon footprint of Vostok Oil, which already employs cutting-edge field development technologies, and complement the Company’s ongoing forest reproduction and biodiversity conservation initiatives. Over the past three years, Group Subsidiaries have planted over 26 mln seedlings.

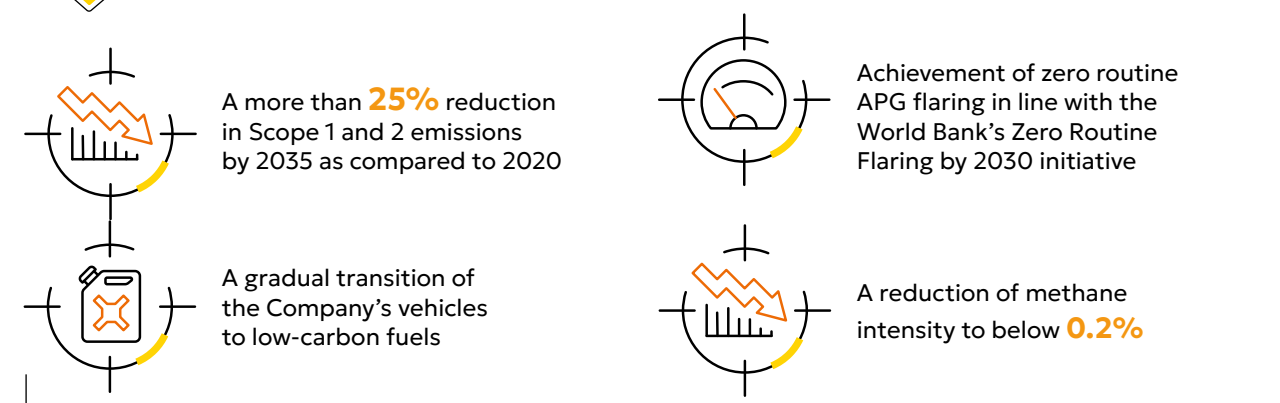
**>26 mln seedlings**  
planted by Group Subsidiaries over the past three years

# Carbon management

## Carbon management – risk and opportunity management

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

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



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

Rosneft continues to improve its carbon reporting system in accordance with the Russian laws, recommendations of the Bank of Russia and internationally recognised approaches, including TCFD<sup>1</sup> recommendations. The Company closely monitors the evolution of sustainability and climate disclosure standards developed by the International Financial Reporting Standards Foundation (IFRS). Climate change and associated risks

and opportunities are effectively integrated into Rosneft’s corporate governance system.

To improve the climate-related competencies of the Company’s employees, we continued providing internal corporate training under an updated Carbon Management course, with more than 83 thousand employees completing the course in the reporting year. The significantly higher coverage compared to previous years was achieved thanks to making the corporate course available in a distance format. In accordance with the Carbon Management Plan for the period until 2035, all of the Company’s employees are obliged to complete this training. Furthermore, we partnered with St Petersburg

State Forestry University to offer employees of the Head Office and Group Subsidiaries further education on forestation projects.

Also, the Company runs a successful programme to detect and eliminate sources of hydrocarbon (including methane) emissions at Group Subsidiaries engaged in exploration and production. The programme helps improve industrial safety at the Company’s production assets and maintain their infrastructure. In addition, in 2023, surface inspections were carried out in pilot Group Subsidiaries engaged in exploration and production in order to have the programme rolled out across the entire production and sales chain.

<sup>1</sup> Task Force on Climate-Related Financial Disclosures.



# Corporate governance

## Key corporate governance principles and improvements in 2023

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

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

**Rosneft maintains compliance with the Bank of Russia's Corporate Governance Code at a high level.**





For evaluation of compliance with the Bank of Russia's Code, see [Appendix](#) to this Annual Report. The internal documents regulating corporate governance are available on the Company's official website.

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

### Guiding principles for the Company's governing bodies

#### Commitment to shareholders

Rosneft has adopted the world's best corporate governance practices and, complies with the Bank of Russia's Corporate Governance Code to ensure the following:

- 
 equal rights and opportunities for, and equitable treatment of all shareholders;
- 
 timely disclosure of information on the Company's activities that is most relevant to shareholders and investors for them to rely on in making informed decisions ([Appendix, Corporate Governance Code](#)).
- 
 efficiency of the Risk Management and Internal Control System (RM&ICS);
- 
 professionalism and independence of the Board of Directors who act in the best interests of all shareholders;

A substantial share of the Company's net income is distributed as dividends.

**RUB 406.5 bln**  
paid by the Company in 2023 as interim and year-end dividends for 2022

We continue enhancing the Shareholder's Personal Account, a powerful tool for shareholders to stay in contact with the Company.

#### Innovation and global leadership

Continuous improvement and global leadership are the priorities that encourage us to develop and invest in cutting-edge technologies.

#### Favourable environment for sustainable growth

The Company cares for its employees, their families, and members of local communities across its footprint.

We at Rosneft keep a clear focus on employee health. The Company systematically implements health protection measures aimed at providing its employees with timely and quality healthcare services,

health improvement and resort treatment, disease prevention, and promotion of a healthy lifestyle.

The Company takes care of the environment by introducing carbon management initiatives and implementing best waste management practices. Commitment to environmental safety is an integral part of our corporate culture. The Company supports scientific research, culture, and sports. Rosneft respects and honours human rights and freedoms in accordance with the Universal Declaration of Human Rights, Social Charter of the Russian Business, relevant generally accepted standards, and the laws of the Russian Federation and other countries where the Company operates.

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

The Company is a party to the UN Global Compact. Rosneft makes a significant contribution to the revenue part of the national budget.

#### Protection of shareholders and key stakeholders

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

## Key achievements in 2023

Amid a challenging environment for Russian companies operating in international markets, Rosneft maintained shareholder rights to participate in corporate governance and receive dividends necessary to preserve and increase shareholder value.

Thanks to the Company's Board of Directors and management, Rosneft ensured consistent performance of governing bodies, uninterrupted operations, and robust information security while providing its shareholders with sufficient information rights. Rosneft's shares grew faster than the MOEX Russia index. Net income, EBITDA, and

free cash flow surged despite oil production cuts in Russia imposed by OPEC+. Unlike most companies in the Russian stock market, Rosneft did not suspend dividend payments in 2022 and 2023. Rosneft provided adequate disclosure of its financial and operating performance and corporate governance, including activities of the Board of Directors.

The Company's shares remain popular among investors, as evidenced by a strong increase in the number of shareholders. Prior to the Extraordinary General Shareholders Meeting in 2023, there were over 1.1 million shareholders vs 233 thousand in 2H 2021.

### Corporate governance plans for 2024

- › Maintaining a high level of corporate governance.
- › Improvement of digital communication formats for corporate governance stakeholders.
- › Continuity of the Board of Directors and stability of the Company's corporate governance procedures.
- › Further implementation of goals and objectives outlined in the Rosneft-2030 Strategy.



# Governance and control structure

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

## Board of Directors

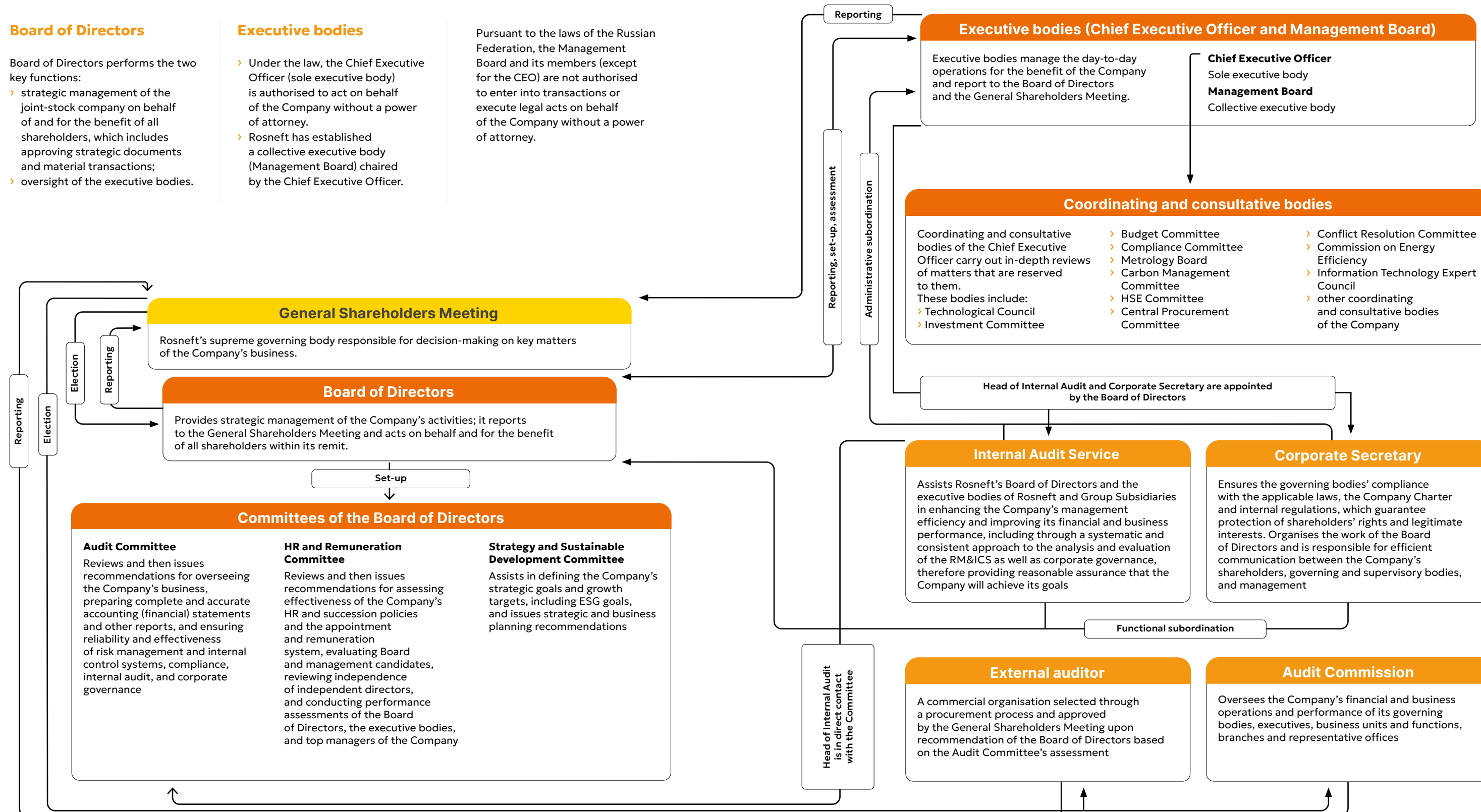
Board of Directors performs the two key functions:

- › strategic management of the joint-stock company on behalf of and for the benefit of all shareholders, which includes approving strategic documents and material transactions;
- › oversight of the executive bodies.

## Executive bodies

- › Under the law, the Chief Executive Officer (sole executive body) is authorised to act on behalf of the Company without a power of attorney.
- › Rosneft has established a collective executive body (Management Board) chaired by the Chief Executive Officer.

Pursuant to the laws of the Russian Federation, the Management Board and its members (except for the CEO) are not authorised to enter into transactions or execute legal acts on behalf of the Company without a power of attorney.



# General Shareholders Meeting

In 2023, the Company's supreme governing body met twice – for one Annual (FY2022) and one Extraordinary General Shareholders Meeting.



The procedure for convening, preparing for, holding and following up on the General Shareholders Meeting is set forth by [Rosneft's Regulations on the General Shareholders Meeting](#).

## Annual General Shareholders Meeting

Pursuant to Article 3 of Federal Law No. 25-FZ dated 25 February 2022, the Board of Directors had resolved to use absentee voting as the format for the Company's Annual General Shareholders Meeting, which was held on 30 June 2023 (vote by means of ballots).

The meeting approved the Annual Report, annual accounting (financial) statements and net income distribution for 2022 (including

for dividend payment), elected the Board of Directors and the Audit Commission, determined the remuneration of the Board

and Audit Commission members for the period, and approved the Company's Auditor.

## Extraordinary General Shareholders Meeting

As part of implementing its dividend policy, on 22 December 2023 the Company held an Extraordinary General Shareholders Meeting by absentee voting, which resolved to pay interim dividends.

All resolutions of the 2023 shareholders meetings were implemented in full.

## Exercise of rights by shareholders

Rosneft shareholders may exercise their right to take part in the Company's General Shareholders Meeting by:

- participation (registration and voting) at in-person meetings (directly or through their representatives acting by virtue of a power of attorney);
- absentee voting (voting by paper ballots or giving voting instructions to their respective nominees);
- e-voting through the Shareholder's Personal Account.

Given special legal frameworks introduced by the Russian President in certain regions, which provide for potential travel constraints, the Board of Directors decided to hold the 2023 General Shareholders Meeting in absentia.

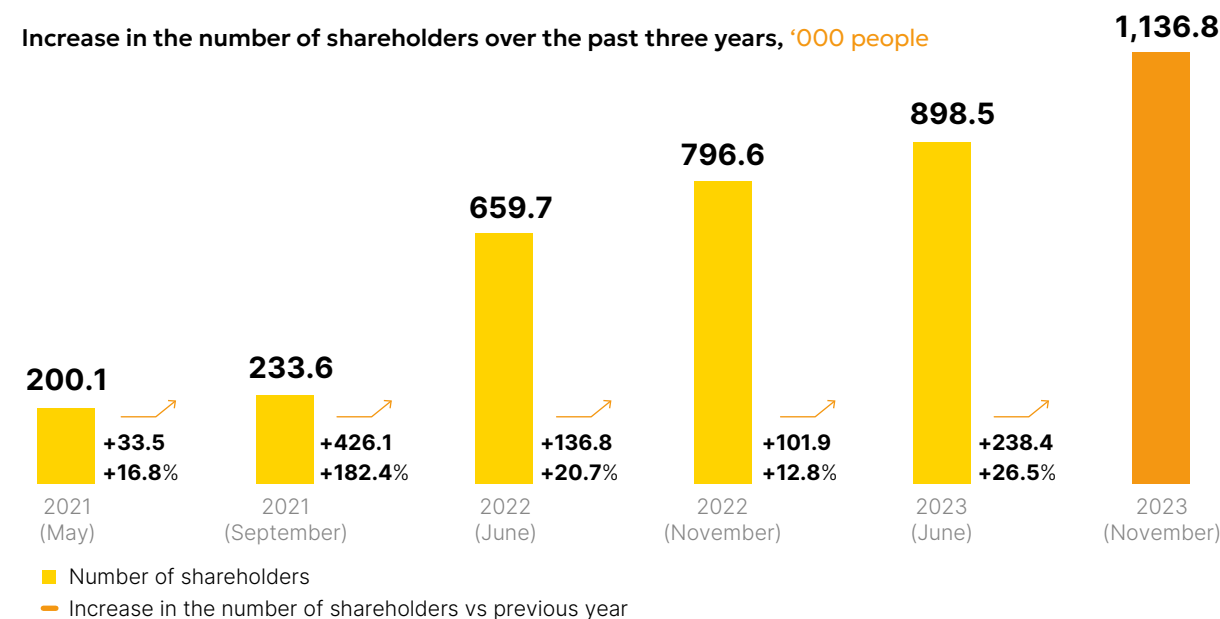
Shareholders were given the opportunity to exercise their rights to participate in corporate procedures without physical presence via the Company's corporate services and remote

communication tools. In particular, they were able to carry out the following activities remotely:

- > review the information on the meeting on the corporate website and in their personal accounts;
- > vote on the items on the agenda via their personal accounts, by sending completed ballots to the Company, or giving voting instructions to their respective nominees;
- > ask questions on the agenda via their personal accounts, the shareholder hotline, or by mail.

In order to expand opportunities for shareholders to exercise their rights amid the legislative transformation and given the significant increase in the number of shareholders (over 1 million), Rosneft continues to develop electronic services for shareholders and other remote communication channels.

Increase in the number of shareholders over the past three years, '000 people





# Board of Directors

Elected by the General Shareholders Meeting, the Board of Directors provides strategic management of the Company's activities on behalf of and for the benefit of all shareholders.

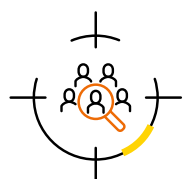
The Board of Directors seeks to balance interests of all shareholder groups in order to ensure long-term sustainable development of the Company.

The Board of Directors plays a key role in setting up and developing the corporate governance system and supervises the work of executive bodies.

The Board of Directors has three standing committees:



Audit Committee



HR and Remuneration Committee



Strategy and Sustainable Development Committee

The committees are composed of non-executive directors from the Company's Board of Directors. Members of each committee also include independent directors. The Audit Committee is chaired by an independent director.

The committees of the Board of Directors are responsible for the preliminary consideration of most important matters and the provision of recommendations to the Board of Directors to inform their decisions.

The committees operate in accordance with approved plans to address the objectives set by the Board of Directors during their tenures.

In accordance with the Company's Regulations on Rosneft Board Committees, each of the existing committees submits to the Board of Directors an annual progress report. The Board of Directors positively assessed the performance of the committees in the 2022/2023 corporate year.

## Responsibilities of the Audit Committee

The Committee assists the Board of Directors in protecting the interests of the Company's shareholders by checking the accounting (financial) statements and other reports for completeness and accuracy and ensuring reliability and effectiveness of risk management and internal control systems, compliance, internal audit, and corporate governance.

In 2023, the Audit Committee reviewed the report on internal audit activities containing conclusions on the organisational independence of the Internal Audit Service

and individual independence and impartiality of its employees, information on the implementation of the internal audit plan, the assessment of the actual state,

reliability, and effectiveness of the internal control and risk management system, and the Company's financial performance.

## Responsibilities of the HR and Remuneration Committee

The Committee assists the Board of Directors in protecting shareholder interests. To that end, it is primarily tasked with assessing the effectiveness of the Company's HR and succession policies, and the appointment and remuneration system; conducting performance assessments of the Board of Directors, the executive bodies, and other top managers of the Company.

In 2023, the Committee considered the independence of one of Rosneft's directors, reviewed a report on the implementation of the Action Plan for Adoption of

Professional Standards at Rosneft and the Group Subsidiaries, Rosneft Policy on Ensuring Succession and Induction of Members of the Board of Directors and Management

Board, top management's collective and individual KPIs for 2023, their normalised KPI performance criteria for 2022, and actual results.

