



APPROVED

**by Rosneft Board of Directors Resolution
dated April 21, 2020**

Minutes № 22 dated April 22, 2020

ROSNEFT REGULATION

**ON THE ROSNEFT BOARD OF DIRECTORS
STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE**

№ P3-10.01 R-0001 UL-001

VERSION 3.00

**MOSCOW
2020**

TABLE OF CONTENTS

INTRODUCTORY PROVISIONS	3
1. TASKS AND FUNCTIONS OF THE COMMITTEE	4
2. TERMS OF REFERENCE AND POWERS OF THE COMMITTEE	6
3. FINAL PROVISIONS	8
4. REFERENCES	9
5. RECORD OF INTERNAL REGULATORY DOCUMENT CHANGES.....	10

The copyright to this Internal Regulatory Document (IRD) belongs to the Rosneft Oil Company (Rosneft). The IRD may not be reproduced, circulated and distributed, in full or in part, without Rosneft' written permission.

© © Rosneft', 2020

INTRODUCTORY PROVISIONS

This Regulation on the Rosneft Board of Directors Strategy and Sustainable Development Committee is drawn up in compliance with Federal Law № 208- FZ dated December 26, 1995 On Joint-Stock Companies, the Corporate Governance Code recommended by the Bank of Russia for application by joint-stock companies with listed securities, the Charter of Rosneft Oil Company, the Regulation on Rosneft Board of Directors, and Rosneft Corporate Governance Code. It sets the tasks, functions, powers and work procedure for the Rosneft Board of Directors Strategy and Sustainable Development Committee.

The procedure for formation and work of Rosneft Board of Directors Strategy and Sustainable Development Committee is determined by Rosneft Regulation on the Procedure for Formation and Work of Rosneft Board of Directors Committees № P3-01.05 R-0002 UL-001.

1. TASKS AND FUNCTIONS OF THE COMMITTEE

1.1. Rosneft Board of Directors Strategy and Sustainable Development Committee shall be a consultative and advisory body of Rosneft Board of Directors and shall be established with the purpose of an in-depth consideration of issues and preparation of recommendations to Rosneft Board of Directors on matters within its remit and on matters delegated to Rosneft Board of Directors Strategy and Sustainable Development Committee by Rosneft Board of Directors.

1.2. The main task of Rosneft Board of Directors Strategy and Sustainable Development Committee shall be rendering assistance to Rosneft Board of Directors in strategic management of Rosneft Oil Company operations and assuring protection of the interests of Rosneft shareholders by exercising control in the field of Rosneft strategy and sustainable development.

1.3. Rosneft Board of Directors Strategy and Sustainable Development Committee shall render assistance to Rosneft Board of Directors in the following fields of corporate governance:

- defining strategic goals and guidelines for Rosneft Oil Company development, including goals in Environment, Social and Corporate Governance (ESG¹);
- assessment of Rosneft long-term performance and its contribution to the UN sustainable development goals;
- assurance of strategic and business planning;
- defining Rosneft policies concerning companies of the Group² based on the terms of reference set by Rosneft Charter in respect of the corporate structure.

1.4. The functions of Rosneft Board of Directors Strategy and Sustainable Development Committee shall include:

1.4.1. Participation in identifying priority business areas for Rosneft, evaluating strategic initiatives of its top managers pertaining to development and control of the delivery of Rosneft overall strategy and its individual business strategies by means of:

- regular interactions with Rosneft subdivisions on issues related to strategy and sustainable development;
- preliminary reviews of proposals on development of Rosneft overall strategy and its individual business strategies (HR strategy, organizational strategy, investment strategy, financial strategy (dividend policy, equity and debt structure, transactions with Company securities), technology strategy, information strategy, ecology and environment protection strategy, and other functional strategies of Rosneft Oil Company);
- preliminary reviews of business projects/investment programs for their long-term strategic fit;
- preliminary reviews of Rosneft top managers' initiatives on Rosneft reorganization;
- preliminary reviews of proposals on merger, acquisition, stake/share disposal deals, creation of strategic alliances and joint ventures, also deals which the Russian legislation refers to the category of major deals;
- preliminary reviews (updates) of the status of Rosneft strategy delivery.

¹ ESG - Environment, Social, Governance

² The term "company of the Group" is interpreted pursuant to para 10.2.13 of Rosneft Charter.

1.4.2. Preliminary consideration of Rosneft sustainability reports and other public reports related to ESG issues.

1.4.3. Analysis of the main trends of the economic policy pursued by the Russian Federation in the area of Rosneft business and communication of the relevant information to Rosneft Board of Directors.

1.4.4. Analysis of Rosneft risks and opportunities related to climate change, ecology (including water security) and social issues (including human rights protection), and communication of the relevant information to Rosneft Board of Directors.

