

Approved
by the Rosneft Board of Directors
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COMPANY POLICY

ON COMBATING INVOLVEMENT IN CORRUPTION ACTIVITIES

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INTRODUCTORY PROVISIONS

INTRODUCTION

The Company Policy on Combating Involvement in Corruption Activities (“**POLICY**”) defines Company goals in the area of combating involvement in corruption activities and complying with applicable anti-corruption laws of the Russian Federation plus applicable anti-corruption laws of the United Kingdom and any other nations where the Company conducts or intends to conduct its business.

This POLICY defines the objectives, the way of attaining such objectives, key principles of preventing the Company’s involvement in corruption activities, and ways for minimizing the risk of corruption involvement.

GOALS

This *POLICY* has been developed in order to:

- Make sure that Company employees and members of its governing bodies, shareholders, investment community, and other persons have a common understanding of the Company’s zero tolerance for corrupt actions in any form or manifestation; and
- Minimize the risk of the Company’s involvement in corruption.

OBJECTIVES

The *POLICY*’s objectives are as follows:

- Advise employees, management, and other persons of the principles and key requirements of applicable anti-corruption laws of the Russian Federation and the United Kingdom insofar as the same apply to the Company;
- Sum up and explain any measures taken within the Company to minimize the risks of the Company’s involvement in corruption;
- Establish information channels for notification regarding any instances of corruption; and
- Establish an obligation whereby Company employees must comply with the principles and requirements of applicable anti-corruption laws.

SCOPE OF APPLICATION

This *POLICY* is binding on all employees of Rosneft and its subsidiaries, plus all members of the Company’s governing bodies.

This *POLICY* is in the nature of guidance to be followed by employees of any other Entities within the Rosneft Group.

The requirements of this **POLICY** shall become binding on Rosneft subsidiaries, any subsidiaries of Rosneft subsidiaries, and Rosneft's controlled companies once the relevant entity puts the same into effect in keeping with such entity's charter and subject to an entity-established procedure.

In executing any contracts with businesses performing work for Rosneft and/or a Rosneft Group Entity, such Group Entities and Rosneft functions must make sure that the terms and conditions of any contracts with such businesses include a provision on full compliance with the principles and full observance of the requirements found in applicable anti-corruption law.

All Company employees and members of its governing bodies, regardless of the position they hold, shall be personally responsible for observing the principles and requirements of this **POLICY**, and for any actions/inaction of their subordinates in breach of the above principles and requirements.

Any persons guilty of breaching the requirements of this **POLICY** may be liable for disciplinary, administrative, civil, or criminal penalties imposed by Rosneft or its subsidiaries, law enforcement agencies, or other persons subject to such procedure and based on such grounds as contemplated by Russian Federation laws, local regulations, and any employment agreement; in relevant cases and subject to proper justification, they may be liable under applicable rules of the UK Bribery Law and other similar regulations of foreign nations where the Company may be present.

Any organizational or directive documents and local regulations must be consistent with this **POLICY**.

EFFECTIVE TERM AND AMENDMENT

This **POLICY** is a local regulation of continuous effect.

The **POLICY** shall be approved by Rosneft pursuant to a resolution of the Rosneft Board of Directors and shall be introduced across Rosneft by a Rosneft order.

This **POLICY** shall be deemed no longer effective within Rosneft pursuant to a decision made by the Rosneft Board of Directors.

This **POLICY** may be amended pursuant to a resolution of the Rosneft Board of Directors.

This **POLICY** shall be amended in the following cases: variation of the applicable law, changes in the organizational structure or executive powers, subpar effectiveness of the existing procedures for combating involvement in corruption activities, upgrades to the regulatory framework for business support, etc.

Amendments to this **POLICY** may be initiated by the Rosneft Security function or by other Rosneft functions and Rosneft subsidiaries with consent of the Rosneft Security function.

The responsibility for keeping this **POLICY** updated within Rosneft shall be vested with the Rosneft Vice President in charge of the Security function.

Compliance with the requirements of this **POLICY** shall be monitored by the Rosneft President.