## Responsibilities of the Strategy and Sustainable Development Committee

The Committee assists the Board of Directors in providing strategic management of the Company's activities and protecting shareholders' interests by overseeing Rosneft's strategy and sustainable development.

In 2023, the Committee made recommendations to the Board of Directors on a number of strategic business projects, preliminarily

reviewed the 2022 Sustainability Report, as well as HSE reports and audit results of the Company's Long-Term Development Programme.



[Regulations on Rosneft Board Committees](#)

# Anti-corruption policy and measures to combat corruption and prevent conflicts of interest

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

## These efforts are aligned with:

- › Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008;
- › The National Anti-Corruption Strategy and the National Anti-Corruption Plan for 2010–2011 approved by Decree of the President of the Russian Federation No. 460 dated 13 April 2010;

- › The National Anti-Corruption Plan for 2021–2024 approved by Decree of the President of the Russian Federation No. 478 dated 16 August 2021.

Anti-corruption measures are compliant with the guidelines of the Russian Ministry of Labour and the Federal Agency for State Property Management.

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

1. Rosneft's Board of Directors (the Audit Committee of the Board of Directors) approved strategic documents and guiding principles, and regularly assesses the efficiency of such efforts; considered and approved the results of a review of the anti-corruption risk management and internal control process.
2. Rosneft's Chief Executive Officer ensures the implementation of the Company's Policy on Combating Corporate Fraud and Involvement in Corruption Activities, and approves the relevant internal regulations.
3. In accordance with the National Anti-Corruption Plan for 2021–2024 approved by Presidential Executive Order No. 478 dated 16 August 2021 (Instruction of the Russian Government No. MM-P17-12165 dated 6 September 2021) we drafted a Comprehensive Anti-Fraud and Anti-Corruption Programme for 2021–2024 (approved by Rosneft's Compliance Committee on 20 June 2022, Minutes No. KK-1).



## In the reporting period:

- › by Order No. 484 dated 29 December 2023, the Company drafted and enacted Rosneft's Standard on Countering Corporate Fraud and Corruption;
- › the Company updated its employees, on a quarterly basis, on typical violations of anti-fraud and anti-corruption rules;
- › the Company assessed the risk of corporate fraud and corruption on a quarterly basis in line with the approved methodology.

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

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

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

## In addition, the Company:

- › collects annual declarations on property and property-related obligations of its officers and employees, as well as on income, property and property-related obligations of their spouses and minor children who are included in the list of persons required to submit such declarations;
- › carries out an annual campaign to collect ethical declarations of the Company's employees in order to monitor their compliance with restrictions, prohibitions, and requirements of anti-corruption laws; requires new employees and employees appointed to new positions to sign an anti-corruption clause, which forms part of their employment contracts and includes the restrictions, prohibitions, and requirements aimed at preventing the conflict of interest.

All Group Subsidiaries have set up conflict of interest commissions.

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

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

In 2023, the Security Hotline received 16,331 reports, with 244 violations confirmed. Identified/prevented damage amounted to RUB 197.7 mln.

Rosneft rewarded three persons who provided information that made it possible to prevent corporate

fraud, corrupt practices, and conflicts of interest, as well as to compensate for financial and/or non-financial damage incurred by the Company.

Members of the Company's Audit Committee are updated on the Security Hotline operation on a quarterly basis.

The Corruption Control section on the official corporate website is regularly updated and contains:

- › the Company's statement on zero tolerance for any form or manifestation of corporate fraud and corruption;
- › key provisions of anti-corruption laws;
- › internal documents on anti-corruption;
- › information on the Security Hotline;
- › links to the Company's reports providing results of its anti-corruption efforts.

**16,331**  
reports  
received by the Security  
Hotline in 2023

**RUB 197.7** mln  
of identified/prevented  
damage



# Audit Commission

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

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

In 2023, the Audit Commission held two meetings, which, among other things, adopted its action plan and approved an audit programme.

The findings of the Audit Commission following the audit were communicated as part

of the materials for the General Shareholders Meeting in the form of an opinion of the Audit Commission on the accuracy and reliability of data included in Rosneft’s Annual Report and annual accounting (financial) statements as at 31 December 2022.

On 30 June 2023, the Annual General Shareholders Meeting resolved to elect the Audit Commission as follows:

## Chair

### Olga Andrianova

Born in 1958.

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

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

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

## Members of the Audit Commission

### Olga Boltrukevich

Born in 1983.

Graduated from Moscow Institute of Physics and Technology.

Section Head of the Financial Policy Department of the Russian Ministry of Finance.

### Ilya Karpov

Born in 1988.

Graduated from Kutafin Moscow State Law University.

Head of the Department of Property Relations and Privatisation of Major Organisations of the Federal Agency for State Property Management.

### Gleb Kostenko

Born in 1995.

Graduated from Moscow Power Engineering Institute.

Deputy Director of the Department of the Russian Ministry of Energy.

### Sergey Poma

Born in 1959.

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

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

# Risk Management and Internal Control System

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

To develop a well-structured and integrated risk management and internal control system, the Company has put in place a multi-level regulatory framework in this area, which outlines key RM&ICS principles at various stages.



## Company policy

- › Policy on the Risk Management and Internal Control System



## Company standards

- › Standard on Risk Management and Internal Control System
- › Standard on the Corporate-Wide Risk Management System (CWRMS)



## Company regulations and standard requirements

- › Regulations on Design, Implementation and Maintenance of the Internal Control System
- › Regulations on Market Risk Management
- › Regulations on Development and Use of the Company-Wide Register of Standard Risks and Controls



## Methodological guidelines

- › Guidelines for Determining and Applying Risk Appetite
- › Risk Assessment Guidelines

The Company has in place processes to identify, assess and manage strategic risks that may hinder the delivery

against long-term targets, financial and operational risks that affect the implementation of the Company's current

business plan, and business process risks that may hamper the Company's ability to achieve business targets.

## Main risk groups

### Short-term targets

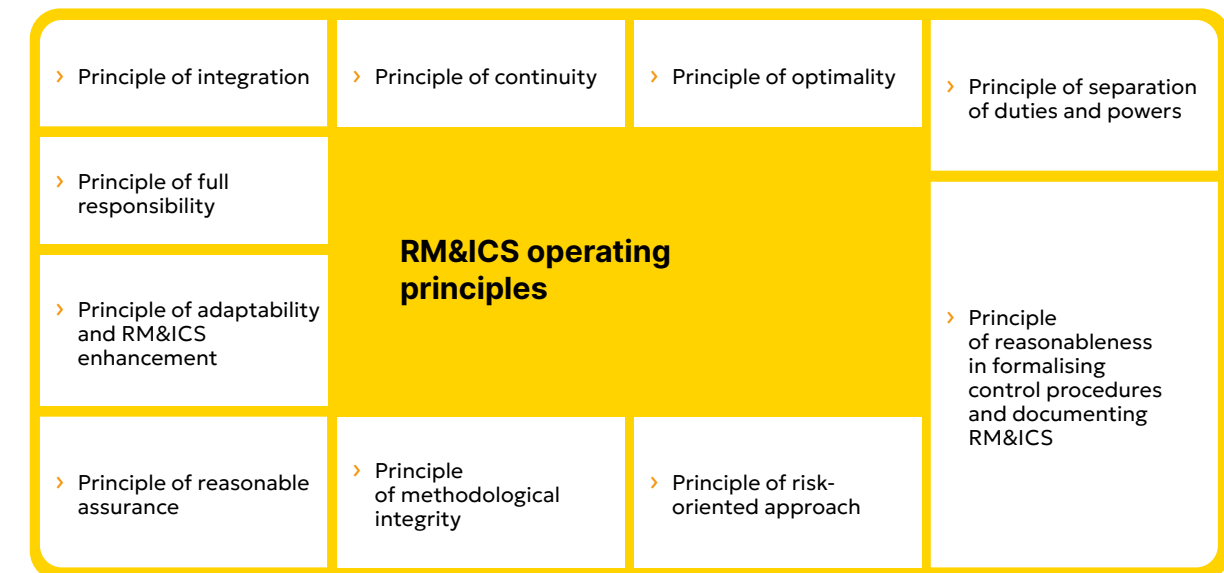
First-year targets outlined in the Company's business plan

### Medium-term and long-term targets

Targets outlined in the Company's development strategy



## Key principles



The principles and objectives of the RM&ICS are set out in the Company's Policy on the Risk Management and Internal Control System<sup>1</sup>

developed in accordance with the Russian regulatory requirements and drawing on recommendations of international firms engaged

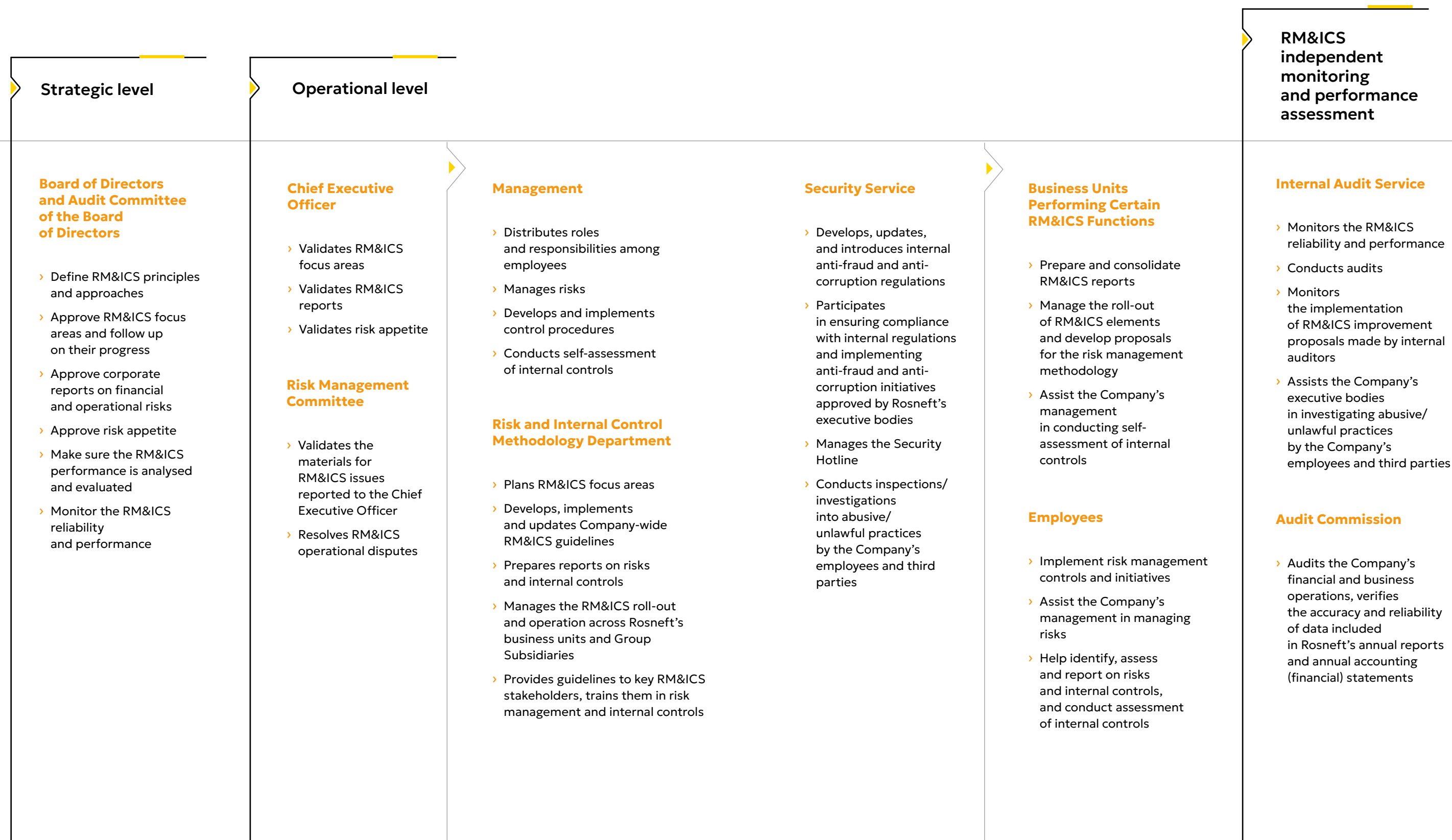
in risk management, internal control and audit services. These are intended to provide reasonable assurance that the Company will achieve its goals.

<sup>1</sup> Rosneft's Policy on the Risk Management and Internal Control System No. P4-05 P-01 approved by Resolution of the Company's Board of Directors, Minutes No. 15 dated 13 December 2021.



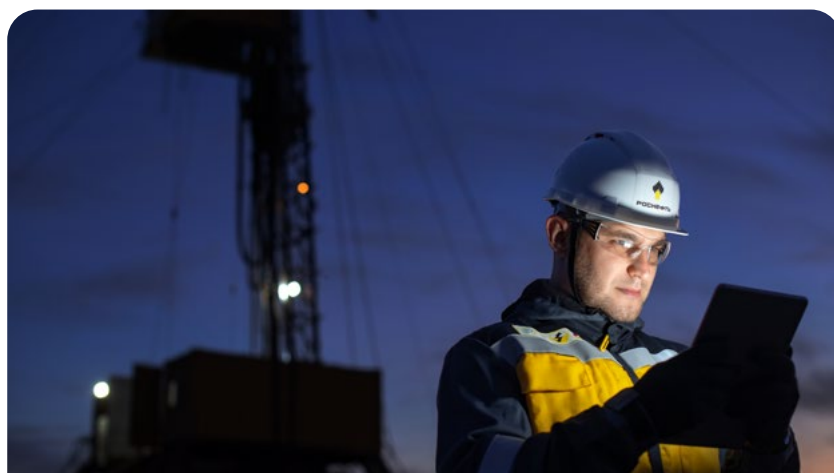
# RM&ICS stakeholders

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



## RM&ICS enhancement

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



### RM&ICS enhancement highlights for 2023

RM&ICS enhancement initiatives	Results
<b>Development and improvement of guidelines on the Risk Management and Internal Control System</b>	<ul style="list-style-type: none"> <li>Business Process Regulations on Design, Implementation and Maintenance of the Internal Control System were developed</li> <li>Standard Requirements for Design, Implementation and Maintenance of the Internal Control System were drafted</li> </ul>
<b>Development and implementation of an RM&amp;ICS training programme for the employees of Rosneft and Group Subsidiaries</b>	<ul style="list-style-type: none"> <li>Newly appointed and previously trained risk and internal control experts at Rosneft and Group Subsidiaries underwent training</li> <li>Company employees were trained in internal control fundamentals</li> </ul>
<b>Development of the Company's risk management and internal control infrastructure and procedures</b>	<ul style="list-style-type: none"> <li>Current assessment of RM&amp;ICS effectiveness in 2022 was performed. The results were reviewed by Rosneft's Risk Management Committee</li> </ul>
<b>Enhancement of the risk assessment framework leveraging economic and mathematical models and expert reviews</b>	<ul style="list-style-type: none"> <li>Rosneft developed methodological guidelines on the assessment of the risk of failure to comply with the repair plan</li> <li>The following activities were implemented:                             <ul style="list-style-type: none"> <li>The Company's quantitative risk assessment models were verified (back-tested) (on an annual basis)</li> <li>Portfolio assessment of the Company's exposure to market risks was carried out (on a monthly basis)</li> </ul> </li> </ul>
<b>Implementing and maintaining the Internal Control System</b>	<ul style="list-style-type: none"> <li>A self-assessment of the Company's internal control was carried out, including the evaluation of control procedures conducted as part of a plan for testing their implementation</li> <li>A plan for developing, implementing and maintaining the Internal Control System was approved by the top manager in charge</li> </ul>
<b>Improving the RM&amp;ICS processes across Group Subsidiaries</b>	<ul style="list-style-type: none"> <li>The Corporate-Wide Risk Management System was implemented by five Group Subsidiaries</li> </ul>

Key targets and objectives of the RM&ICS enhancement, as well as critical steps to achieve them, are set out in the RM&ICS Enhancement Plan for the current and next two years. The RM&ICS Enhancement Plan is agreed upon by the Company's CEO and approved by the Board of Directors.

## Internal Control System

The ICS is an integral part of the RM&ICS.



Both systems have aligned goals.



The ICS is governed by the Company's Policy on the Risk Management and Internal Control System, Standard on Risk Management and Internal Controls, Business Process Regulations and Standard Requirements for Design, Implementation and Maintenance of the Internal Control System.



The Company relies on the above internal documents to identify risks inherent in its business processes and develop and implement controls, thus improving manageability and efficiency across business processes, reliability of financial statements, and compliance with the applicable laws and internal regulations.



### To achieve the ICS objectives, the Company needs to:

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

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



# Corporate-Wide Risk Management System (CWRMS)

## Key CWRMS components



### Risk management process

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

### Risk management infrastructure

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

Risk management at Rosneft is governed by the Company's Policy on the Risk Management and Internal Control System<sup>1</sup>, Standard on Risk Management and Internal Controls<sup>2</sup> and Standard on the Corporate-Wide Risk Management System<sup>3</sup>.

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

employees of the Company. As part of CWRMS, our management (at various organisational levels, including Group Subsidiaries and the Company) regularly identifies and assesses risks and develops response measures covering, among others, risks that affect the Company's long-term goals (strategic risks) along with financial and operational risks. Risk reporting includes all necessary information on risks, including their assessment, description of measures aimed

at their mitigation, and is communicated to Rosneft's Board of Directors, Audit Committee, management, and employees of the Company.

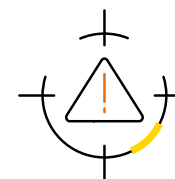
The Company's management arranges for and steers risk management processes within its remit, and seeks to find an optimal balance and maintain an acceptable risk level (risk appetite) when choosing a risk response and specific mitigants.

<sup>1</sup> Rosneft's Policy on the Risk Management and Internal Control System No. P4-05 P-01 approved by Resolution of the Company's Board of Directors, Minutes No. 15 dated 13 December 2021.

<sup>2</sup> Rosneft's Standard on Risk Management and Internal Controls No. P4-05 S-0028 approved by Resolution of the Company's Management Board No. Pr-IS-09p dated 31 March 2022.