1.4.5. Participation in the control of Rosneft approved business plans delivery.

1.4.6. Assessment of the efficiency of Rosneft interaction with investors and Company shareholders.

2. TERMS OF REFERENCE AND POWERS OF THE COMMITTEE

2.1. The terms of reference of Rosneft Board of Directors Strategy and Sustainable Development Committee shall cover the following:

2.1.1. Preliminary reviews and preparation of recommendations to Rosneft Board of Directors on the following matters within its remit:

- defining priority business areas;
- approval of Rosneft long-term development strategy and control of its delivery;
- approval of Rosneft business plans and budgets and control of their delivery;
- taking decisions on applications for listing of Rosneft shares and/or issued securities convertible to Rosneft shares;
- placement of Rosneft bonds and other issued securities;
- acquisition of floated Rosneft shares subject to restrictions stipulated by the applicable laws of the Russian Federation;
- acquisition of floated Rosneft bonds and other securities in cases stipulated by the applicable laws of the Russian Federation;
- disposal of shares acquired by Rosneft in cases stipulated by the applicable laws of the Russian Federation;
- approval of a report on the results of share acquisition for the purpose of redemption and a report on the results of share redemption;
- approval of a report on the results of shareholders claiming buyout of shares owned by them;
- taking decisions on Rosneft launching business projects/investment programs and executing, modifying, and early terminating deals which the applicable legislation of the Russian Federation refers to the category of major deals;
- defining Rosneft position with regard to actions causing a change in the corporate structure and/or in the ownership structure of companies of the Group;
- approval of Rosneft internal documents of the Policy level related to the functions of Rosneft Board of Directors Strategy and Sustainable Development Committee and of any amendments and supplements thereto, including:
 - ♦ definition of a business organization model (including definition of key management and business processes, principles of Rosneft organization formation and modification);
 - ♦ sustainable development and ESG;
 - ♦ investment;
 - ♦ innovative development;
 - ♦ information policy;
 - ♦ dividend policy;
 - ♦ external communications (including regional policies, international activities);
 - ♦ other areas of Company business having strategic importance for its development.

2.1.2 Preliminary consideration of Rosneft sustainability report in the part related to Rosneft Board of Directors Strategy and Sustainable Development Committee functions.

2.2. Rosneft Board of Directors Strategy and Sustainable Development Committee shall be authorized by Rosneft Board of Directors to act within the terms of reference defined by this Regulation and on behalf of Rosneft Board of Directors.

The Committee shall have the right to request and receive from Rosneft, its executive bodies and officers, any information within its remit required for Rosneft Board of Directors Strategy and Sustainable Development Committee to perform its functions.

The Company, executive bodies and officers of Rosneft shall assist Rosneft Board of Directors Strategy and Sustainable Development Committee in obtaining requested information, assure completeness of the said information and timeliness of its provision, take initiative in providing information which is of importance for considering and taking decisions on matters within the Committee's remit, subject to restrictions set by the applicable laws of the Russian Federation, the Charter and Rosneft internal documents.

3. FINAL PROVISIONS

3.1. Rosneft Board of Directors Strategy and Sustainable Development Committee shall regularly assess the relevance of this Regulation and, if necessary, shall prepare proposals to Rosneft Board of Directors on amending (supplementing) it.

3.2. Amendments and supplements to this Regulation shall be made by Rosneft Board of Directors.

4. REFERENCES

1. Federal Law № 208-FZ dated December 26, 1995, On Joint-Stock Companies.
2. Corporate Governance Code recommended by the Bank of Russia for application by joint-stock companies with listed securities (Letter from the Central Bank of the Russian Federation (Bank of Russia) № 06-52/2463 dated April 10, 2014 , On the Corporate Governance Code).
3. Regulation on Rosneft Board of Directors approved by the decision of the Annual General Shareholders Meeting of Rosneft dated June 27, 2014, Minutes dated July 2, 2014, unnumbered.
4. Rosneft Regulation on the Procedure for Formation and Work of Rosneft Board of Directors Committees № P3-01.05 R-0002 UL-001 version 3.00 approved by the decision of Rosneft Board of Directors dated March 29, 2019, Minutes dated April 1, 2019, No.19.
5. Rosneft's Corporate Governance Code № P3-01 KS-01 version 2.00 approved by the decision of the Rosneft Board of Directors dated November 15, 2017, Minutes dated November 17, 2017, No.6.

5. RECORD OF INTERNAL REGULATORY DOCUMENT CHANGES

Table 1
List of Rosneft Regulation Changes

VERSION	DOCUMENT TYPE AND NAME	DOCUMENT NUMBER	APPROVAL DATE	EFFECTIVE DATE	RD REFERENCE
1	2	3	4	5	6
1.00	Regulation on the Rosneft Board of Directors Strategic Planning Committee	Unnumbered	October 18, 2008	October 18, 2008	Minutes No. 5 of Rosneft Board of Directors meeting dated October 18, 2008 No.5.
2.00	Regulation on the Rosneft Board of Directors Strategic Planning Committee	Unnumbered	October 1, 2014	October 1, 2014	Minutes No.6 of Rosneft Board of Directors meeting dated October 6, 2014 No.6