1 TERMS AND DEFINITIONS

TERMS AND DEFINITIONS FOUND IN THE CORPORATE GLOSSARY

KITH AND KIN (INCLUDING CLOSE FAMILY) – blood relatives (parents, children, grandparents, full siblings and half-siblings, grandfathers, grandmothers, and other persons in a direct or lateral family relation) or persons related through family law (spouses, spouse relatives, adopters, and adoptees), plus any persons whose life, health, and welfare are dear to any government representative government, public entity representative, or a Company employee for reasons of prevailing personal relationship.

DUE CARE – a principle based on the notion of reasonableness and good faith, as formulated in the existing law, whereby the Company and its employees are responsible for business transactions or management decisions, including responsibility for obtaining, prior to the establishment of any contractual relations, sufficient information to develop a reasonable opinion on whether any indications exist to show that a counterparty or a jobseeker lack integrity.

COUNTERPARTY – any Russian or foreign legal entity or individual with whom Rosneft or a Rosneft Group Entity enters into a contractual relationship, save for a relationship of employment.

CONFLICT OF INTERESTS – any situations and circumstances whereby personal interests of an employee or his kith and/or kin run or may run counter to Company interests and, therefore, affect or may affect proper performance of his/her official duties, including objective decision-making in discharge of his office, as well as any situations and circumstances likely to harm the rights, lawful interests, property, and/or business reputation of Rosneft and/or a Rosneft Group Entity.

CORRUPT ACTIONS – offer, presentation, promise, solicitation, or acceptance of bribes, bribery intermediation, payments in order to simplify administrative, bureaucratic, and other formalities, as made in any form including by way of cash, other valuables, services, and/or provision/receipt of unjustified tangible or intangible benefit from or to any persons/entities, including government and public representatives, private companies, and politicians.

GROUP ENTITY – any subsidiary, controlled company, or company wherein Rosneft holds a direct or indirect equity interest.

PUBLIC ENTITY – any form of:

- Public association (or international public organization (including of interstate and supra-state nature), trade union, social movement, fund, institution, political party, and other form of public association),
- Non-profit organization (association/union, non-profit partnership, autonomous non-profit institution, self-regulating organization, fund, establishment and any other form of non-profit organization).

FACILITATION PAYMENTS – payments intended to speed up the standard procedure of actions in the context of a specific nation's business practices, in the context of complying with procedural requirements of applicable law (such as licensing, permitting, visa issuance, utility provision, etc.) that are not prescribed by legislative or regulatory acts of the country in question..

GOVERNMENT REPRESENTATIVE:

- A person who, on a continuous or temporary basis or under a special authorization, functions as a representative of any government or municipal authority;
- A person who, on a continuous or temporary basis or under a special authorization, performs organizational, directive, administrative, or business functions within a government agency, an agency of local government, a government or municipal institution, the RF Armed Forces or any other military unit of the Russian Federation;
- Any official or employee of a business entity fully or partially held by the government or a municipal entity;
- Any candidate/applicant to fill a state or municipal office or any government or municipal service position, including a government office.

REPRESENTATIVE OF A PUBLIC ENTITY:

- Any official or employee of a public entity;
- Any candidate/applicant to fill a position with a public entity.

POLITICIAN – a person professionally engaged in politics, including any political party functionary.

EMPLOYEE – an individual that has entered into an employment relationship with Rosneft or a Rosneft Group Entity.

EMPLOYEE'S PRIVATE INTERESTS – any personal, social, pecuniary, financial, political, and other interests of an employee or his kith and kin.

TERMS AND DEFINITIONS FOR THE PURPOSE HEREOF

APPLICABLE LAW – statutory provisions of the Russian Federation law and United Kingdom law, in particular, UK Bribery Act 2010, as well as other legislative and regulatory acts of any foreign nations wherein the Company may be present.

2 DESIGNATIONS AND ABBREVIATIONS

COMPANY – a group of legal entities having various legal and institutional formats, including Rosneft, where the latter directly or indirectly acts as the parent company or dominant/holding company thereof.

ROSNEFT SUBSIDIARY – an entity where Rosneft is able to determine decisions of such entity due to a dominant direct/immediate equity holding, under a contract with the same, or for any other reason.

ROSNEFT-CONTROLLED ENTITY – an entity where Rosneft holds an equity stake in excess of 20%.