<sup>3</sup> Rosneft's Standard on the Corporate-Wide Risk Management System No. P4-01 P-01 put into effect by Resolution of the Company's Management Board No. 660 No. Pr-IS-36p dated 28 September 2018.

# Rosneft's risks



## Industry-wide risks

- > Risk of accidents
- > Risk of fatal injuries
- > Risk of failure to achieve oil and gas condensate production targets
- > Risk of failure to achieve natural gas and gas condensate production targets
- > Risk of lower quality of refinery feedstock
- > Risk of failure to comply with the repair plan in oil refining and petrochemicals
- > Risk of failure to achieve planned volumes of bulk wholesale of crude oil, petroleum products, gas processing products, and petrochemicals
- > Risk of penalties for the quality of gas fed into transportation systems
- > Risk of failure to achieve natural gas price targets
- > Risk related to rising prices for electric power
- > Risk of accumulation of unclaimed liquid and non-liquid inventories



## Financial risks

- > Market risks
- > Risk of an increase in overdue receivables
- > Risk of tax claims and risk of losing tax benefits
- > Risk of default/cross-default



## Legal risks

- > Litigation risk
- > Risk of breach of competition laws

## Risk appetite of the Company

The following risk appetite indicators were approved for 2023:

### Financial and economic performance

The Company strictly complies with its financial covenants. The Company ensures that all its short- and long-term commitments are fulfilled as they fall due.

### Health, safety, environment

Recognising the nature and scale of the footprint of its business, products and services, the Company feels responsible for safe and accident-free operation and protects health and safety of its employees and local residents in regions of its operation.

As part of its commitment to prevent any potential adverse impact on the environment, the Company makes every effort to protect, preserve and restore natural resources.

### Corporate governance

The Company has zero tolerance for any form or manifestation of corporate fraud and corruption.

## ESG risks

Rosneft is fully aware of the importance and impact of sustainability risks, including ESG, on the Company's business.

We analyse sustainability risks as part of the effort to identify and assess risks that can affect the Company's long-term goals (strategic risks and threats). The annual process to identify and assess (prioritise) strategic risks and threats takes into account Russian and international research on the oil and gas industry development, and is based on the Company's strategic targets as set out in its development strategy. Following this analysis, we determine a list of strategic threats that can potentially impact the Company's ability to achieve its strategic goals. This list also includes aspects of sustainable development.

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

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



### Strategic threats related to sustainable development

#### Environmental

- › Accidents and environmental damage
- › Advance of alternative energy and green technologies, and improvements in energy efficiency
- › Changes in the structure of energy consumption
- › Natural disasters
- › Climate change in the regions where the Company operates

#### Social

- › Epidemics and diseases
- › HR and social risks
- › Conflicts, terrorism, civil disturbance
- › Safety of critical facilities

#### Corporate governance

- › Cyber security
- › Deterioration of the tax regime
- › Tighter regulation and requirements in the industry
- › Stricter regulation and requirements related to climate change. New climate initiatives
- › Reputation and less appealing investment case

## Internal audit

In 2023, Rosneft's Internal Audit Service was governed by the Company's Policy on Internal Audit, Code of Ethics of the International Institute of Internal Auditors, and international practices of internal audit.

The Internal Audit Service assists Rosneft's Board of Directors and the executive bodies of Rosneft and Group Subsidiaries in enhancing the Company's management efficiency and improving its financial and business performance, including through a systematic and consistent approach to the analysis and evaluation of the RM&ICS as well as corporate governance, therefore providing reasonable assurance that the Company will achieve its goals. It also helps ensure:

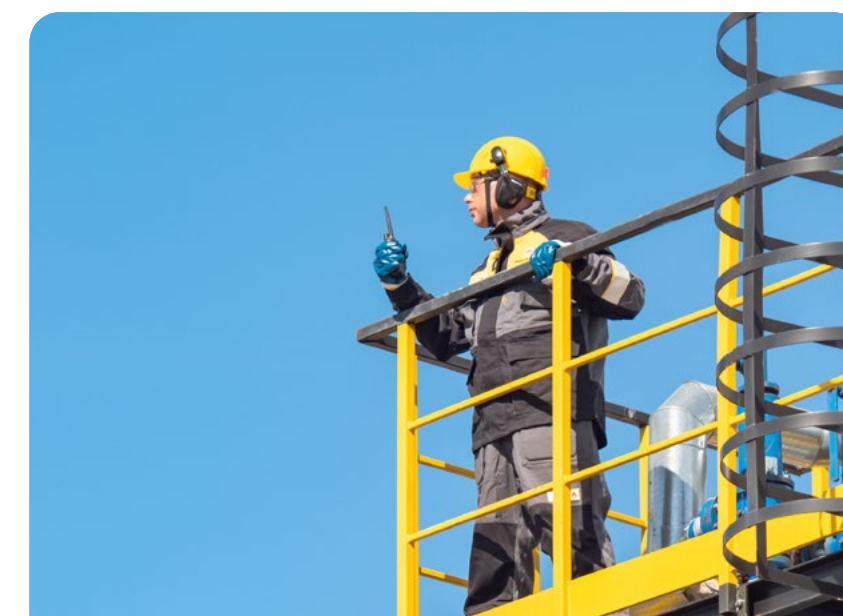
- › accuracy, reliability, and integrity of information on the Company's financial and business operations, including those of Group Subsidiaries;
- › efficiency and effectiveness of the Company's operations, including those of Group Subsidiaries;
- › room for improvement available across the Company's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

#### Functional units of Rosneft's Internal Audit Service are mainly responsible for:

- › developing an internal audit plan based on the risk-oriented approach;
- › assessing the RM&ICS reliability and performance as well as its adequacy given the scale and complexity of the Company's business;
- › assessing corporate governance;

- › conducting audits and activities in line with the internal audit plan approved by Rosneft's Chief Executive Officer and endorsed by the Board's Audit Committee;
- › performing other inspections and tasks in line with instructions of Rosneft's Board of Directors (recommendations of its Audit Committee) and/or the Company's Chief Executive Officer;
- › monitoring the Company's progress in addressing breaches and shortcomings identified during internal audits;
- › performing other functions essential to meet the tasks assigned.

Rosneft's internal audit function is performed by the Vice President – Head of the Internal Audit Service (Head of Internal Audit) and functional units of the Internal Audit Service. In accordance with Rosneft's organisational structure, units of the Internal Audit Service report directly to the Head of Internal Audit.





## Reporting and accountability lines of internal audit

Functionally and administratively, the Internal Audit Service reports to Rosneft's Board of Directors and Chief Executive Officer respectively.

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

Heads of the Internal Audit functional units do not participate in managing

functional areas of the Company's business requiring management decisions on audited entities.

The Head of Internal Audit provides Rosneft's Chief Executive Officer and the Board of Directors (its Audit Committee) with confirmation

of organisational independence of the Internal Audit Service and individual impartiality of internal auditors at least once a year, as part of the internal audit performance report.

## Internal Audit Quality Assurance and Improvement Programme

In order to ensure proper quality control and performance evaluation of internal audit, the Internal Audit Quality Assurance and Improvement Programme was developed and put in place.

To deliver against the Programme's targets, a regular in-house self-assessment of the internal audit quality was conducted in 2023. It was concluded following the self-assessment that the internal audit function was generally in line with the requirements of the Company's Policy on Internal Audit and other regulations on internal audit, the International Standards for the Professional Practice of Internal Auditing, and the Code of Ethics of the International Institute of Internal Auditors.

In 2023, the risk-oriented internal audit plan was implemented in full.

The Head of the Internal Audit Service prepared a report on the internal audit performance for 2023 and submitted it to Rosneft's Board of Directors and its executive bodies.

In accordance with Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, an internal audit opinion was developed following an audit of the reliability and effectiveness of the RM&ICS, and also other internal audit inspections conducted in 2023.

Following the 2023 reliability and effectiveness assessment of RM&ICS, the Internal Audit Service concluded that the RM&ICS ensured overall support of the risk management process and efficient internal control system, providing reasonable assurance that the Company would achieve its goals.



## Shareholder relations, key events in 2023

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

### Shareholder rights guaranteed by law



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

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

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

The Company offers equal and fair opportunities for its shareholders to exercise their legal rights by securing additional rights and procedures in the Charter and internal regulations, including the right to:



> receive part of the Company's profit as dividend;



> receive necessary information on the Company on a timely and regular basis;

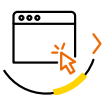






> participate in managing the Company's operations.

## Official channels of communication with shareholders

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

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

-  Shareholder's Personal Account on the [Company's website](#);
-  24 hour shareholder Hotline (a multichannel phone line to receive and handle calls): 8 (800) 500-11-00 (toll-free within Russia) and +7 (495) 987-30-60;
-  mailing address for letters: 26/1 Sofiyskaya Embankment, Moscow, 117997, Russia;
-  email for requests: [shareholders@rosneft.ru](mailto:shareholders@rosneft.ru);
-  fax: +7 (499) 517-86-53.

### Shareholder's Personal Account

The tool enables all Rosneft shareholders, regardless of where their shares are kept, to take part in the General Shareholders Meeting online: register, vote on the agenda items, review information for the meeting, and ask their questions to the speakers.

#### All Rosneft shareholders of record also can:

- > receive updates on their accounts in the register of shareholders online;
- > use the registrar's services remotely (request and receive certificates, extracts, and notices) and pay for them online;
- > monitor accrued dividends;
- > request and receive 2-NDFL earnings certificates in a convenient way;
- > exercise their rights in relation to several personal accounts within one session (one account).

Shareholders can log into their personal accounts at <https://lka.rosneft.ru>.

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

The rules governing the procedure of registering a personal account can be found on the website of Reestr-RN LLC or on the Company's website. Any questions concerning access to the Shareholder's Personal Account can be addressed to:

- > Reestr-RN LLC call centre by phone: +7 495 411-79-11 (email: [support@reestrn.ru](mailto:support@reestrn.ru));
- > Hotline for Rosneft shareholders at: 8-800-500-11-00 (toll-free within Russia) and +7 495 987-30-60, email: [shareholders@rosneft.ru](mailto:shareholders@rosneft.ru).

In 2023, the Corporate Governance Department handled 4,910 applications, including:

**3,867**  
phone calls

**452**  
letters

**212**  
emails

**379**  
requests claiming unpaid dividends for prior periods

Answers to frequently asked questions can be found on [the Company's website](#).

## Protecting shareholders' title to shares

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

The registrar, Reestr-RN LLC, registers holders of securities in Rosneft, more than 130 issuers within the Group, and over 1.4 thousand joint-stock companies from various industries.

Reestr-RN LLC has been operating in the registrar services market for over 20 years and consistently ranks among the top ten Russian registrars, records rights to shares of more than half a million security holders, actively develops digital customer services, and maintains a network of 13 branches and 45 transfer agent

offices, which operate in the regions where the majority of the Company shareholders reside.

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



[Resolutions of the General Shareholders Meeting](#)



[Regulation on Provision of Information to Rosneft Shareholders](#)



[Contact details of the registrar and its service offices](#)

## Corporate Secretary

The Corporate Secretary of Rosneft oversees the Company's compliance with applicable laws, as well as Rosneft's Charter and internal regulations ensuring execution of the rights and legal interests of the Company's shareholders and successful interaction with shareholders, supports the Board of Directors' performance, and refines corporate governance practices in line with shareholders' and other stakeholders' interests.

The Corporate Secretary reports to the Board of Directors and is appointed and dismissed by the Chief Executive Officer on the basis of the Board of Directors' resolution.

The Corporate Secretary acts as the Board of Directors secretary and the General Shareholders Meeting secretary.

As part of their function to ensure Rosneft's shareholder relations and prevent corporate conflicts, the Corporate Secretary coordinates activities to implement procedures required under the laws of Russia and Rosneft's internal regulations with a view to executing the rights and legal interests of shareholders and controlling the same, as well as overseeing the execution

of rights and property interests of shareholders in decision-making by Rosneft's governing bodies.

The Corporate Secretary engages in actions required to prevent abuse of rights by all the parties involved in corporate relations, identifies potential corporate conflicts early on, and steps in to prevent and resolve them.



# Dividend Policy

The Dividend Policy approved by the Board of Directors formalises the Company's key principles of, and approaches to, dividend payouts to shareholders and introduces transparent decision-making processes for paying out (declaring) dividends and determining their amount and payment procedure.

## Principles of the Dividend Policy:

- ensuring compliance with the requirements of the Russian laws, the Company's Charter and internal regulations when paying out (declaring) dividends;
- maximising the transparency of the dividend calculation process;
- increasing the Company's investment appeal;
- maintaining the balance of short- and long-term interests of shareholders;
- supporting shareholder commitment to improving the Company's profitability;
- ensuring that the dividend payout pattern comfortably reflects an increase in Rosneft's net profit.
- making dividend payments in a way most convenient for our shareholders;
- paying out dividends as soon as practicable;

In 2023, the Company discharged 99.98% of its obligation to pay out dividends. Dividends were paid to all shareholders of record, except for persons who failed to timely notify the issuer's registrar of changes in the data recorded on their profile.

The Company's Charter provides for a five-year period when shareholders may claim dividends declared but not paid due to missing address or banking details, which is longer than required by the applicable laws.

In 2023, the Extraordinary General Shareholders Meeting resolved to pay interim dividends. A total of RUB 326.1 bln was allocated by Rosneft to paying its interim dividends for the first half

of 2023, which represents 50% of the Company's IFRS net income attributable to Rosneft shareholders.

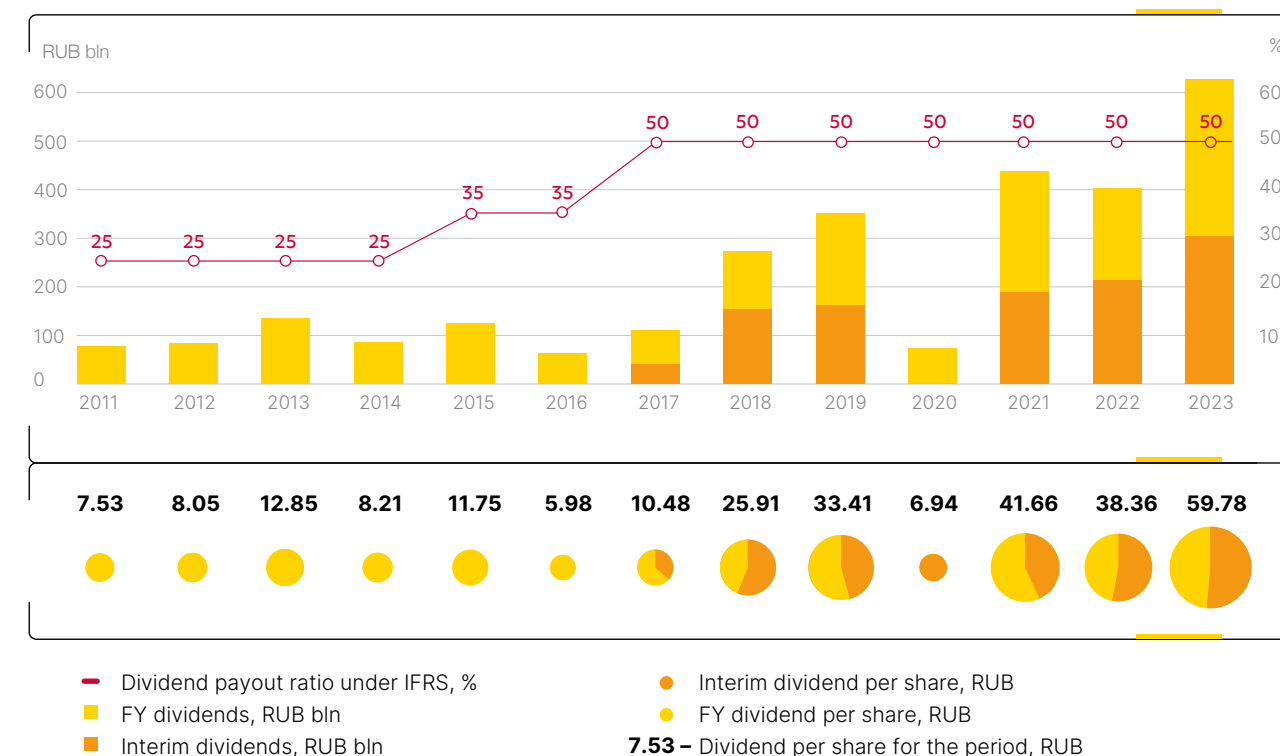
The interim dividends were not due as at 31 December 2023. On 23 May 2024, the Board of Directors recommended that the General Shareholders Meeting approve RUB 29.01 per share as dividend for FY2023.

The total amount of dividends recommended for FY2023, including the interim dividends

paid in 2024, is RUB 633.6 bln or RUB 59.78 per share<sup>1</sup>. The dividend payout ratio calculated as dividends divided by non-consolidated net income under RAS for 2023 is 95.5%, while the dividend payout ratio calculated as dividends divided by consolidated net income under IFRS is 50% of the Company's IFRS net income attributable to Rosneft shareholders.

The decision to pay dividends is made by the General Shareholders Meeting upon recommendation of the Board of Directors.

## Rosneft's dividend history



**RUB 406.5 bln**

paid by the Company in 2023 as dividend for 9M 2022 and FY2022



In 2023, the Company made no changes to its [Dividend Policy](#).

<sup>1</sup> Including the interim dividends and the dividends recommended by the Board of Directors to be approved at the Annual General Shareholders Meeting in 2024.

# Appendices

## Summary Consolidated Financial Statements of Rosneft Oil Company for the year ended 31 December 2023

### Independent auditor's report

To the Shareholders and Board of Directors of PJSC Rosneft Oil Company

#### Qualified opinion

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at 31 December 2023, the summary consolidated statement of profit or loss and summary consolidated statement of cash flows for the year then ended, and related notes are derived from the audited consolidated financial statements of PJSC Rosneft Oil Company and its subsidiaries (hereinafter collectively referred to as the "Company") for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards (the "audited consolidated financial statements").

Except for the effects of the matter described in the Basis for qualified opinion section, in our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the principles specified in Note 1 "Basis of preparation of the summary interim consolidated financial statements".

#### Basis for qualified opinion

The Company has not presented comparative information to the summary consolidated balance sheet, the summary consolidated statement of profit and loss, the summary consolidated statement of

cash flows and notes to the summary consolidated financial statements, which is inconsistent with the principles for preparing the summary consolidated financial statements.

#### Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

Audited consolidated financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 19 February 2024. That report also includes:

- > the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of

most significance in our audit of the financial statements of the current period.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the principles specified in Note 1 "Basis of preparation of the summary interim consolidated financial statements".

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which are conducted in accordance with International Standard on Auditing (ISA) 810 (Revised) Engagements to Report on Summary Financial Statements.

#### Starygina Natalia Gennadievna,

acting on behalf of TSATR – Audit Services Limited Liability Company on the basis of power of attorney w/o number dated 29 September 2022, partner in charge of the audit resulting in this independent auditor's report (main registration number 21906108494)

19 February 2024

#### Details of the auditor

Name: TSATR – Audit Services Limited Liability Company

Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

#### Details of the audited entity

Name: PJSC Rosneft Oil Company

Record made in the State Register of Legal Entities on 12 August 2002, State Registration Number 1027700043502.

Address: Russia 115035, Moscow, Sofiyskaya embankment, 26/1.



## Rosneft Oil Company Summary consolidated balance sheet

(in billions of Russian rubles)

	Notes	31 December 2023
<b>Assets</b>		
Current assets		3,839
<b>Non-current assets</b>		
Property, plant and equipment	5	12,639
Other non-current assets		2,309
<b>Total non-current assets</b>		<b>14,948</b>
<b>Total assets</b>		<b>18,787</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
		<b>4,832</b>
<b>Non-current liabilities</b>		
		<b>5,541</b>
<b>Equity</b>		
Share capital		1
Retained earnings	6	5,885
Other funds and reserves		2,528
<b>Total equity</b>		<b>8,414</b>
<b>Total liabilities and equity</b>		<b>18,787</b>

The accompanying notes to the summary consolidated financial statements are an integral part of these statements.

## Rosneft Oil Company Summary consolidated statement of profit or loss

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

	For the year ended 31 December 2023
<b>Revenues and equity share in profits of associates and joint ventures</b>	
Oil, gas, petroleum products and petrochemicals sales	8,990
Support services, other revenues, equity share in profit of associates and joint ventures	173
<b>Total revenues and equity share in profits of associates and joint ventures</b>	<b>9,163</b>
<b>Costs and expenses</b>	
Production and operating expenses	675
Depreciation, depletion, amortization and impairment	769
Taxes other than income tax	3,156
Other costs and expenses	2,381
<b>Total costs and expenses</b>	<b>6,981</b>
<b>Operating income</b>	<b>2,182</b>
Other expenses	(225)
<b>Income before income tax</b>	<b>1,957</b>
Income tax expense	(428)
<b>Net income</b>	<b>1,529</b>
<b>Net income attributable to Rosneft shareholders</b>	<b>1,267</b>
<b>Net income attributable to Rosneft shareholders, per common share (in RUB) – basic and diluted</b>	<b>133.37</b>
<b>Weighted average number of shares outstanding (millions)</b>	<b>9,500</b>

The accompanying notes to the summary consolidated financial statements are an integral part of these statements.

## Rosneft Oil Company Summary consolidated statement of cash flows

(in billions of Russian rubles)

	For the year ended 31 December 2023
<b>Operating activities</b>	
Net income	1,529
Adjustments to reconcile net income to net cash provided by operating activities	1,236
<b>Net cash provided by operating activities</b>	<b>2,765</b>
<b>Investing activities</b>	
Capital expenditures	(1,297)
Other proceeds from investing activities	104
<b>Net cash used in investing activities</b>	<b>(1,193)</b>
<b>Financing activities</b>	
Proceeds from loans and borrowings	873
Repayment of loans and borrowings	(1,439)
Other financing repayment	(971)
<b>Net cash used in financing activities</b>	<b>(1,537)</b>
<b>Net increase in cash and cash equivalents</b>	<b>35</b>

The accompanying notes to the summary consolidated financial statements are an integral part of these statements.

# Rosneft Oil Company. Notes to the summary consolidated financial statements.

## December 31, 2023

(all amounts in tables are in billions of Russian rubles, except as noted otherwise)

### 1. Basis of preparation

These summary consolidated financial statements were derived from consolidated financial statements of the Company for the year ended December 31, 2023, which were prepared in accordance with International Financial Reporting Standards. The summary financial statements were prepared with a purpose of presentation of consolidated financial position and consolidated financial results of the Company without causing damage to the Company and (or) its partners.

These summary consolidated financial statements consist of:

- › Summary consolidated balance sheet as of December 31, 2023;
- › Summary consolidated statement of profit or loss for the year ended December 31, 2023;
- › Summary consolidated statement of cash flows for the year ended December 31, 2023;
- › Notes to the summary consolidated financial statements.

These summary consolidated financial statements for the year ended December 31, 2023, contain information facilitating comprehension of the Company's activities by the users and do not disclose all the information presented in consolidated financial statements of the Company for the year ended December 31, 2023.

Decisions of the management on preparation of the summary consolidated financial statements as well as on the range of sensitive information were made with consideration of the following regulatory legal act #903 **On the temporary procedure for disclosing and providing information by some Russian business entities** dated November 27, 2023.

Furthermore, the following information was withdrawn from the summary consolidated financial statements: statement of other comprehensive income, statement of changes in equity, general information about the Company, information on capital and financial risk management, acquisition and disposals of subsidiaries and joint arrangements, segment information, personnel expenses, non-controlling interest, information about financial instruments, taxes, export customs duties, inventories, finance income and expenses, cash and cash equivalents, accounts receivable and payable, information on funds in settlements and sources of financing, on other non-financial assets and liabilities, on lease agreements, on intangible assets and goodwill, on investments in associates and joint ventures, pension benefit obligations, on related parties transactions, on key subsidiaries, on commitments and contingencies, as well as information on supplementary oil and gas disclosure (unaudited).

Comparative information for the year 2022 is not presented in these summary consolidated financial statements, as it is considered to be sensitive and has not been earlier disclosed for publication in accordance with decree of the Government of the Russian Federation #395 **On specifics of access to information, which is included in governmental informational resource of accounting (financial) statements, and on disclosure of consolidated financial statements** dated March 18, 2022.

**The basis of preparation and disclosure of these summary consolidated financial statements are as follows:**

These summary consolidated financial statements are intended to summarize and present aggregated

information of the consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of cash flows and do not include information on other comprehensive income and on changes in equity.

“Current assets” of the summary consolidated balance sheet includes cash and cash equivalents, restricted cash, other short-term financial assets, accounts receivable, bank loans granted, inventories, value added tax, excise and other taxes receivable, prepayments and other current assets.

“Other non-current assets” of the summary consolidated balance sheet includes right-of-use assets, intangible assets, other non-current financial assets, investments in associates and joint ventures, bank loans granted, deferred tax assets, goodwill and other non-current non-financial assets.

“Current liabilities” of the summary consolidated balance sheet includes accounts payable and accrued liabilities, loans and borrowings and other financial liabilities, income tax liabilities, other tax liabilities, current provisions, prepayments on long-term oil and petroleum products supply agreements and other current liabilities.

“Non-current liabilities” of the summary consolidated balance sheet includes loans and borrowings and other financial liabilities, deferred tax liabilities, non-current provisions, prepayments on long-term oil and petroleum products supply agreements and other non-current liabilities.

“Other funds and reserves” of the summary consolidated balance sheet includes treasury shares, additional

paid-in capital, reserve for foreign exchange differences on translation of foreign operations and other funds and reserves.

“Other costs and expenses” of the summary consolidated statement of profit or loss includes the cost of purchased oil, gas, petroleum products, goods for retail and refining costs, general and administrative expenses, transportation costs and other commercial expenses, exploration expenses, export customs duty.

“Other expenses” of the summary consolidated statement of profit or loss includes finance income, finance expenses, other income, other expenses, and foreign exchange differences.

“Other proceeds from investing activities” of the summary consolidated statement of cash flows includes the acquisition of short-term financial assets, proceeds from the sale of short term financial assets, acquisition of long term financial assets, proceeds from the sale of non-current financial assets, proceeds from the sale of subsidiaries, net of cash disposed, proceeds from sale of property, plant and equipment.

“Other financing repayment” of the summary consolidated statement of cash flows includes repayment of other financial liabilities, interest paid, dividends paid.

The summary consolidated financial statements for the year ended December 31, 2023 were approved and authorized for issue by management of the Company on February 19, 2024.

### 2. Significant accounting policies

The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in accordance with Russian accounting principles in that they reflect certain adjustments, not recorded in the Company's statutory books, which are appropriate for presenting the financial position, results of operations and cash flows

in accordance with IFRS. The principal adjustments relate to: (1) recognition of certain expenses; (2) valuation and depreciation of property, plant and equipment; (3) deferred income taxes; (4) impairment of assets; (5) accounting for the time value of money; (6) accounting for investments in oil and gas property and conveyances; (7) consolidation principles; (8) recognition and disclosure of guarantees, contingencies, commitments and certain other assets and liabilities; (9) business combinations and goodwill; (10) accounting for derivative financial instruments; (11) purchase price allocation to the identifiable assets acquired and the liabilities assumed.

The consolidated financial statements include assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries presented as those of a single economic entity. All significant intercompany transactions and balances have been eliminated. The equity method is used to account for investments in associates in which the Company has the ability to exert significant influence over the associates' operating and financial policies. Investments in entities where the Company holds the majority of shares, but control is exercised jointly with other participants, are also accounted for using the equity method. Investments in other companies are accounted for at fair value. Determination of the level of control or influence in the entities where the Company holds a share is carried out taking into account the powers established by the agreement in respect of the investment and the existing rights that provide the Company with the opportunity to manage significant activities at the present time.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The date of acquisition is the date when effective control over the acquiree passes to the Company.

The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling

interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability should be treated as measurement-period adjustments if they result from additional information about the facts and circumstances which existed at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability should be recognized within profit or loss for the period if they result from information about the facts and circumstances that occurred after the acquisition date. If the contingent consideration is classified as equity, it should not be re-measured.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If the aggregate of the consideration transferred and the amount of non-controlling interest is lower than the fair value of the net assets of the subsidiary acquired and liabilities assumed, the difference is recognized in profit or loss for the period.

From the date of initial recognition, goodwill is measured at initial cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to the Company's cash-generating units, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

If the Company disposes of a part of a cash generating unit, the goodwill associated with the part disposed of shall be included in the carrying



amount of this part when determining the gain or loss on disposal; the above mentioned part of goodwill to be disposed of shall be measured on the basis of the relative values of the part disposed of and the total value of the cash generating unit.

The Company reassesses whether it controls the investees when facts and circumstances indicate that there are changes to one of the three elements of control.

### Associates

Investments in associates are accounted for using the equity method unless they are classified as non-current assets held for sale. Under this method, the carrying value of investments in associates is initially recognized at the acquisition cost.

The carrying value of investments in associates is increased or decreased by the Company's reported share in the profit or loss and other comprehensive income of the investee after the acquisition date. The Company's share in the profit or loss and other comprehensive income of an associate is recognized in the Company's consolidated statement of profit or loss or in the consolidated statement of comprehensive income, respectively. Dividends paid by the associate are accounted for as a reduction of the carrying value of investments.

The Company's net investments in associates include the carrying value of the investments in these associates as well as other long-term investments that, in substance, form part of the Company's net investments in associates. For example, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the Company's investment in that associate. Such items may include preference shares and long-term receivables or loans, but do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists, such as secured loans. If the share in losses exceeds the carrying value of the investments in associates and the value of other long-term investments related to investments in these associates, the Company ceases to recognize its share in

losses when the carrying value reaches zero. Any additional losses are provided for and liabilities are recognized only to the extent that the Company has legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently makes profits, the Company resumes recognizing its share in these profits only after its share of the profits equals the share of losses not recognized.

The carrying value of investments in associates is tested for impairment by reconciling its recoverable amount (the higher of its value in use and fair value less costs to sell) to its carrying value, whenever impairment indicators are identified.

### Joint arrangements

The Company participates in joint arrangements either in the form of joint ventures or joint operations.

A joint venture implies that the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture involves establishing a legal entity where the Company and other participants have respective equity interests. Equity interests in joint ventures are accounted for under the equity method, as described above in respect of associates.

The Company's share in net profit or loss and in other comprehensive income of joint ventures is recognized in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income, respectively, from the date when joint control commences until the date when joint control ceases. A joint operation implies that the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in a joint operation the Company recognizes its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, and expenses, including its share of any expenses incurred jointly.

### Cash and cash equivalents

Cash represents cash on hand, in the Company's bank accounts, in transit and interest-bearing deposits which can be effectively withdrawn at any time without prior notice or any penalties reducing the principal amount of the deposit. Cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash and have original maturities of three months or less from their date of purchase. They are carried at cost plus accrued interest, which approximates fair value. Restricted cash is presented separately in the consolidated balance sheet if its amount is significant.

### Financial assets

The Company recognizes financial assets in its balance sheet when, and only when, it becomes a party to the contractual provisions of the financial instrument. When financial assets are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e. the fair value of consideration paid.

When financial assets are recognized initially, they are classified as one of the following, as appropriate:

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income; or
- (3) Financial assets at amortised cost.

The Company classifies financial assets on the basis of both the Company's business model for managing the financial assets, as well as the contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular instruments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. In particular, the Company classifies shares of other companies, which

are not included in the category of measured at fair value through profit or loss, as financial assets at fair value through other comprehensive income.

All derivative instruments are recorded in the consolidated balance sheet at fair value in either current financial assets, non-current financial assets, current liabilities related to derivative instruments, or non-current liabilities related to derivative instruments. The recognition and classification of a gain or loss that results from recognition of an adjustment of a derivative instrument at fair value depends on the purpose for issuing or holding the derivative instrument. Gains and losses from derivatives that are not accounted for as hedges under International Financial Reporting Standard ("IFRS") 9 Financial Instruments are recognized immediately in the profit or loss for the period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the fair value of financial assets at fair value that are quoted in an active market is defined as bid prices for assets and ask prices for issued liabilities as of the measurement date.

If no active market exists for financial assets, the Company measures the fair value using the following methods:

- › Analysis of recent transactions with peer instruments between independent parties;
- › Current fair value of similar financial instruments;
- › Discounting future cash flows.

The discount rate reflects the minimum return on investment an investor is willing to accept before starting an alternative project, given its risk and the opportunity cost of forgoing other projects.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that

are solely payments of principal and interest on the principal amount outstanding.

Examples of financial assets that may fall into this category are loans given, accounts receivable, bonds and notes issued by 3rd parties, which are not quoted at active market – if they fulfill the requirements set above.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Dividends and interest income are recognized in the consolidated statement of profit or loss on an accrual basis. The amount of accrued interest income is calculated using the effective interest rate.

Upon de-recognition of debt financial assets (bonds, notes etc.) classified as financial instruments at fair value through other comprehensive income, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss. In case of equity financial assets (shares, stocks etc.), classified as financial instruments at fair value through other comprehensive income, such cumulative gain or loss shall never be subsequently transferred to profit or loss.

Interest income as a component of finance income is disclosed in the notes to financial statements separately for each category of financial assets.

Regular way purchases and sales of financial assets are accounted for at trade date.

### Financial liabilities

The Company recognizes financial liabilities on its balance sheet when, and only when, it becomes a party

to the contractual provisions of the financial instrument. When financial liabilities are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e. the fair value of consideration received.

When financial liabilities are recognized initially, they are classified as one of the following:

- › Financial liabilities at fair value through profit or loss;
- › Other financial liabilities.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated at this category upon initial recognition.

The Company may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted by IFRS standards and when doing so results in more relevant information.

Financial liabilities not classified as financial liabilities at fair value through profit or loss are designated as other financial liabilities. Other financial liabilities include, inter alia, trade and other accounts payable, and loans and borrowings payable.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss in the consolidated statement of profit or loss. Other financial liabilities are carried at amortized cost.

The Company removes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying value of a financial liability (or a part of a financial liability) extinguished or transferred to another party and the redemption value, including any transferred non-monetary assets and assumed liabilities, is recognized in profit or loss.

Cash flows from the operating activities of subsidiary banks are included within operating activities of the Consolidated Statement of Cash Flows. Operating

liabilities of subsidiary banks, including interbank loans, customer deposits, promissory notes and REPO obligations, are included within Accounts payable and accrued liabilities.

**Earnings per share**

Basic earnings per share is calculated by dividing net earnings attributable to common shares by the weighted average number of common shares outstanding during the corresponding period. In the absence of any securities-to-shares conversion transactions, the amount of basic earnings per share stated in these consolidated financial statements is equal to the amount of diluted earnings per share.

**Treasury shares**

Treasury shares are outstanding Treasury shares purchased from the shareholders. Treasury shares are presented in the consolidated balance sheet as a deduction from equity at cost of repurchase.

**Inventories**

Inventories consisting primarily of crude oil, petroleum products, petrochemicals and materials and supplies are accounted for at the weighted average cost by subsidiaries unless net realizable value is less than cost. Materials that are used in production are not written down below cost if the finished products into which they will be incorporated are expected to be sold above cost.

**Repurchase and resale agreements**

Securities sold under repurchase agreements (“REPO”) and securities purchased under agreements to resell (“reverse REPO”) generally do not constitute a sale of the underlying securities for accounting purposes, and so are treated as collateralized financing transactions. Interest paid or received on all REPO and reverse REPO transactions is recognized in Finance expense or Finance income, respectively, and calculated using the effective interest method.

**Exploration and production assets**

Exploration and production assets include exploration and evaluation assets, mineral rights and oil and gas properties (development assets and production assets).

**Exploration and evaluation costs**

The Company recognizes exploration and evaluation costs using the successful efforts method as permitted by IFRS 6 **Exploration for and Evaluation of Mineral Resources**. Under this method, costs related to exploration and evaluation (license acquisition costs, exploration and appraisal drilling) are temporarily capitalized in cost centers by field (well) until the drilling program results in the discovery of economically feasible oil and gas reserves.

The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed to Exploration expenses in the consolidated statement of profit or loss.