COMPANY GOVERNING BODIES – Rosneft Board of Directors, Rosneft Management Board, and Rosneft President.

3 LEGAL AND METHODOLOGICAL BASIS OF THIS POLICY

3.1 LEGAL FUNDAMENTALS OF THE POLICY

Rosneft is a public company whose securities trade on Russian and foreign trading platforms, including CJSC MICEX Stock Exchange and the London Stock Exchange. Therefore, any activities of the Company and actions of its employees in any country of the world must comply, *inter alia*, with anti-corruption law of the Russian Federation and the UK Bribery Act of 2010; such activities must also be consistent with the requirements of other legislative and regulatory acts of any foreign states wherein the Company may be present.

This **POLICY** has been informed by principles and rules found in the following regulations:

- United Nations Convention against Corruption (adopted in New York on October 31, 2003 by Resolution 58/4 of the 51st Plenary Meeting at the 58th Session of the UN General Assembly, and ratified by RF Federal Law No. 40-FZ dated March 8, 2006);
- Criminal Law Convention on Corruption (made in Strasburg on January 27, 1999 vide ETS No. 173, and ratified by RF Federal Law No. 125-FZ dated July, 2006);
- Criminal Code of the Russian Federation, vide No. 63-FZ dated June 13, 1996;
- Russian Federation Code of Administrative Offenses, vide No. 195-FZ dated December 30, 2001;
- Federal Law No. 273-FZ “On Combating Corruption” dated December 25, 2008;
- Decree No. 460 issued by the RF President on April 13, 2010 “On the National Anti-Corruption Strategy and National Anti-Corruption Plan for 2010-2011”;
- UK Bribery Act 2010 that received assent of the UK Parliament and H.M. Queen Elizabeth II on April 8, 2010 and came into effect as of July 1, 2011.

3.2 METHODOLOGICAL FUNDAMENTALS OF THIS POLICY

Methodological fundamentals of this **POLICY** include:

- Recommendations of UK Ministry of Justice on Building and Implementing a System of Adequate Procedures to Comply with the UK Bribery Act 2010, as published on March 30, 2011;
- *The 2010 UK Bribery Act Adequate Procedures Guidance on Good Practice Procedures for Corporate Anti-Bribery Programs*, by Transparency International;
- ICC Rules on Combating Corruption
- Transparency International Anti-Corruption Plain Language Guide 2010.

This **POLICY**, once adopted, shall be implemented in keeping with the applicable law of the Russian Federation.

4 KEY PRINCIPLES OF COMBATING INVOLVEMENT IN CORRUPTION ACTIVITIES

4.1 ZERO TOLERANCE FOR CORRUPTION IN ANY FORMS OR MANIFESTATIONS

The Company follows the principle of zero tolerance for corruption in any forms or manifestations in the context of its operations, investments, and other activities.

The principle of zero tolerance for corruption means that Company employees, members of the Company's government bodies and other persons acting for or on behalf of the Company are strictly prohibited from taking part, directly or indirectly, personally or through any intermediary, in any corrupt action regardless of business practices prevailing in this or that country.

The Company emphasizes that any corrupt action, including an apparent conflict of interest, is unacceptable, whether involving any government representative, public entity representative, private company, politician, or other third party, or involving any Company employee that may abuse his/her office for personal benefit.

Should an employee have doubts on whether his/her actions are lawful and compliant with this **POLICY**, he/she should consult the immediate superior or the business ethics officer regarding such matter.

The Company reserves the right to publicize information regarding any persons who may have breached the requirements of the applicable law or this **POLICY**.

4.2 INESCAPABLE PUNISHMENT

The Company declares zero tolerance for any forms or manifestations of corrupt activities across all levels of corporate governance. It shall investigate all reasonably justified information claiming a breach of proper procedures in combating involvement in corrupt activities and shall hold any guilty parties to account, regardless of their position, length of service, status within the Company, or other relationship with the same, subject to any procedure established by the applicable law and the Company's local regulations.

The Company shall use its best reasonable and lawful efforts to put an end to any violation as soon as possible and inescapably.

The Company reserves the right to publicize information regarding any persons who may have breached the requirements of the applicable law or this **POLICY**.