Exploration and evaluation costs, except for costs associated with 2D-seismic, topographical, geological, and geophysical surveys, are initially capitalized as exploration and evaluation assets. Exploration and evaluation assets are recognized at cost less impairment, if any, as property, plant and equipment until the existence (or absence) of commercial reserves has been established. The initial cost of exploration and evaluation assets acquired through a business combination is formed as a result of purchase price allocation. The cost allocation to mineral rights for proved properties and mineral rights for unproved properties is performed based on the respective oil and gas reserves information. Exploration and evaluation assets are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value

from the discovery. When indicators of impairment are present, an impairment test is performed.

If, subsequently, commercial reserves are discovered, the carrying value, less losses from impairment of the respective exploration and evaluation assets, is classified as oil and gas properties (development assets). However, if no commercial reserves are discovered, such costs are expensed after exploration and evaluation activities have been completed.

**Development and production**

Oil and gas properties (development assets) are accounted for on a field-by-field basis and represent (1) capitalized costs to develop discovered commercial reserves and to put fields into production, and (2) exploration and evaluation costs incurred to discover commercial reserves reclassified from exploration and evaluation assets to oil and gas properties (development assets) following the discovery of commercial reserves.

The cost of oil and gas properties (development assets) also includes the expenditures to acquire such assets, directly identifiable overhead expenses, capitalized financing costs and related asset retirement (decommissioning) obligation costs. Oil and gas properties (development assets) are generally recognized as construction in progress.

Following the commencement of commercial production, oil and gas properties (development assets) are reclassified as oil and gas properties (production assets).

**Other property, plant and equipment**

Other property, plant and equipment is stated at historical cost as of the acquisition date, except for property, plant and equipment acquired prior to January 1, 2009, which is stated at deemed cost, net of accumulated depreciation and impairment. The cost of maintenance, repairs, and the replacement of minor items of property is charged to operating expenses. Renewals and betterments of assets are capitalized.

Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are included in profit or loss.

**Depreciation, depletion and amortization**

Components of other property, plant and equipment and their respective estimated useful lives are as follows:

Property, plant and equipment	Useful life, not more than
Buildings and structures	30-45 years
Plant and machinery	5-25 years
Vehicles and other property, plant and equipment	6-10 years
Service vessels	20 years
Offshore drilling assets	20 years

Land generally has an indefinite useful life and is therefore not depreciated.

**Intangible assets (excl. goodwill)**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**Construction grants**

The Company recognizes construction grants from local governments when there is a reasonable assurance that the Company will comply with the conditions attached and that the grant will be received. The construction grants are accounted for as a reduction of the cost of the asset for which the grant is received.

Oil and gas properties are depleted using the unit-of-production method on a field-by-field basis starting from the commencement of commercial production.

In applying the unit-of-production method to mineral licenses, the depletion rate is based on total proved reserves. In applying the unit-of-production method to producing

wells and the related oil and gas infrastructure, the depletion rate is based on proved developed reserves.

Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives from the time they are ready for use, except for catalysts which are amortized using the unit-of-production method.

**Impairment of non-current assets**

The Company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

In assessing whether there is any indication that an asset may be impaired, the Company considers internal and external sources of information. It considers at least the following:

- External sources of information:
- › During the period, an asset’s market value has declined significantly more than would be expected as a result of the passage of time or normal use;
  - › Significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
  - › Market interest rates or other market rates of return on investments have increased during

the period, and those increases are likely to affect the discount rate used in calculating an asset’s value in use and decrease the asset’s recoverable amount materially;

- › The carrying amount of the net assets of the Company is more than its market capitalization.

- Internal sources of information:
- › Evidence is available of obsolescence or physical damage of an asset;
  - › Significant changes with an adverse effect on the Company have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used (e.g., the asset becoming idle, or the useful life of an asset is reassessed as finite rather than indefinite);
  - › Information on dividends from a subsidiary, joint venture or associate;
  - › Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. Such evidence includes the existence of:
    - Cash flows on acquiring the asset, or subsequent cash needs for operating



or maintaining it, that are significantly higher than those originally budgeted;

- Actual net cash flows or operating profit or loss flowing from the asset that are significantly worse than those budgeted;
- A significant decline in budgeted net cash flows or operating profit, or a significant increase in budgeted losses, flowing from the asset;
- Operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

The following factors indicate that exploration and evaluation assets may be impaired:

- › The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- › Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- › Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area;
- › Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of an asset or a cash-generating unit is the higher of:

- › The value in use of an asset (cash-generating unit); and
- › The fair value of an asset (cash-generating unit) less costs to sell.

If the asset does not generate cash inflows that are largely independent of those from other assets, its recoverable amount is determined for the asset's cash-generating unit.

The Company initially measures the value in use of a cash-generating unit. When the carrying amount of a

cash-generating unit is greater than its value in use, the Company measures the unit's fair value less costs of disposal for the purpose of measuring the recoverable amount. When the fair value is less than the carrying value an impairment loss is recognized.

Value in use is determined by discounting the estimated value of the future cash inflows expected to be derived from the asset or cash-generating unit, including cash inflows from its sale. The value of the future cash inflows from a cash-generating unit is determined based on the forecast approved by management of the business unit to which the unit in question pertains.

### Impairment of financial assets

At each balance sheet date the Company recognizes an allowance for expected credit losses on a financial asset measured at amortised cost, and at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply. Requirements of IFRS 9 concerning impairment do not apply to equity instruments of any category as well as to the instruments at fair value through profit or loss.

Expected credit losses for significant counterparties, including banks, are determined based on credit rating of particular counterparty and relevant probability of default.

The allowance for financial asset at amortised cost is recognized in profit or loss in correspondence with a balance sheet account reducing the carrying amount of the financial asset. The allowance for financial assets at fair value through other comprehensive income shall be recognized in other funds and reserves and shall not reduce the carrying amount of the financial asset in the statement of financial position.

### Capitalized interest

Interest expense on borrowed funds used for capital construction projects and the acquisition of property, plant and equipment is

capitalized provided that the interest expense could have been avoided if the Company had not made capital investments. Interest is capitalized only during the period when construction activities are actually in progress and until the resulting properties are put into operation.

Capitalized borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

### Leasing agreements

In respect of the contracts (or separate components of a contract), which convey to the Company the right to control the use of an identified asset (as it is determined in IFRS 16 **Lease**) for a period of time in exchange for consideration, the Company recognizes a right-of-use asset and a lease liability at the commencement date. Non-lease components of the contract are accounted for in accordance with other relevant IFRS.

In accordance with requirements of IFRS 16 **Lease** para 3-8, the Company does not apply the Standard to leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources and to leases of wells, to short-term leases (taking into consideration economically feasible prolongations), as well as to leases for which the underlying asset is of low value (less kRUB 300).

The Company determines the lease term as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate, as interest rate implicit in the lease, as a rule, cannot be readily determined. As the finance function lays predominantly within the parent company, incremental

borrowing rates are calculated centrally, except for the banks of the Group and cases of direct financing of the subsidiaries.

At the commencement date, the Company measures the right-of-use asset at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease payments are evenly distributed between finance expenses and a decrease of a lease liability so that a constant periodic rate of interest is produced on the remaining balance of the lease liability. Finance expenses are recognized in the consolidated statement of profit or loss.

In respect of subsequent accounting for a leased property the same accounting policies are applied as for the owned assets, e.g. depreciation policy.

### Asset retirement (decommissioning) obligations

The Company has asset retirement (decommissioning) obligations associated with its core business activities.

The Company's exploration, development and production activities involve the use of wells, related equipment and operating sites, oil gathering and treatment facilities, tank farms and in-field pipelines.

Generally, licenses and other regulatory acts require that such assets be decommissioned upon the completion of production. According to these requirements, the Company is obliged to decommission wells, dismantle equipment, restore the sites and perform other related activities. The Company's estimates of

these obligations are based on current regulatory or license requirements, as well as actual dismantling and other related costs. These liabilities are measured by the Company using the present value of the estimated future costs of decommissioning of these assets. The discount rate is selected at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability.

In accordance with IFRS Interpretations Committee ("IFRIC") Interpretation 1 **Changes in Existing Decommissioning, Restoration and Similar Liabilities**, the provision is reviewed at each balance sheet date as follows:

- › Upon changes in the estimates of future cash flows (e.g., the costs of and timeframe for abandoning one well) or the discount rate, changes in the amount of the liability are included in the cost of the item of property, plant, and equipment, whereby such cost may not be negative and may not exceed the recoverable value of the item of property, plant, and equipment;
- › Any changes in the liability due to its nearing maturity (change in the discount) are recognized in Finance expenses.

The Company's refining and distribution activities involve refining operations, marine and other distribution terminals, and retail sales. The Company's refining operations consist of major petrochemical operations and industrial complexes. Legal or contractual asset retirement (decommissioning) obligations related to petrochemical, oil refining and distribution activities are not recognized due to the limited history of such activities in these segments, the lack of clear legal requirements as to the recognition of obligations, as well as the fact that decommissioning periods for such assets are not determinable.

Because of the reasons described above, the fair value of an asset retirement (decommissioning) obligation in the refining and distribution segment cannot be reasonably estimated.

Due to continuous changes in the Russian regulatory and legal environment, there could be future

changes to the requirements and contingencies associated with the retirement of long-lived assets.

### Income tax

Since 2012 Russian tax legislation had allowed income taxes to be calculated on a consolidated basis. The main subsidiaries of the Company were therefore combined into a consolidated group of taxpayers. For subsidiaries which were not included in the consolidated group of taxpayers, income tax was calculated on an individual subsidiary basis. In accordance with the provisions of the Tax Code of the Russian Federation, starting from January 1, 2023, the institution of consolidated groups of taxpayers ceased to operate.

Deferred income tax assets and liabilities are recognized in the accompanying consolidated financial statements in the amount determined by the Company in accordance with IAS 12 **Income Taxes**. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- › The initial recognition of goodwill;
- › The initial recognition of an asset or liability in a transaction which:
  - Is not a business combination;
  - At the time of the transaction, affects neither accounting profit, nor taxable profit (tax loss); and
  - At the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- › Investments in subsidiaries when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A prior period tax loss planned to be used to reduce the current or future amount of income tax is recognized as a deferred tax asset.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can

be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- › Is not a business combination;
- › At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- › At the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

The Company recognizes deferred tax assets for all deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, to the extent that the following two conditions are met:

- › The temporary difference will reverse in the foreseeable future; and
- › Taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority of the same jurisdiction and the Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are classified as Non-current Deferred tax assets and Non-current Deferred tax liabilities, respectively. Deferred tax assets and liabilities are not discounted.

### Recognition of revenues

Revenues are recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset, which usually occurs when the title is passed, provided that the contract price is fixed or determinable and collectability of the amount of the consideration is probable. Specifically, domestic sales of crude oil and gas, as well as petroleum products and materials are usually recognized when title passes. For export sales, title generally passes at the border of the Russian Federation. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, volume rebates and reimbursable taxes.

Sales of support services are recognized as services are performed provided that the service price can be determined and no significant uncertainties regarding the receipt of revenues exist.

### Transportation expenses

Transportation expenses recognized in the consolidated statement of profit or loss represent all expenses incurred by the Company to transport crude oil for refining and to end customers, and to deliver petroleum products from refineries to end customers (these may include pipeline tariffs and any additional railroad transportation costs, handling costs, port fees, sea freight and other costs).

### Refinery maintenance costs

The Company recognizes the costs of overhauls and preventive maintenance performed with respect to oil refining assets as expenses when incurred.

### Environmental liabilities

Expenditures that relate to an existing condition caused by past operations, and do not have a future economic benefit, are expensed. Liabilities for these expenditures are recorded when environmental

assessments or clean ups are probable and the costs can be reasonably estimated.

### Accounting for contingencies

Certain conditions may exist as of the date of these consolidated financial statements which may further result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management makes an assessment of such contingent liabilities which is based on assumptions and is a matter of opinion. In assessing loss contingencies relating to legal or tax proceedings that involve the Company or unasserted claims that may result in such proceedings, the Company, after consultation with legal or tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

Provisions and contingent liabilities do not constitute finally asserted legal obligations of PJSC Rosneft Oil Company.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve financial guarantees, in which case the nature of the guarantee would be disclosed. However, in some instances in which disclosure is not otherwise required, the Company may disclose contingent liabilities or other uncertainties of an unusual nature which, in the judgment of management after consultation with its legal or tax counsel, may be of interest to shareholders or others.

### Taxes collected from customers and remitted to governmental authorities

Refundable taxes (excise and value-added tax ("VAT")) are deducted from revenues. Other taxes and duties are not deducted from revenues and are recognized as expenses in Taxes other than income tax in the consolidated statement of profit or loss.

VAT and excise receivable and payable are recognized as Value added tax, excise and other taxes receivable and Other tax liabilities in the consolidated balance sheet, respectively.

### Excises non-refundable by customers

Excises non-refundable by customers are presented within Taxes other than income tax in the consolidated statement of profit or loss. The expenses mentioned above are decreased by reverse excise on petroleum crudes.

### Tax on additional income (AIT)

AIT is recognized as an expense within Taxes other than income tax in the consolidated statement of profit or loss, as the management of the Company perceives AIT as a tax related to extraction activities.

### Functional and presentation currency

The consolidated financial statements are presented in Russian rubles, which is the functional currency of Rosneft Oil Company and the majority of its subsidiaries operating in the Russian Federation. The functional currency of the foreign subsidiaries is generally the U.S. dollar.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange

gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the profit or loss for the period.

Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities designated as foreign currency cash flow hedging instruments are recognized within other comprehensive income and reclassified to profit or loss in the period when the hedged item affects profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The results and financial position of all of the Company's subsidiaries, joint ventures and associates that have a functional currency which is different from the presentation currency are translated into the presentation currency as follows:

- › Assets and liabilities for each balance sheet presented are translated at the closing rate at that reporting date;
- › Income and expenses for each statement of profit or loss and each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- › All resulting exchange differences are recognized as a separate component of comprehensive income.

### Prepayment on oil and petroleum products supply agreements

In the ordinary course of business, the Company enters into long-term oil supply contracts. The contract terms may require the buyer to make a prepayment.

The Company considers long-term oil supply contracts to be regular-way sale contracts entered into and continued to be held for the purpose of the receipt or delivery of non-financial items in accordance with the Company's expected purchase, sale or usage requirements. Regular-way sale contracts are exempted from the scope of IAS 32 **Financial Instruments: Presentation and IFRS 9 Financial Instruments**.

Conditions for meeting the definition of a regular-way sale are not met if either of the following applies:

- › The ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the Company has a practice of settling similar contracts net in cash or via another financial instrument or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);
- › For similar contracts, the Company has a practice of taking delivery of the underlying goods and selling them within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or from a dealer's margin.

Prepayments received for the delivery of goods or respective deferred revenue are accounted for as non-financial liabilities because the outflow of economic benefits associated with them is the delivery of goods and services rather than a contractual obligation to pay cash or another financial asset.

### Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of a new standard and amendments to existing standards effective as of January 1, 2023:

- › **IFRS 17 Insurance Contracts.** IFRS 17 establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures. The new standard replaces IFRS 4 Insurance Contracts;



- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.** The amendments introduce a new definition of “accounting estimates”. The amendments also clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors;
- Amendments to IAS 1 Presentation of Financial Statements.** The amendments provide guidance and examples of application of materiality judgements to accounting policy disclosures;
- Amendments to IAS 12 Income Taxes, named Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction.** The amendments clarify that initial recognition exception under IAS 12 does not apply to such transactions as recognition of leases and decommissioning obligations;
- Amendments to IAS 12 Income Taxes, issued in connection with International Tax Reform** related to introduction of the global minimum tax on the income of large multinational groups (Pillar Two model rules). The amendments introduced a temporary exemption to the accounting and disclosures for deferred taxes, arising on implementation of the new tax legislation; also the amendments introduced targeted disclosure requirements. (The amendments became effective immediately on publication, in May’ 23).

The new standard and amendments mentioned above did not have a material impact on the consolidated financial statements.

**Changes in presentation of settlements with state budget in the Consolidated balance sheet**

Federal law **On Introducing Changes in Part I and II of the Tax Code of the Russian Federation** dated July 14, 2022 #263-FZ presumes introduction of a new system for the purposes of management of tax and fees payments beginning January 1, 2023.

The law introduces a new tax mechanism in a form of a Single Tax account (STA), which provides opening a single

account for every taxpayer within the Federal Treasury; this STA will be used for the purposes of payment of a single tax payment (STP), covering all taxes and fees accrued by a taxpayer during current (tax) period. STP does not presume identification of particular taxes / fees / other payments to budget. As a result of adopted changes, settlements with budget in the Consolidated balance sheet as of December 31, 2023 are presented on a net basis within each legal entity. Nevertheless, the balance for income tax is presented separately in accordance with requirements of IAS 1 and IAS 12.

**3. Significant accounting judgements, estimations and assumptions**

The preparation of consolidated financial statements requires management to make a number of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The actual results, however, could differ from those estimates.

The most significant accounting estimates and assumptions used by the Company’s management in preparing the consolidated financial statements include:

- Estimation of oil and gas reserves;
- Estimation of rights to, recoverability and useful lives of non-current assets;
- Impairment of goodwill, fixed assets and right-of-use assets;
- Estimated credit losses for accounts receivable;
- Assessment of asset retirement (decommissioning) obligations;
- Assessment of legal, tax contingencies, guarantees, recognition and disclosure of contingent liabilities;
- Assessment of deferred income tax assets and liabilities;
- Assessment of environmental remediation obligations;
- Fair value measurements;
- Purchase price allocation to the identifiable assets acquired and the liabilities assumed;
- Treatment of certain taxes as income taxes, production taxes or other taxes, e.g. treatment of the tax on additional income.

Significant estimates and assumptions affecting the reported amounts are those used in determining the economic recoverability of reserves.

Such estimates and assumptions may change over time when new information becomes available, e.g.:

- More detailed information on reserves was obtained (either as a result of more detailed engineering calculations or additional exploration drilling activities);
- Supplemental activities to enhance oil recovery were conducted;
- Changes were made in economic estimates and assumptions (e.g. a change in pricing factors).

**4. New and amended standards and interpretations issued but not yet effective**

In January 2020, the IASB issued amendments to IAS 1 **Presentation of Financial Statements** named **Classification of Liabilities as Current or Non-current**. The amendments clarify requirements for classifying liabilities as current or non-current. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements, as the Company already applies criteria set by the amendments.

In September 2022, the IASB issued narrow-scope amendments to IFRS 16 **Leases** related to lease liability in a sale and leaseback. The amendments require from the seller-lessee to measure lease liability arising from leaseback in such a way, that no profit or loss is recognised in respect of the right-of-use retained. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In October 2022, the IASB issued amendments to IAS 1 **Presentation of Financial Statements** named **Non-current Liabilities with Covenants**. The amendments presume that liability is classified as non-current if the company has a substantial right to defer settlement for at least 12 months after

the reporting date. The amendments clarify the criteria of classification (incl. that “future” covenants as well as management intentions do not affect classification as of the reporting date) and require certain additional disclosures. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In May 2023, the IASB issued amendments to IAS 7 **Statement of Cash Flows** and IFRS 7 **Financial Instruments: Disclosures** named **Supplier Finance Arrangements**. The amendments clarify the influence

of supplier finance arrangements on liabilities, cash flows, exposure to liquidity risk and risk management. Also the amendments presume certain additional disclosures. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In August 2023, the IASB issued amendments to IAS 21 **The Effects of Changes in Foreign Exchange Rates** named **Lack of Exchangeability**. The amendments clarify when the currency is not exchangeable into the other currency, the order of estimation of the spot exchange rate when the

currency is not exchangeable, and sets the requirements for the related disclosures. The amendments are effective on or after January 1, 2025; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

The Company does not plan for early adoption in respect of above-mentioned new standards and amendments to existing standards to which this option is available, except for the amendment named Classification of Liabilities as Current or Non-current, as the Company already applies criteria set by these amendments.

**5. Property, plant and equipment**

	<b>Total</b>
<b>Cost as of January 1, 2023 (restated)</b>	<b>16,276</b>
Depreciation, depletion and impairment as of January 1, 2023 (restated)	(5,026)
<b>Net book value as of January 1, 2023 (restated)</b>	<b>11,250</b>
Prepayments for property, plant and equipment as of January 1, 2023	343
<b>Total as of January 1, 2023 (restated)</b>	<b>11,593</b>
<b>Cost</b>	
Additions	1,698
Disposals and other movements	(60)
Foreign exchange differences	293
Changes in cost of asset retirement (decommissioning) obligations	(68)
<b>As of December 31, 2023</b>	<b>18,139</b>
<b>Depreciation, depletion and impairment</b>	
Depreciation, depletion and impairment	(761)
Disposals and other movements	32
Foreign exchange differences	(55)
<b>As of December 31, 2023</b>	<b>(5,810)</b>
<b>Net book value as of December 31, 2023</b>	<b>12,329</b>
Prepayments for property, plant and equipment as of December 31, 2023	310
<b>Total as of December 31, 2023</b>	<b>12,639</b>

**6. Shareholders’ equity**

On June 30, 2023 the Annual General Shareholders’ Meeting approved dividends on the Company’s common shares for 2022 in the amount of RUB 17.97 per share, which comprised RUB 170.7 billion (excluding dividends related to treasury shares).

On December 22, 2023 the Extraordinary General Shareholders Meeting approved payment of interim dividends on the Company’s common shares from the consolidated net income attributable

to Rosneft shareholders for the first half of 2023 in the amount of RUB 30.77 per share, which comprises RUB 292 billion (excluding dividends related to treasury shares).

**PJSC Rosneft Oil Company**

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

This report on compliance with the principles and recommendations of the Corporate Governance Code (the Report) was reviewed by Rosneft’s Board of Directors at a meeting held on 23 May 2024 (Minutes No. 18 dated 27 May 2024) as part of the 2023 Annual Report.

The Board of Directors certifies that this Report contains complete and reliable information on Rosneft’s compliance with the principles and recommendations of the Corporate Governance Code in 2023.

Rosneft assesses its compliance with the Corporate Governance Code as per the guidelines recommended by the Bank of Russia in Letter No. IN-06–28/102 on Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint-Stock Company dated 27 December 2021. Key aspects of the Company’s corporate governance model and practice are outlined in Section Corporate governance of Rosneft’s 2023 Annual Report.

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status <sup>1</sup> of compliance with a corporate governance principle	Explanations <sup>2</sup> on the failure to meet criteria for compliance with a corporate governance principle
<b>1.1. The Company shall ensure equitable and fair treatment of all shareholders exercising their right to participate in managing the Company</b>				
1.1.1	The Company provides the best possible conditions for shareholders to participate in General Shareholders Meetings, make informed decisions on agenda items, coordinate their actions and express their opinions on matters under consideration	<p>1. The Company provides an easily accessible communication channel, such as a hotline, email or online forum, for shareholders to express their opinions and put questions regarding the agenda in preparation for a General Shareholders Meeting.</p> <p>The Company provided such communication channels and made them available to shareholders before every General Shareholders Meeting held in the reporting period</p>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	<p>To maintain effective relations with shareholders, Rosneft provides the following communication channels: a shareholder hotline, mail and email, fax.</p> <p>The Company does not consider setting up a dedicated online forum, as it has other communication channels in place, as well as provides for the opportunity to discuss agenda items at General Shareholders Meetings and, if relevant, using Rosneft’s social networks, which are mentioned on Rosneft’s official website</p>
1.1.2	The procedure to notify shareholders of a General Shareholders Meeting and provide them with relevant materials enables them to get well-prepared	<p>1. In the reporting year, the notice of a General Shareholders Meeting was posted (published) on the Company’s website at least 30 days prior to the date of the Meeting, unless the applicable law established a longer period.</p> <p>2. The notice specified the documents required for admission to the Meeting venue.</p> <p>3. Shareholders were informed about the persons who proposed agenda items and nominated candidates to the Company’s Board of Directors and Audit Commission (if the Company’s Charter required establishing such Commission)</p>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
1.1.3	When preparing for and participating in a General Shareholders Meeting, shareholders have unrestricted and timely access to any relevant information and materials, and are able to put questions to the Company’s executive bodies and directors, as well as communicate with one another	<p>1. In the reporting period, shareholders had the opportunity to put questions to the Company’s executive bodies and directors both before and during the General Shareholders Meeting.</p> <p>2. The Board of Directors’ opinions (including dissenting opinions (if any) recorded in the minutes) on each of the agenda items of the General Shareholders Meetings held in the reporting period were added to the Meeting materials.</p> <p>3. The lists of persons entitled to participate in each General Shareholders Meeting in the reporting period were made available to the shareholders eligible to review such lists as soon as the Company received those</p>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

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

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

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
1.1.4	There are no unjustified difficulties preventing shareholders from exercising their rights to convene a General Shareholders Meeting, nominate candidates to the governing bodies and propose items for the agenda	<ol style="list-style-type: none"> <li>The Charter enables shareholders to propose items for the agenda of the Annual General Shareholders Meeting during at least 60 days after the end of the respective calendar year.</li> <li>In the reporting period, the Company rejected no item proposed for the agenda and no candidate to the Company's bodies due to misprints or other minor flaws in shareholders' proposals</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
1.1.5	Each shareholder is able to exercise their voting right without hindrance, in the simplest and most convenient way	<ol style="list-style-type: none"> <li>The Company's Charter enables shareholders to fill out an electronic voting ballot on the website specified in the notice of a General Shareholders Meeting</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
1.1.6	The procedure for holding a General Shareholders Meeting established by the Company provides all persons present at the Meeting with equal opportunities to express their opinions and ask questions	<ol style="list-style-type: none"> <li>In the reporting period, sufficient time for reporting on and discussing agenda items was provided at General Shareholders Meetings held in the form of a meeting (joint presence of shareholders), with shareholders having an opportunity to express their opinions and ask questions on agenda items.</li> <li>The Company extended invitations to the candidates nominated to the Company's governing and supervisory bodies and took all the necessary steps to make sure they participate in the General Shareholders Meeting convened to vote on their candidacies. During the Meeting, candidates to the Company's governing and supervisory bodies were available for questions from the shareholders.</li> <li>The sole executive body, the officer in charge of accounting, the Chairman or other members of the Board's Audit Committee were all available for questions from the shareholders during the General Shareholders Meetings held in the reporting period.</li> <li>In the reporting period, the Company used telecommunications equipment to provide shareholders with remote access to participate in the General Shareholders Meetings, or the Board of Directors made a well-informed decision to abstain from using such equipment in the reporting period due to its irrelevance (unavailability)</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	Explanation on items 1–3: no General Shareholders Meetings were held in the form of a meeting (joint presence of shareholders) during the reporting period in line with Federal Law No. 25-FZ of 25 February 2022 On Amending the Federal Law On Joint-Stock Companies and Suspending Certain Provisions of Legislative Acts of the Russian Federation.
<b>1.2. Shareholders are provided with an equitable and fair opportunity to receive a share of the Company's profits in the form of dividends</b>				
1.2.1	The Company has developed and implemented a transparent and clear procedure to determine the amount of dividends and pay them out	<ol style="list-style-type: none"> <li>Regulations on the Company's Dividend Policy have been approved by the Board of Directors and disclosed on the Company's website.</li> <li>If, in accordance with the dividend policy of a company issuing consolidated financial statements, the amount of dividends is determined based on the company's results recorded in its financial statements, the dividend policy shall employ the consolidated financial statements.</li> <li>In the reporting period, substantiation of the suggested net income distribution arrangements, including dividend payments and allocations for the Company's own needs, and their assessment for compliance with the Company's dividend policy (including explanations and the economic rationale for allocating part of the net income to cover the Company's own needs) were included in the materials for the General Shareholders Meeting set to consider income distribution (including dividend payments / dividend declaration)</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	<p>Explanation on item 3: the Company has approved the Rosneft Dividend Policy. In line with this Policy, the Company shall distribute at least 50% of its net income recorded in the IFRS consolidated financial statements (subject to Resolution of the Government of the Russian Federation No. 774-r dated 29 May 2006). The Board of Directors also works to establish if it is possible to pay out dividends in the amount determined pursuant to the Rosneft Dividend Policy and includes the relevant analysis in the Meeting materials.</p> <p>In accordance with recommendations approved by the Bank of Russia with respect to the disclosure of a report on compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint-stock company (Bank of Russia's Letter No. IN-06-28/102 dated 27 December 2021), the Company included explanations of the Board of Directors on allocating part of the Company's income for certain needs in the materials for the General Shareholders Meeting set to consider income distribution (for 2023)</p>
1.2.2	The Company does not resolve to pay out dividends if such resolution, though not in breach of the legislation, is not economically viable and may lead to false assumptions about the Company's operations	<ol style="list-style-type: none"> <li>In addition to statutory restrictions, the Regulations on the Company's Dividend Policy define financial/economic circumstances under which the Company shall not pay out dividends</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	<p>Pursuant to Resolution of the Government of the Russian Federation No. 774-r dated 29 May 2006, the Rosneft Dividend Policy sets the target dividend at no less than 50% of Rosneft's IFRS net income. Said Resolution of the Government contains no restrictions (in addition to statutory restrictions) on a resolution to pay no dividends.</p> <p>In accordance with recommendations approved by the Bank of Russia with respect to disclosure of compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint-stock company (Bank of Russia's Letter No. IN-06-28/102 dated 27 December 2021) and clause 2.2.3 of the Rosneft's Dividend Policy, the Company included explanations of the Board of Directors on the absence of any financial limitations on dividend payments in the materials for the General Shareholders Meeting set to consider income distribution (for 2023)</p>
1.2.3	The Company does not allow any negative changes in the dividend rights of its current shareholders	<ol style="list-style-type: none"> <li>In the reporting period, the Company did not perform any actions causing negative changes in the dividend rights of its current shareholders</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
1.2.4	The Company makes every effort to prevent shareholders from receiving profit (gain) from the Company other than in the form of dividends and liquidation value	<ol style="list-style-type: none"> <li>In the reporting period, persons controlling the Company did not use any means to receive profit (gain) from the Company other than in the form of dividends (for example, by resorting to transfer pricing, unjustifiably rendering services to the Company at inflated prices, or using internal loans issued to controlling persons and/or their controlled entities as a substitution for dividends)</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	



No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
<b>1.3. Corporate governance framework and practices ensure equality of all shareholders owning shares of the same class (type), including minority and foreign shareholders, and their equitable treatment by the Company</b>				
1.3.1	The Company ensures fair treatment of each shareholder by its governing bodies and controlling persons, specifically allowing no abuse of minority shareholders by major shareholders	1. In the reporting period, persons controlling the Company did not abuse the rights of the Company's shareholders, and there were no conflicts between persons controlling the Company and the Company's shareholders (or even if there were any, the Board of Directors gave such conflicts due consideration)	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
1.3.2	The Company does not perform any actions that will or may result in artificial redistribution of corporate control	1. The Company has no quasi-treasury shares, or no quasi-treasury shares were used in voting during the reporting period	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Pursuant to the Russian Government's resolution, Rosneft signed an agreement with a 100% government-owned company to sell all of Rosneft's interests and cease participation in all of its projects in Venezuela, including the joint ventures of Petromonagas, Petroperija, Boqueron, Petromiranda and Petrovictoria, as well as oilfield services companies, commercial and trading operations.</p> <p>Based on the agreement, all Rosneft assets and trading operations in Venezuela and/or those with connection to Venezuela have been disposed of, terminated or liquidated.</p> <p>The agreement and the sale of assets resulted in Rosneft's wholly-owned subsidiary receiving a 9.6% stake in its parent company.</p> <p>In addition, the Company's Open Market Share Buyback Programme, which also covers GDRs, saw its 100% subsidiary acquire a further 0.76% stake. None of these shares were used in voting during the reporting period</p>
<b>1.4. Shareholders are provided with reliable and effective methods of registering their ownership of shares and the opportunity to dispose of their shares freely and without hindrance</b>				
1.4.1	Shareholders are provided with reliable and effective methods of registering their ownership of shares and the opportunity to dispose of their shares freely and without hindrance	1. The technologies used by the Company's registrar and the terms and quality of rendered services meet the needs of the Company and its shareholders and ensure the most effective way to keep record of share ownership and exercise shareholder rights	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>2.1. The Board of Directors is responsible for the strategic management of the Company, formulating key principles of and approaches to the risk management and internal control system in the Company, supervising the work of the Company's executive bodies and performing other core functions</b>				
2.1.1	The Board of Directors is responsible for the appointment of executive bodies and their dismissal, including as a result of failure to perform properly. The Board of Directors also ensures that the Company's executive bodies act in accordance with the approved development strategy and the Company's business profile	<ol style="list-style-type: none"> <li>1. The Board of Directors has the powers stated in the Charter to appoint and dismiss members of executive bodies and to determine the terms and conditions of their contracts.</li> <li>2. In the reporting period, the Nomination (Appointment, HR) Committee<sup>1</sup> considered the matter regarding whether the members of executive bodies had the necessary professional qualification, skills and expertise to meet the current and expected needs of society in line with the Company's approved strategy.</li> <li>3. In the reporting period, the Board of Directors reviewed the report (reports) of the sole executive body and the collective executive body (if applicable) on the implementation of the Company's strategy</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.1.2	The Board of Directors sets major long-term targets for the Company, as well as assesses and approves its key performance indicators and primary business goals, along with the Company's strategy and business plans with regard to its core operations	1. In the reporting period, the Board of Directors addressed matters related to the strategy implementation and revision, approval of the Company's financial and business plan (budget), and review of criteria and indicators (including interim ones) as regards delivering on the Company's strategy and business plans	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.1.3	The Board of Directors formulates the principles of and approaches to risk management and internal control system in the Company	<ol style="list-style-type: none"> <li>1. The principles of, and approaches to, organising the Company's risk management and internal control system were established by the Board of Directors and are set out in the Company's internal regulations defining the risk and internal control management policy.</li> <li>2. In the reporting period, the Board of Directors approved (revised) the Company's acceptable risks (risk appetite) or the Audit Committee and/or the Risk Committee (if applicable) considered the feasibility of putting forward the revision of the Company's risk appetite for consideration by the Board of Directors</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

<sup>1</sup> Hereinafter the Nomination Committee.