4.3 LEGALITY

The Company strictly complies with the laws of the Russian Federation and other countries whose rules apply to the Company. Any action or inaction of the Company, including related to combating involvement in corrupt activities, shall be consistent with the rules of applicable law.

4.4 SENIOR EXECUTIVE TONE

All senior official of the Company shall declare zero tolerance for any forms or manifestations of corruption across all levels; they shall demonstrate, implement, and observe it in real life.

4.5 REGULAR ASSESSMENT OF CORRUPTION ACTIVITY INVOLVEMENT RISKS

The Company shall identify, assess and, on a regular basis, reassess corruption-related risks inherent in its potentially vulnerable business processes. In identifying and assessing risks, the Company shall factor in the entirety of information regarding any activities or plans, including those related to investments or strategy, insofar as such information may be available at the time of such assessment or reassessment.

4.6 SYSTEMIC AND COMMENSURATE NATURE OF PROPER PROCEDURES

The Company shall develop and implement a system of adequate procedures to combat and prevent involvement in corruption activities. The Company shall seek, to the greatest extent possible, to make such procedures transparent, clear, feasible and reasonably consistent with any risks that may have been identified.

4.7 DUE PRUDENCE PRINCIPLE

Before resolving to commence or continue any business relationship, the Company shall check any counterparts and job candidates as regards good faith, intolerance for corruption, and conflict of interests.

4.8 INFORMATION AND TRAINING

The Company shall publish this **POLICY**, which shall be freely accessible on its website, and shall declare zero tolerance for corruption.

The Company shall use its reasonable efforts to inform and advise relevant audiences as regards the principles and rules of applicable law, the Rosneft Code of Business Ethics, this **POLICY**, and other local regulations on combating involvement in corrupt activities, including by way of training its employees and counterparties in the fundamentals of combating involvement in corrupt activities.

4.9 MONITORING AND SUPERVISION

The Company shall monitor any adequate procedures that may have been implemented to combat and prevent involvement in corrupt activities and shall supervise compliance with the same.

The Audit Committee of the Board of Directors shall, from time to time, independently assess the current status of the system for combating involvement in corrupt activities, and shall assess the Company's activities for compliance with the rules of applicable law and this **POLICY**. The Audit Committee of the Board of Directors shall communicate the findings of such assessment to the shareholders in the Company's annual report.

4.10 IMPROVEMENTS TO THE SYSTEM OF ADEQUATE PROCEDURES

The Company calls on its employees and any third party stakeholders to give an earliest possible notice of their suspicions as regards potential breaches and violations of any provisions found in this **POLICY**; it also encourages them to propose recommendations and measures for improving the system of combating involvement in corrupt activities.

Such messages may be conveyed using the following means:

- under the tipoff program via email to code@rosneft.ru, with an anonymity option;
- to a Company official in charge of security issues and business ethic compliance; or
- to one's immediate manager or a higher supervisor.

The Company guarantees confidentiality to all employees and other persons that report any violations in good faith.

4.11 WAIVER OF REPRISALS AND SANCTIONS

No sanctions shall apply to a Company employee for:

- refusal to give or receive a bribe, to engage in commercial bribery, or to act as a bribery intermediary, even though, as a result of such refusal, the Company may have incurred any losses, lost profit, or failed to obtain any commercial and/or competitive advantage, or
- a good faith report regarding presumed violations or instances of corruption, other abuses or inadequate effectiveness of existing supervisory procedures.

In case a Company employee or any other person furnishes knowingly false information or seeks to obtain any personal benefit that runs counter to Company interests, such person may be held liable in keeping with the existing legislation and local regulations of Rosneft or its subsidiaries.

5 KEY PROVISIONS OF THE PROGRAM FOR COMBATING INVOLVEMENT IN CORRUPTION ACTIVITIES

This **POLICY** targets the following activities.

5.1 GIFTS AND ENTERTAINMENT

The Company recognizes the exchange of business gifts and entertainment, including for the purpose of business hospitality, as a necessary element in doing business and a generally accepted business practice. The Company shall use all means to encourage an atmosphere of honesty and transparency as regards business gifts and business entertainment expenses.