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
2.1.4	The Board of Directors determines the Company's policy on remuneration and/or reimbursement of expenses (compensations) to its directors, executive bodies and other key managers	<ol style="list-style-type: none"> <li>The Company has developed and implemented the policy (policies) approved by the Board of Directors on remuneration and reimbursement of expenses (compensations) to its directors, executive bodies and other key managers.</li> <li>In the reporting period, the Board of Directors addressed matters related to the above policy (policies)</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.1.5	The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the Company's bodies, shareholders and employees	<ol style="list-style-type: none"> <li>The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts.</li> <li>The Company has developed a framework for identifying transactions involving a conflict of interest and a set of measures for resolving such conflicts</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.1.6	The Board of Directors plays a key role in ensuring the Company's transparency, full and timely information disclosure, and unhindered access of shareholders to the Company's documents	<ol style="list-style-type: none"> <li>The Company has determined persons responsible for the implementation of the Information Policy in its internal regulations</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.1.7	The Board of Directors oversees the Company's corporate governance practices and plays a key role in the Company's material corporate events	<ol style="list-style-type: none"> <li>In the reporting period, the Board of Directors reviewed the results of self-assessment and/or external assessment of the Company's corporate governance practices</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>2.2. The Board of Directors is accountable to the Company's shareholders</b>				
2.2.1	Information on the performance of the Board of Directors is disclosed and provided to shareholders	<ol style="list-style-type: none"> <li>The Company's Annual Report for the reporting period includes information on attendance of meetings of the Board of Directors and Committees by each of directors.</li> <li>The Annual Report includes information on key results of the Board of Directors' performance assessment (self-assessment) carried out in the reporting period</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	Explanation on item 1: information on attendance of meetings of the Board of Directors and its Committees is not disclosed in the Annual Report in accordance with Resolution of the Government of the Russian Federation No. 351 dated 12 March 2022 and Presidential Executive Order No. 903 dated 27 November 2023
2.2.2	The Chairman of the Board of Directors is available for contact by the Company's shareholders	<ol style="list-style-type: none"> <li>The Company has a transparent procedure in place for shareholders to send requests to the Chairman of the Board of Directors (and, if applicable, the senior independent director) and to receive feedback</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>2.3. The Board of Directors manages the Company in an effective and competent manner, and is able to make objective and independent judgements and decisions in the best interests of the Company and its shareholders</b>				
2.3.1	Elected to the Board of Directors are only those individuals who have an impeccable business and personal reputation, as well as the knowledge, skills and experience required for making decisions within the remit of the Board of Directors and performing its functions effectively	<ol style="list-style-type: none"> <li>In the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates to the Board of Directors in terms of their required experience, knowledge, business reputation, lack of conflict of interest, etc.</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.3.2	The Company's directors are elected through a transparent procedure providing shareholders with sufficient information on candidates to form an opinion about their personal and professional qualities	<ol style="list-style-type: none"> <li>In all cases where the agenda of a General Shareholders Meeting held in the reporting period included election to the Board of Directors, the Company provided shareholders with biographical details of all candidates to the Board of Directors, results of assessment carried out by the Board of Directors (or its Nomination Committee) to determine whether the members had the necessary professional qualification, skills and expertise to meet the current and expected needs of the Company information on their compliance with the independence criteria as per Recommendations 102-107 of the Code, and their written consent to be elected to the Board of Directors</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.3.3	The composition of the Board of Directors is balanced, including in terms of directors' expertise, experience, knowledge and business skills, and worthy of shareholders' trust	<ol style="list-style-type: none"> <li>In the reporting period, the Board of Directors analysed its needs in terms of professional qualifications, expertise and skills and identified the competencies the Board of Directors needs to develop in short and long run</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
2.3.4	The number of directors ensures the most effective arrangement of activities of the Company's Board of Directors, including by way of establishing Committees, and enables a candidate voted for by the Company's substantial minority shareholders to be elected to the Board of Directors	1. In the reporting period, the Board of Directors reviewed whether the number of directors was in line with the Company's needs and shareholders' interests	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>2.4. The Board of Directors includes a sufficient number of independent directors</b>				
2.4.1	An independent director is a person with sufficient professional skills, experience and independence to form their own opinions and make objective and fair judgements not influenced by the Company's executive bodies, certain groups of shareholders or other stakeholders.  Under normal circumstances a candidate (elected director) may not be considered independent if they are related to the Company, its substantial shareholder, its substantial counterparty or competitor, or the government	1. In the reporting period, all independent directors met all of the independence criteria as per Recommendations 102–107 of the Code or were recognised as independent by the Board of Directors	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.4.2	Candidates to the Board of Directors are assessed for compliance with the independence criteria, with independent directors being regularly checked against these criteria. Such assessments is in line with the substance over form principle	<ol style="list-style-type: none"> <li>1. In the reporting period, the Board of Directors (or its Nomination Committee) formed an opinion regarding the independence of each candidate to the Board of Directors and submitted the relevant report to shareholders.</li> <li>2. The Board of Directors (or the Nomination Committee) considered the independence of the current directors (after they had been elected) at least once in the reporting period.</li> <li>3. The Company has developed procedures determining actions to be taken by a director if they cease to be independent, including their obligation to notify the Board of Directors accordingly and in a timely manner</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.4.3	Independent directors make up at least one third of the elected directors	1. Independent directors make up at least one third of the Board of Directors	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.4.4	Independent directors play a key role in preventing internal conflicts in the Company and taking material corporate actions by the Company	1. In the reporting period, independent directors (with no conflict of interest) make a preliminary assessment of material corporate actions involving a potential conflict of interest and submit the results thereof to the Board of Directors	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>2.5. The Chairman of the Board of Directors ensures that the Board of Directors performs its functions in the most effective way</b>				
2.5.1	The Chairman of the Board of Directors has been elected from among independent directors, or a senior independent director has been appointed from among the elected independent directors to coordinate their work and liaise with the Chairman of the Board of Directors	<ol style="list-style-type: none"> <li>1. The Chairman of the Board of Directors is an independent director, or a senior independent director has been appointed from among independent directors<sup>1</sup>.</li> <li>2. The role, rights and responsibilities of the Chairman of the Board of Directors (and, if applicable, of the senior independent director) are duly specified in the Company's internal regulations</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.5.2	The Chairman of the Board of Directors ensures constructive atmosphere during meetings, facilitates open discussion of agenda items and oversees implementation of the Board of Directors' resolutions	1. In the reporting period, the performance of the Chairman of the Board of Directors was assessed as part of the Board of Directors' performance assessment (self-assessment)	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.5.3	The Chairman of the Board of Directors ensures that directors are provided with information required to make informed decisions on agenda items in a timely manner	1. The responsibility of the Chairman of the Board of Directors to ensure timely provision to directors of complete and reliable information on agenda items is specified in the Company's regulations	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

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



No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
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**2.6. Directors act reasonably and in good faith in the best interests of the Company and its shareholders, based on sufficient awareness and with due diligence and care**

2.6.1	Directors make decisions taking into account all available information, having no conflict of interest, ensuring equitable treatment of the Company's shareholders and keeping within the limits of common business risks	<ol style="list-style-type: none"> <li>The Company's internal regulations specify that directors shall notify the Board of Directors of any conflict of interest they might have in relation to any agenda item prior to the discussion of that item at a meeting of the Board of Directors or its Committee.</li> <li>The Company's internal regulations specify that a director shall abstain from voting on any item where they have a conflict of interest.</li> <li>The Company has established a procedure enabling the Board of Directors to get professional advice on matters within its remit at the Company's expense</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.6.2	Directors' rights and responsibilities are clearly stated and set forth in the Company's internal regulations	<ol style="list-style-type: none"> <li>The Company has adopted and published an internal regulation clearly specifying directors' rights and responsibilities</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.6.3	Directors have sufficient time to perform their duties	<ol style="list-style-type: none"> <li>The assessment (self-assessment) of the Board of Directors in the reporting period included the analysis of individual attendance of meetings of the Board of Directors and the Committees and a review of whether a director had been on the Board long enough.</li> <li>As per the Company's internal regulations, directors shall notify the Board of Directors of their intention to join the governing bodies of other companies (excluding those controlled by the Company) and of the fact of such an appointment</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.6.4	All directors have equal access to the Company's documents and information. Newly elected directors are provided with sufficient information on the Company and the Board of Directors' activities as soon as practicable	<ol style="list-style-type: none"> <li>As per the Company's internal regulations, directors have the right to access information and documents needed for the performance of their duties related to the Company and its controlled entities, and the Company's executive bodies are obliged to procure the relevant information and documents.</li> <li>The Company has a formalised induction programme in place for newly elected directors</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

**2.7. Meetings of the Board of Directors, preparation for and attendance of these meetings are key to the effectiveness of the Board of Directors**

2.7.1	Meetings of the Board of Directors are held as necessary, given the Company's scope of operations and objectives at any given time	<ol style="list-style-type: none"> <li>The Board of Directors held at least six meetings in the reporting year</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.7.2	The Company's internal regulations set out a procedure to prepare and hold meetings of the Board of Directors enabling directors to make proper preparations	<ol style="list-style-type: none"> <li>The Company has approved an internal regulation setting out the procedure to prepare and hold meetings of the Board of Directors and specifying, among other things, that the notice of a meeting shall be generally given at least five days prior to the date of the meeting.</li> <li>In the reporting period, the directors who were unable to attend the meeting in person had the opportunity to participate in discussion and voting on agenda items remotely – via conference calls and video conferencing</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.7.3	The format of a meeting of the Board of Directors is determined taking into account the importance of agenda items. Resolutions on the most important matters are adopted at in-person meetings	<ol style="list-style-type: none"> <li>The Company's Charter or another internal regulation specifies that the most important matters (including those listed in Recommendation 168 of the Code) shall be reviewed at in-person meetings of the Board of Directors</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
2.7.4	Resolutions on the most important matters related to the Company's operations are adopted at meetings of the Board of Directors by a qualified majority vote or by a majority vote of all elected directors	1. The Company's Charter specifies that resolutions on the most important matters, as per Recommendation 170 of the Code, shall be adopted at meetings of the Board of Directors by a qualified majority of at least three quarters of the votes or by a majority vote of all elected directors	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Paragraph 10.5.5 of Rosneft's Charter specifies the range of matters to be resolved by the Board of Directors by a qualified majority vote. Given the scope of Rosneft's operations, the number of matters reviewed by the Board of Directors, the composition of the Board of Directors and the economic sanctions the Company is exposed to, expanding this range to include all matters set out in Recommendation 170 of the Code may materially impede or prevent the resolution of matters material to the Company. Therefore, setting a higher quorum as recommended by the Code may result in the Board of Directors not being able to resolve a number of key matters. At the same time, the number of directors, the structure of the Board of Directors, including four independent directors, the procedure to prepare for meetings, discuss matters at them and disclose information on them guarantee the protection of rights of all shareholder groups of the Company. The Company has no intention to change its approach in the medium term</p>
<b>2.8. The Board of Directors establishes Committees for preliminary consideration of the most important matters related to the Company's operations</b>				
2.8.1	For preliminary consideration of matters related to the monitoring of the Company's financial and business operations, an Audit Committee composed of independent directors has been established	<ol style="list-style-type: none"> <li>1. The board of directors has a standing audit committee comprised entirely of independent directors.</li> <li>2. The Company's internal regulations specify the Audit Committee's objectives, including, among others, those set out in Recommendation 172 of the Code.</li> <li>3. At least one member of the audit committee, who is an independent director, has knowledge and expertise in the preparation, analysis, evaluation and audit of accounting (financial) statements.</li> <li>4. The audit committee held at least one meeting per quarter during the reporting period</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Explanation on item 1: the principle is not complied with inasmuch as the Audit Committee of the Board of Directors is not exclusively composed of independent directors.</p> <p>The Audit Committee of the Board of Directors is mostly made up of independent directors.</p> <p>The elected Chairman of the Audit Committee of the Board of Directors is an independent director.</p> <p>The remit of the Audit Committee of the Board of Directors includes matters reserved for an Audit Committee by the Corporate Governance Code.</p> <p>Taking into account:</p> <ul style="list-style-type: none"> <li>› the Company's three standing committees (the Audit Committee, HR and Remuneration Committee, and Strategic Planning Committee);</li> <li>› the recommendations and restrictions set out in the Code (on the minimum number of Committee members (three), on the maximum number of Committees a director may sit on, on the minimum number of independent directors on an Audit Committee and an HR and Remuneration Committee, and on the composition of Committees based on directors' relevant expertise), compliance with the recommendation to have all Committees chaired by independent directors is impracticable.</li> </ul> <p>The committees seek to guarantee succession in their membership to maintain their combined competencies and with regard to the role of each director in each committee.</p> <p>At the same time, the Company's internal regulations, including the Regulations on the Board of Directors, specify procedures to prevent any conflict of interest and eliminate the risk of recommendations by the committee of the Board of Directors being affected by the controlling shareholder or executive bodies.</p>
2.8.2	For preliminary consideration of matters related to the development of an effective and transparent remuneration framework, a Remuneration Committee composed of independent directors and chaired by an independent director not being the Chairman of the Board of Directors has been established	<ol style="list-style-type: none"> <li>1. The board of directors has a standing remuneration committee comprised entirely of independent directors.</li> <li>2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors.</li> <li>3. The Company's internal regulations specify the Remuneration Committee's objectives, including, among others, those set out in Recommendation 180 of the Code, as well as the circumstances (events) on the occurrence of which the Remuneration Committee shall consider a revision of the Company's remuneration policy for members of the Board of Directors, executive bodies and other key executive officers</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Explanation on items 1–2: the principle is not complied with inasmuch as the HR and Remuneration Committee of the Board of Directors is not exclusively composed of independent directors.</p> <p>The HR and Remuneration Committee of the Board of Directors is mostly made up of independent directors. The elected Chairman of the HR and Remuneration Committee of the Board of Directors is a non-executive director.</p> <p>The remit of the HR and Remuneration Committee of the Board of Directors includes matters reserved for a Nomination Committee and a Remuneration Committee by the Corporate Governance Code.</p> <p>Taking into account:</p> <ul style="list-style-type: none"> <li>› the Company's three standing committees (the Audit Committee, HR and Remuneration Committee, and Strategic Planning Committee);</li> <li>› the recommendations and restrictions set out in the Code (on the minimum number of Committee members (three), on the maximum number of Committees a director may sit on, on the minimum number of independent directors on an Audit Committee and an HR and Remuneration Committee, and on the composition of Committees based on directors' relevant expertise), compliance with the recommendation to have all Committees chaired by independent directors is impracticable.</li> </ul> <p>At the same time, the Company's internal regulations, including the Regulations on the Board of Directors, specify procedures to prevent any conflict of interest and eliminate the risk of recommendations by the committee of the Board of Directors being affected by the controlling shareholder or executive bodies.</p> <p>The Company has no intention to change its approach in the medium term</p>

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
2.8.3	For preliminary consideration of matters related to human resources (succession) planning, expertise and performance of the Board of Directors, a Nomination (Appointment, HR) Committee mostly composed of independent directors has been established	<ol style="list-style-type: none"> <li>The board of directors has a standing nomination committee (or its objectives specified in Recommendation 186 of the Code are implemented by a different committee) with the majority of its members being independent directors.</li> <li>The Company's internal regulations specify the objectives of the nomination committee (or another relevant committee with combined functionality), including, among others, those set out in Recommendation 186 of the Code.</li> <li>To align the composition of the Board of Directors with the objectives and purposes of the Company, in the reporting period, the Nomination Committee, acting on its own or jointly with other Committees of the Board of Directors, or an authorised shareholder engagement division arranged for interaction with a broad range of shareholders to discuss the selection of candidates for the Company's Board of Directors</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.8.4	Given the scope of operations and risk levels, the Company's Board of Directors has ensured that the composition of its Committees is fully in line with the Company's objectives. Additional committees have been either established or found unnecessary (a Strategy Committee, a Corporate Governance Committee, an Ethics Committee, a Risk Management Committee, a Budget Committee, a Health, Safety and Environment Committee, etc.)	<ol style="list-style-type: none"> <li>In the reporting period, the Company's Board of Directors reviewed the relevance of the structure of its Board of Directors to the scale, nature, objectives, needs of the Company and its risk profile. Additional committees have been either established or found unnecessary</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
2.8.5	The composition of Committees enables comprehensive discussion of matters subject to preliminary consideration with due regard to varying opinions	<ol style="list-style-type: none"> <li>The Audit Committee, the Remuneration Committee and the Nomination Committee (or another relevant committee with combined functionality) were chaired by independent directors in the reporting period.</li> <li>The company's internal regulations (policies) contain provisions that prohibit the non-members to attend meetings of Audit Committee, the Remuneration Committee and the Nomination Committee (or another relevant committee with combined functionality), unless they are invited by the chairman of a respective committee</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Explanation on item 1: the elected Chairman of the HR and Remuneration Committee of the Board of Directors is a non-executive director.</p> <p>Resolutions on the compositions of the Board of Directors' committees seek to ensure an optimal balance of independent and non-executive directors in line with their core and specific competencies.</p> <p>The committees seek to guarantee succession in their membership, inter alia taking into account changes in the Board of Directors, to maintain their combined competencies and with regard to the role of each director in each committee</p>
2.8.6	Committee Chairmen report on their Committees' performance to the Board of Directors and its Chairman on a regular basis	<ol style="list-style-type: none"> <li>In the reporting period, Committee Chairmen regularly reported to the Board of Directors on their Committees' performance</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>2.9. The Board of Directors arranges performance assessment of the Board of Directors, its Committees and directors</b>				
2.9.1	The Board of Directors' performance assessment is aimed at evaluating the effectiveness of the Board of Directors, its Committees and directors, checking their performance against the Company's development needs, enhancing their activities and identifying areas for improvement	<ol style="list-style-type: none"> <li>The Company's internal regulations set out the procedure for carrying out the assessment (self-assessment) of the Board of Directors.</li> <li>In the reporting period, assessment (self-assessment) of the Board of Directors' performance included performance assessment of individual directors and the Board of Directors as a whole.</li> <li>Results of the assessment (self-assessment) of the Board of Directors carried out in the reporting period were reviewed at an in-person meeting of the Board of Directors</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Explanation on item 3: given the increased sanctions pressure on fuel and energy companies, the Board of Directors reviewed the results of its assessment by absentee voting in order to mitigate the risk of personal sanctions against members of the Board of Directors</p>
2.9.2	Performance assessment of the Board of Directors, its Committees and directors is carried out on a regular basis at least once a year. To assess the Board of Directors' performance on an independent basis, an external organisation (consultant) is engaged at least once every three years	<ol style="list-style-type: none"> <li>To assess the Board of Directors' performance on an independent basis, the Company engaged an external organisation (consultant) at least once over the last three reporting periods</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>3.1. The Company's Corporate Secretary ensures effective day-to-day interaction with shareholders, coordinates the Company's efforts to protect shareholder rights and interests, and contributes to the Board of Directors' efficient work</b>				
3.1.1	The Corporate Secretary has sufficient knowledge, experience and expertise to perform their duties, as well as impeccable reputation, and enjoys shareholders' trust	<ol style="list-style-type: none"> <li>The Company's website and Annual Report provide biographical details of the Corporate Secretary (including the age, education, qualification and expertise) and positions the Corporate Secretary held in governing bodies of other legal entities at least over the last five years</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>○ Complied with in part</li> <li>● <b>Not complied with</b></li> </ul>	<p>In accordance with Resolution of the Government of the Russian Federation No. 351 dated 12 March 2022 and Presidential Executive Order No. 903 dated 27 November 2023 information on the Corporate Secretary is not disclosed</p>



No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
3.1.2	The Corporate Secretary is sufficiently independent from the Company's executive bodies and has the powers and resources required to perform their duties	<ol style="list-style-type: none"> <li>The Company has adopted and disclosed an internal regulation on Corporate Secretary.</li> <li>The Board of Directors approves the candidate for the position of Corporate Secretary, terminates the Corporate Secretary's powers and considers the payment of additional remuneration to the Corporate Secretary.</li> <li>The Company's internal regulations define the Corporate Secretary's right to request and receive the Company's documents and information from governing bodies, structural subdivisions and officers of the Company</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>4.1. Remuneration paid by the Company is sufficient to attract, motivate and retain employees with the required competence and expertise. Remuneration is paid to the Company's directors, executive bodies and other key managers in accordance with the remuneration policy adopted by the Company</b>				
4.1.1	Remuneration paid by the Company to directors, executive bodies and other key managers is sufficient to ensure their efficient work and enables the Company to attract and retain competent and qualified specialists. At the same time, the Company avoids paying higher-than-required remuneration or creating unreasonably wide remuneration gaps between any of the above persons and Company employees	<ol style="list-style-type: none"> <li>The remuneration of members of the Board of Directors, governing bodies and other key executive officers of the Company is based on pay benchmarking against peers</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
4.1.2	The Company's remuneration policy has been developed by the Remuneration Committee and approved by the Board of Directors. The Board of Directors, supported by the Remuneration Committee, monitors the introduction and implementation of the remuneration policy in the Company, and revises and amends it as necessary	<ol style="list-style-type: none"> <li>In the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and/or its (their) implementation practices, assessed their effectiveness and transparency and, where necessary, submitted relevant recommendations to the Board of Directors to revise this policy (policies)</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
4.1.3	The Company's remuneration policy provides for transparent mechanisms to determine the amount of remuneration payable to its directors, executive bodies and other key managers, and covers all types of payments, benefits and privileges provided to them	<ol style="list-style-type: none"> <li>The Company's remuneration policy (policies) provides (provide) for transparent mechanisms to determine the amount of remuneration payable to its directors, executive bodies and other key managers, and covers (cover) all types of payments, benefits and privileges provided to them</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
4.1.4	The Company develops a policy on reimbursement of expenses (compensations) specifying reimbursable expenses and service levels that its directors, executive bodies and other key managers are entitled to. This policy may form part of the Company's remuneration policy	<ol style="list-style-type: none"> <li>The Company's remuneration policy (policies) or other internal regulations specify procedures to reimburse its directors, executive bodies and other key managers for the expenses incurred</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>4.2. Remuneration system for directors ensures alignment of their financial interests with the long-term financial interests of shareholders</b>				
4.2.1	The Company pays fixed annual remuneration to its directors. The Company does not pay remuneration for participation in individual meetings of the Board of Directors or its Committees.  The Company does not offer short-term motivation plans and additional financial incentives to the members of its Board of Directors	<ol style="list-style-type: none"> <li>In the reporting period, the Company paid remuneration to members of the Board of Directors in line with the Company's remuneration policy.</li> <li>In the reporting period, the Company did not offer the members of its Board of Directors any short-term motivation plans and additional financial incentives based on the Company's performance (performance indicators). The Company did not pay remuneration for participation in individual meetings of the Board of Directors or its Committees</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
4.2.2	Long-term ownership of the Company's shares ensures best alignment of directors' financial interests with the long-term interests of shareholders. At the same time, the Company does not link the right to sell shares to achieving certain performance indicators, and directors do not participate in options plans	<ol style="list-style-type: none"> <li>If the Company's internal regulation (regulations), namely its remuneration policy (policies), allows (allow) distribution of the Company's shares to directors, clear rules on share ownership by directors aimed at encouraging their long-term ownership shall be introduced and disclosed</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
4.2.3	The Company does not provide any additional payments or compensations to directors in the event of early termination of office due to a transfer of control over the Company or any other circumstances	<ol style="list-style-type: none"> <li>The Company does not provide any additional payments or compensations to directors in the event of early termination of office due to a transfer of control over the Company or any other circumstances</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

No. Corporate governance principles Criteria for compliance with a corporate governance principle Status of compliance with a corporate governance principle Explanations on the failure to meet criteria for compliance with a corporate governance principle

**4.3. Remuneration system for members of executive bodies and other key managers of the Company links their remuneration to the Company's performance and their personal contribution thereto**

<p>4.3.1 Remuneration paid to members of executive bodies and other key managers of the Company ensures a reasonable and justified balance between the fixed and variable components, with the latter depending on the Company's performance and an employee's personal (individual) contribution thereto</p>	<ol style="list-style-type: none"> <li>1. In the reporting period, the variable remuneration for members of executive bodies and other key managers of the Company was linked to annual performance indicators approved by the Board of Directors.</li> <li>2. During the latest assessment of the remuneration system for members of executive bodies and other key managers of the Company, the Board of Directors (the Remuneration Committee) ensured that the Company maintained an effective balance between the fixed and variable components of remuneration.</li> <li>3. The remuneration payable to members of the executive bodies and other officers of the Company factors in the risks to which the Company is exposed to prevent excessively risky decision-making in management</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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<p>4.3.2 The Company has introduced a long-term incentive plan for members of its executive bodies and other key managers involving its shares (options or other derivatives with its shares as underlying assets)</p>	<ol style="list-style-type: none"> <li>1. If the Company introduces a share-based long-term incentive plan for members of its executive bodies and other key officers (share-based financial instruments), the right to sell shares and other financial instruments may be exercised no earlier than three years after the date on which they were granted. Moreover, the right to sell them is subject to the achievement by the Company of certain performance indicators</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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<p>4.3.3 The amount of severance pay ("golden parachute") payable by the Company to members of its executive bodies or key managers in the event of early termination of office, provided that such termination is initiated by the Company with no misconduct on the part of the respective employee, does not exceed twice the size of the fixed component of their annual remuneration</p>	<ol style="list-style-type: none"> <li>1. In the reporting period, the amount of severance pay ("golden parachute") paid by the Company to members of its executive bodies or key managers in the event of early termination of office, provided that such termination was initiated by the Company with no misconduct on the part of the respective employee, did not exceed twice the size of the fixed component of their annual remuneration</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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**5.1. The Company has put in place an effective risk management and internal control system to provide reasonable assurance that it will achieve its goals**

<p>5.1.1 The Board of Directors has formulated the principles of and approaches to the risk management and internal control system in the Company</p>	<ol style="list-style-type: none"> <li>1. Risk management and internal control functions of the Company's governing bodies and divisions are clearly set out in the Company's internal regulations / relevant policy approved by the Board of Directors</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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<p>5.1.2 The Company's executive bodies ensure the establishment and maintenance of an effective risk management and internal control system in the Company</p>	<ol style="list-style-type: none"> <li>1. The Company's executive bodies have ensured the distribution of risk management and internal control duties, powers and responsibilities among heads of units and divisions accountable to them</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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<p>5.1.3 The Company's risk management and internal control system provides an accurate, fair and clear view of the Company's current situation and prospects, and ensures integrity and transparency of the Company's statements, as well as a reasonable and acceptable level of risk-taking</p>	<ol style="list-style-type: none"> <li>1. The Company has approved an anti-corruption policy.</li> <li>2. The Company has established a safe, secure and easily accessible channel (hotline) to inform the Board of Directors or its Audit Committee about violations of law, internal procedures or the Code of Corporate Ethics</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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<p>5.1.4 The Company's Board of Directors takes the necessary steps to ensure that the Company's Risk Management and Internal Control System functions effectively and is in line with the relevant principles and approaches formulated by the Board of Directors</p>	<ol style="list-style-type: none"> <li>1. In the reporting period, the Board of Directors (the Audit Committee and/or the Risk Committee (if applicable) arranged for an assessment of reliability and effectiveness of the risk management and internal control system.</li> <li>2. In the reporting period, the Board of Directors reviewed the findings from the assessment of reliability and effectiveness of the risk management and internal control system to include them in the Company's annual report</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>
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No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
<b>5.2. The Company conducts internal audits to assess the reliability and effectiveness of its Risk Management, Internal Control System and corporate governance on a regular and independent basis</b>				
5.2.1	For the internal audit purposes, the Company has established a dedicated unit or engaged an independent external organisation. Functional accountability and administrative accountability of the internal audit unit are separated. The internal audit unit is functionally accountable to the Board of Directors	1. For the internal audit purposes, the Company has established a dedicated internal audit unit functionally accountable to the Board of Directors, or engaged an independent external organisation with the same accountability principle	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
5.2.2	The internal audit unit is responsible for assessment of reliability and effectiveness of the risk management and internal control system and the corporate governance system and relies on generally accepted internal audit standards	<ol style="list-style-type: none"> <li>1. In the reporting period, as part of internal audit, the reliability and effectiveness of the internal control and risk management system was assessed.</li> <li>2. In the reporting period, as part of the internal audit, the corporate governance practice (practices) were assessed, including the communication procedures (including those relating to internal control and risk management) at all levels of the Company's governance and the stakeholder engagement procedures</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>6.1. The Company and its operations are transparent to shareholders, investors and other stakeholders</b>				
6.1.1	The Company has developed and implemented an Information Policy ensuring effective exchange of information between the Company, its shareholders, investors and other stakeholders	<ol style="list-style-type: none"> <li>1. The Company's Board of Directors has approved its Information Policy developed in accordance with the Code's recommendations.</li> <li>2. In the reporting period, the Board of Directors (or its Committee) considered the effectiveness of communication between the Company, shareholders, investors and other stakeholders and the advisability of (need for) a revision of the Company's Information Policy</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
6.1.2	The Company discloses information on its corporate governance system and practices, including detailed information on its compliance with the principles and recommendations of the Code	<ol style="list-style-type: none"> <li>1. The Company discloses information on its corporate governance system and on the general corporate governance principles it uses, including by disclosing such information on the Company's website.</li> <li>2. The Company discloses information on the composition of its executive bodies and Board of Directors, on the independence of directors and their membership in the Committees of the Board of Directors (as defined in the Code).</li> <li>3. If there is a person controlling the Company, the Company publishes a memorandum on behalf of such controlling person detailing their plans as regards corporate governance in the Company</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	In accordance with Resolution of the Government of the Russian Federation No. 351 dated 12 March 2022 and Presidential Executive Order No. 903 dated 27 November 2023 information on members of the Management Board is not disclosed
<b>6.2. The Company discloses complete, up-to-date and accurate information on the Company in a timely manner to ensure that its shareholders and investors are able to make informed decisions</b>				
6.2.1	The Company discloses information on a regular basis and in a consistent and timely manner, in line with the principles of data accessibility, accuracy, completeness and comparability	<ol style="list-style-type: none"> <li>1. The Company has in place a procedure streamlining the work of all the Company's structural subdivisions and employees involved in disclosing information or whose activity may lead to the need for disclosing information.</li> <li>2. If the Company's securities are traded in established foreign markets, disclosures of material information during a reporting year are made in Russia and in such markets on a concurrent and equal basis.</li> <li>3. If foreign shareholders own a substantial number of shares in the Company, disclosures during the reporting year were made in Russian and in one of the most widely used foreign languages</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	



No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
6.2.2	The Company avoids formal approach to information disclosures and discloses material information on its operations even if such disclosures are not required by law	<ol style="list-style-type: none"> <li>The Company's Information Policy defines approaches to non-mandatory disclosure of information on other events (actions) that have a material effect on the price and quotes of its securities.</li> <li>In accordance with Recommendation 290 of the Code, the Company discloses information on its capital structure in the Annual Report and on its website.</li> <li>The Company discloses information on its material controlled legal entities, including their key business areas, mechanisms for ensuring their accountability, and the powers of the Company's Board of Directors to define their strategy and assess their performance.</li> <li>The Company publishes a non-financial report, i.e. a sustainability report, environmental report, corporate social responsibility report or another report providing non-financial information, including that on the Company's environmental (environment protection and climate change), social, and governance (ESG) performance, other than the report of the issuer of issue-grade securities or the annual report of a joint-stock company</li> </ol>	<ul style="list-style-type: none"> <li>○ Complied with</li> <li>● <b>Complied with in part</b></li> <li>○ Not complied with</li> </ul>	<p>Explanation on items 2-3: the Company discloses information in line with requirements of the Bank of Russia but limits the volume of the disclosure to meet the provisions of Resolution of the Government of the Russian Federation No. 351 dated 12 March 2022 and Presidential Executive Order No. 903 dated 27 November 2023.</p> <p>Rosneft's Board of Directors oversees the development of the strategy and performance assessment at controlled legal entities using the following mechanisms:</p> <ol style="list-style-type: none"> <li>control over executive bodies whose remit includes the approval of the Group Subsidiaries' plans as per Rosneft's Charter;</li> <li>corporate procedures governed by Rosneft's internal regulations, which ensure alignment of all strategic planning documents of Rosneft and the Group Subsidiaries with Rosneft's strategy approved by the Board of Directors.</li> </ol> <p>The powers of the Board of Directors to approve Rosneft's Strategy and monitor its implementation, and the powers of the Chief Executive Officer and the Management Board to approve the planning documents of the Group Subsidiaries are set forth in Rosneft's Charter. The powers of the Strategy and Sustainable Development Committee of Rosneft's Board of Directors to define the Company's policy with respect to the Group Subsidiaries are set forth in the Regulations on Rosneft Board Committees and disclosed on the corporate website.</p> <p>Detailed information on internal procedures for approval of strategic documents of the Group Subsidiaries and control over their implementation by the Board of Directors (its committees) is not disclosed. The Company has no intention to change this approach in the medium term</p>
6.2.3	As a key communication tool to liaise with shareholders and other stakeholders, the Annual Report provides information needed to assess the Company's performance for the year	<ol style="list-style-type: none"> <li>The Company's Annual Report provides information on the results of the external and internal audit assessment by the Audit Committee.</li> <li>The Company's Annual Report provides information on the Company's environmental and social policies</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>6.3. The Company provides shareholders with equal and unhindered access to information and documents as per their request</b>				
6.3.1	No unreasonable difficulties prevent the shareholders from exercising their right to access the Company's documents and information	<ol style="list-style-type: none"> <li>The Company's information policy (internal regulations setting forth the information policy) define(s) the procedure ensuring unhindered access to the Company's information and documents at the shareholders' request.</li> <li>The Company's information policy (internal regulations setting out the information policy) contain(s) provisions stipulating that the Company shall take all necessary steps to obtain the information on its controlled entities from the relevant controlled entities, as may be requested by the shareholders</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
6.3.2	When providing information to shareholders, the Company maintains a reasonable balance between the interests of individual shareholders and those of the Company, as it is in the Company's best interests to keep confidential any sensitive commercial information that may have a material effect on its competitive position	<ol style="list-style-type: none"> <li>In the reporting period, the Company did not refuse to provide shareholders with requested information, or such refusals were justified.</li> <li>If and when required by the Company's Information Policy, shareholders are informed of the sensitive nature of the information provided and undertake to keep it confidential</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<b>7.1. Actions that have or may have a material effect on the Company's shareholding structure and financial position and, consequently, on the shareholders' position (material corporate actions) are taken on fair terms ensuring that rights and interests of the shareholders and other stakeholders are respected</b>				
7.1.1	Material corporate actions include reorganisation of the Company, acquisition of 30% or more of the Company's voting shares (takeover), major transactions made by the Company, increase or reduction in the Company's charter capital, listing and delisting of the Company's shares, and other actions that may result in a material change in the rights of shareholders or be against their interests. The Company's Charter sets out a list (criteria) of transactions or other actions deemed to be material corporate actions and reserved to the Company's Board of Directors	<ol style="list-style-type: none"> <li>The Company's Charter sets out a list (criteria) of transactions or other actions deemed to be material corporate actions. As per the Company's Charter, decision-making with regard to material corporate actions is reserved to the Board of Directors. If and when the law expressly reserves such corporate actions to the General Shareholders Meeting, the Board of Directors provides shareholders with relevant recommendations</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
7.1.2	The Board of Directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the opinion of the Company's independent directors	<ol style="list-style-type: none"> <li>The Company has established a procedure for independent directors to express their opinions on material corporate actions before their approval</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

No.	Corporate governance principles	Criteria for compliance with a corporate governance principle	Status of compliance with a corporate governance principle	Explanations on the failure to meet criteria for compliance with a corporate governance principle
7.1.3	<p>When taking material corporate actions affecting the rights and legitimate interests of shareholders, the Company ensures equitable treatment of all of its shareholders, and, where statutory mechanisms protecting shareholder rights are insufficient, takes additional steps to protect the rights and legitimate interests of the Company's shareholders.</p> <p>In doing so, the Company is guided not only by the formal regulatory requirements, but also by the corporate governance principles specified in the Code</p>	<ol style="list-style-type: none"> <li>Approval of the Company's material transactions is reserved to Board of Directors as per the Company's Charter, with due regard to the specifics of the Company's operations and in addition to regulatory requirements for transaction approvals.</li> <li>In the reporting period, all material corporate actions were duly approved prior to their implementation</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
<p><b>7.2. The Company ensures that material corporate actions are taken in a manner enabling shareholders to receive full information on such actions in due time and influence them, and guarantees respect and due protection of shareholder rights when such actions are taken</b></p>				
7.2.1	<p>Information on material corporate actions is disclosed, with an explanation of the relevant reasons, conditions and consequences</p>	<ol style="list-style-type: none"> <li>In the reporting period, the Company disclosed information on its material corporate actions (if any) in a timely and detailed manner, including the relevant reasons, conditions and consequences for the shareholders</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	
7.2.2	<p>Rules and procedures for taking material corporate actions are set forth in the Company's internal regulations</p>	<ol style="list-style-type: none"> <li>The Company's internal regulations set out the rules and procedure for engaging an appraiser to determine the value of the property to be sold or purchased in a major transaction or a related-party transaction.</li> <li>The Company's internal regulations set out a procedure for engaging an appraiser to determine the value of the Company's shares to be purchased or bought back.</li> <li>If a member of the Company's Board of Directors, the sole executive body, a member of the collegial executive body, or a person who is a controlling person of the Company or a person entitled to give the Company binding instructions has no formal interest in the Company's transactions, but has a conflict of interest or other actual interest with regard to such transactions, such persons shall abstain from voting on the approval of such transactions as required by the Company's internal documents</li> </ol>	<ul style="list-style-type: none"> <li>● <b>Complied with</b></li> <li>○ Complied with in part</li> <li>○ Not complied with</li> </ul>	

## Information on core internal regulations that serve as a basis for the preparation of this annual report, including key internal documents regulating the internal audit function and the functioning of the RM&ICS

### THIS ANNUAL REPORT HAS BEEN PREPARED BASED ON THE FOLLOWING LOCAL (INTERNAL) REGULATIONS OF ROSNEFT:

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

## General information about Rosneft

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

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

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

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

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

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



# Contact details

**Full name:**

Public Joint-Stock Company Rosneft  
Oil Company

**Abbreviated name:**

PJSC Rosneft Oil Company

**Location of the company:**

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**For shareholders:**

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Rosneft  
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**Ras auditor of the company:**

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