At the same time, the Company believes that this area is vulnerable in terms of involvement in corruption activities. Therefore, all such actions carried out for Rosneft or on its behalf, must meet the following criteria:

- full compliance with the rules found in the applicable law, the Rosneft Code of Business Ethics, and other local regulations of the Company;
- freedom of any direct or indirect objective to influence any decisions to be made by government representatives, public entity representatives, private companies, politicians, or other persons that may have an impact on whether Rosneft and/or Rosneft Group Entities retain or expand their business;
- such actions shall not imply any obligation to the giver or business hospitality provider;
- such actions shall not give rise to any reputational or other risks to the Company, employees, or other persons should information regarding such gifts or entertainment expenses be disclosed; or
- such actions shall not involve any banknotes or bank account funds, securities, precious metals, or other forms or equivalents of cash and/or luxury items.

All expenditures for the purpose of business gifts and business hospitality must be approved by the Company leadership.

Should any doubt arise if a business gift or event is compliant with this **POLICY**, the relevant employee shall consult his/her direct superior or business ethics compliant officer on this matter.

5.2 CHARITABLE CONTRIBUTIONS, SPONSORSHIPS, AND FINANCIAL AID

The Company shall not provide any charitable contributions, sponsorships, or financial aid with a direct or indirect objective of influencing decisions to be made by government representatives, public entity representatives, or other persons, if such decisions have an impact on whether Rosneft and/or Rosneft Group Company could retain or expand its business, or if such aid may be objectively perceived as an attempt to exert such influence.

Information about Company expenses on charities and sponsorship shall be open to the public.

5.3 PARTICIPATION AND POLITICAL ACTIVITIES

The Company shall not participate in political activities with a direct or indirect objective of influencing decisions to be made by government representatives, public entity representatives, or other persons, if such decisions have an impact on whether Rosneft and/or Rosneft Group Company could retain or expand its business, or if such participation may be objectively perceived as an attempt to exert such influence.

Information regarding any expenses associated with participation in political activities shall be open to the public.

In keeping with the principles declared in Rosneft's Code of Business Ethics, any Company employee may personally participate in political life of the society during his/her off-duty time. Personal participation of any employees in politics, and any relevant money and time spent by them shall be fully voluntary and shall not interfere with their Company work.

5.4 COUNTERPARTY INTERACTIONS; PAYMENTS THROUGH INTERMEDIARIES AND PAYMENTS INTENDED FOR THIRD PARTIES

The Company shall refrain from engaging any intermediaries, agents, partners, or other persons acting for on behalf of the Company, and shall refrain from participation in any joint ventures for the purpose of committing actions that violate the principles and requirements of this **POLICY**, the Rosneft Code of Business Ethics, or that create a reputation risk to the Company, its employees, or any other person in case information regarding such actions is disclosed.

Prior to resolving to commence or continue cooperation with an intermediary, agent, partner, or other counterparty or to begin or continue its joint venture participation, the Company shall:

- gather, analyze, and check information regarding potential counterparties and co-venturers as regards their reputation, zero tolerance for corruption, and freedom from any conflict of interests; and
- advise the same as regards the principles and requirements of this **POLICY**.

The Company reserves the right to terminate any contracts with a counterparty or co-venturer should it find that it has committed any corrupt action.

The Company shall fully encourage its joint ventures and counterparties to adopt internal regulations on combating involvement in corrupt activities that could be similar to this **POLICY**.

5.5 INTERACTION WITH GOVERNMENT REPRESENTATIVES OR PUBLIC ENTITY REPRESENTATIVES

The Company shall refrain from paying any expenses of government representatives or public entity representatives, or any expenses of their kith and/or kin or from making any payment in their interests, including receipt of any tangible or other benefit by the same at the Company expense, for a direct or indirect purpose of obtaining any commercial and/or competitive advantage.

5.6 ACCOUNTING

In keeping with the principles declared in the Rosneft Code of Business Ethics, the Company shall strictly comply with the applicable law and any reporting and accounting requirements. Any business transactions not posted to accounts, any misstatement or fraudulent manipulation of accounting records, management information, other records or supporting documents shall be regarded as corporate fraud and shall be investigated subject to a procedure established by the Company's local regulations.

5.7 SUPERVISION AND AUDIT

The Company shall make sure that its internal controls, such as the accounting system and management accounts, are regularly examined by way of external and internal audit; and that compliance with applicable laws and the Company's local regulations, including the principles and requirements established by this **POLICY**, is duly monitored.

Since the Company may be held liable for any corrupt activities involving its employees, counterparties, or other persons acting for and on behalf of the Company, all reasonable suspicions that a corrupt action may have been committed shall be thoroughly investigated subject to a procedure established by the Company's local regulations.

6 RISK MANAGEMENT IN THE AREA OF COMPLIANCE WITH ANTI-CORRUPTION LAWS

Table 1
Risk Management in the Area of Compliance with Anti-Corruption Laws

#	RISK	RISK METRIC	CORRECTIVE AND PREVENTIVE ACTIONS
1	Risk that the system for combating involvement in corruption activities may be non-compliant with anti-corruption requirements of the applicable law		
1.1	Risk that Company employees and/or counterparties may commit corrupt actions for Company or on its behalf.	<p>1. Number of instances involving non-compliance with the Company's control procedures in the area of combating involvement in corruption activities.</p> <p>2. Number of reports published by media and other open sources as regards suspected corrupt activities for the Company or on its behalf</p>	<p>1. The leadership shall communicate anti-corruption principles and the system of adequate procedures; this shall include advising Company employees of the provision and requirements found in the Rosneft Code of Business Ethics, and this Policy, and provision of employee training courses to explain the system of adequate procedures adopted by the Company to combat involvement in corruption activities.</p> <p>2. Conduct internal audits; process reports received as part of whistleblower programs and other measures intended to identify, within the Company, potential breaches of the anti-corruption procedures mandated by the Company's local regulations.</p> <p>3. Implement other measures contemplated by local regulations that govern the procedure for combating involvement in corrupt activities; implement general measures to improve the system of internal controls.</p>

#	RISK	RISK METRIC	CORRECTIVE AND PREVENTIVE ACTIONS
1.2	Risk of sanctions following an investigation of the Company by law enforcement authorities of the Russian Federation, UK, or other countries whose anti-corruption laws apply to the Company.	<p>1. Number of investigations initiated against Rosneft or its subsidiaries or controlled companies by law enforcement authorities of the Russian Federation, UK, or other countries whose anti-corruption rules apply to the Company.</p> <p>2. Number of instances identified where the risk of corrupt actions by Company employees and/or counterparties for the Company or on its behalf may have materialized.</p> <p>3. Number of reports published by mass media and other public sources as regards suspect corrupt actions of any legal entities investigated by law enforcement authorities of the Russian Federation, UK, or other countries whose anti-corruption rules apply to the Company.</p>	<p>1. Implement a system of adequate procedures contemplated by local regulations that govern the procedure of combating involvement in corrupt activities, and by other local regulations that prescribe the Company's control procedures in the area of combating involvement in corrupt activities.</p> <p>2. Monitor the case law and other information provided by regulatory authorities on instances of non-compliance with applicable anti-corruption laws.</p>

7 REFERENCES

1. United Nations Convention against Corruption (adopted in New York on October 31, 2003 by Resolution 58/4 of the 51st Plenary Meeting at the 58th Session of the UN General Assembly, and ratified by RF Federal Law No. 40-FZ dated March 8, 2006);
2. Criminal Law Convention on Corruption (made in Strasburg on January 27, 1999 vide ETS No. 173, and ratified by RF Federal Law No. 125-FZ dated July, 2006);
3. Criminal Code of the Russian Federation, vide No. 63-FZ dated June 13, 1996;
4. Russian Federation Code of Administrative Offenses, vide No. 195-FZ dated December 30, 2001;
5. Federal Law No. 273-FZ “On Combating Corruption” dated December 25, 2008;
6. Decree No. 460 issued by the RF President on April 13, 2010 “On the National Anti-Corruption Strategy and National Anti-Corruption Plan for 2010-2011”;
7. UK Bribery Act 2010 that received assent of the UK Parliament and H.M. Queen Elizabeth II on April 8, 2010 and came into effect as of July 1, 2011;
8. Rosneft Charter, as approved by the resolution of its general meeting, vide unnumbered Minutes of June 19, 2009.
9. Rosneft Code of Business Ethics, as approved by resolution of its Board of Directors, Minutes No. 6 dated December 31, 2008.