



APPROVED BY

Rosneft Board of Directors

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COMPANY POLICY

HEALTH, SAFETY AND ENVIRONMENT

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INTRODUCTORY PROVISIONS

PURPOSE

This Policy states the Company's position in industrial safety, labor protection and environmental protection (including road safety, fire safety, radiation safety, gas safety, well control safety, the integrity of production facilities, the prevention of fire, and the response to those).

This Policy also standardizes the principles and approaches in HSE to ensure the continuous improvement of the Rosneft HSE integrated management system.

This Policy has been developed considering the requirements of applicable legislation, including the Federal Law № 7-FZ dated 10.01.2002 on environmental safety, the Federal Law № 116-FZ dated 21.07.1997 on process safety of hazardous facilities, and the enactment of the Russian Government № 536 dated 26.06.2013 on the requirements for documentation support of safety management system, as well as international standards and best practices in HSE.

SCOPE

This Policy is binding for all employees of PJSC Rosneft Oil Company and its subsidiaries, which have no special procedure for the shareholders / participants to exercise their rights according to Charters of the subsidiaries, shareholders' and other agreements with companies partners.

This Policy is advisory for employees of other companies of the Group, which are not PJSC Rosneft Oil Company subsidiaries.

The Policy requirements become binding for PJSC Rosneft Oil Company subsidiaries and other companies of the Group after its enforcement in the entity according to its Charter and terms and conditions of contracts or agreements about joint activities and as per entity procedures.

Regulatory, local normative and other internal documents should not contradict this Policy.

VALIDITY PERIOD AND AMENDMENT PROCEDURE

This Policy is a local normative document of permanent validity.

This Policy, and changes thereto, shall be approved, invalidated and amended by resolution of the Board of Directors of PJSC Rosneft Oil Company and put into effect by Company Order.

This policy shall be amended upon the initiative of PJSC Rosneft Oil Company Vice President for HSE and top managers of PJSC Rosneft Oil Company and its subsidiaries upon the approval of the Vice President for HSE.

Changes to the Policy shall be made in the following cases: changes in the legislation of the Russian Federation in HSE, changes in the organizational structure or authority of Company managers.

1. TERMS AND DEFINITIONS

CORPORATE GLOSSARY TERMS AND DEFINITIONS

ACCIDENT – destruction of any buildings and (or) technical equipment used at a hazardous facility, uncontrolled explosion and (or) hazardous substance emission [Federal Law № 116-FZ dd 21.07.1997, On Industrial Safety of Hazardous Facilities].

COMPANY FACILITY – construction sites, buildings, structures, premises (incl. office premises), roads, railways, equipment, facilities, stations, hazardous facilities, technical devices (used at the hazardous facilities), transport, special purpose vehicle, territory and other engineering structures.

CONTRACTORS - legal entities and individuals (including subcontractors), which conduct work / render services under contracts using their own resources and/or using third-party organizations, which are sub-contractors to the Customer.

DANGEROUS INDUSTRIAL FACTOR - industrial factor which may results in injury, acute poisoning or other sudden health deterioration or death if affected on the employee in specific conditions.

DANGEROUS EVENT - any unplanned event in the Company's operations that caused, or could have caused, damage to people, the environment, assets or the reputation of the Company.

ENVIRONMENTAL IMPACT – an impact of economic and other activities implications of which lead to changes of the environmental quality.

ENVIRONMENTAL PROTECTION - an activity of the Russian Federation government bodies, government bodies of constituent entities of the Russian Federation, local self-governance bodies, non-governmental and other non-commercial organizations, legal entities and individuals aimed at preservation and rehabilitation of the natural environment, conservation and reproduction of natural resources, prevention of negative impact of economic and other activities on the environment, as well as environmental recovery. [Federal Law dated 10.01.2002 № 7-FZ Environment protection]

FIRE - uncontrolled burning, causing material damage, harm to life or health of citizens, interests of society or the state [Federal Law No. 69-FZ dated December 21, 1994 On Fire Safety].

FIRE SAFETY – a system of protection of individuals, property, society or the state from fires [Federal Law of December 21, 1994 No. 69-FZ "On Fire Safety"].

HAZARDOUS INDUSTRIAL FACTOR - factor of environment and labor process, which may cause professional disease, temporary or permanent working capacity reduction, increase of somatic and infection diseases frequency and result in the posterity health deterioration if affected on the employees at specific conditions (intensity, length).

HSE RISK – characterization of a hazard by the probability (frequency) of the dangerous event (accident) and severity (seriousness) of its consequence (damage).

INTEGRATED SYSTEM OF HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT – a part of the Company management system used for developing and implementing the Company HSE Policy and objectives and also risk management in this area.

INTEGRITY OF THE PROCESS FACILITY - the state of protection of a process facility from the impact of internal and external factors of natural and man-made origin, which may lead to equipment failures, accidents, fires and/or impair their performance.

JOB-RELATED INJURIES - the number of injuries (or damage to health) sustained by employees or other individuals participating in the operations of the employer, over a certain period of time, in the performance of their duties under an employment contract, or whilst traveling to or from work using employer vehicles, where the injured individual needs to be transferred to different job (for more than 1 shift), or suffers the permanent loss of ability to work, or having caused their death.

LABOR SAFETY - a system for the protection of the life and health of workers during their work, including legal, social, economic, organizational, technical, hygiene, health promoting, rehabilitation and other activities. [Labor Code of the Russian Federation].

LABOUR CONDITIONS – factors within the process environment or labor process that affect employees' health and ability to work.

PROCESS FACILITY - buildings, structures, premises (including office buildings), process systems (units, stations), roads, railways, vehicles and special equipment used in process, management and administrative activities.

PROCESS SAFETY - the system of protection of individuals and the public from accidents at hazardous process facilities [Federal law dated 21.07.1997 № 163-FZ Industrial safety at hazardous production facilities].

RELATED PARTY - partners and counterparties of the Company, industry and Russian business communities, non-profit organizations and NGOs, academic institutions, employees of the Company, and others interested in co-operating with the Company, or dependent to varying degrees on the activities carried out by the Company where it operates, with the exception of state authorities and administration.

ROAD TRAFFIC SAFETY - the process of moving people or cargo, with or without vehicles, reflecting the degree of protection to people from road accidents, accidents involving vehicles and their consequences, including the adequacy of organizational, technical, training and medical activities.

SPECIALLY PROTECTED NATURAL AREAS - sections of land, water and air space above them where natural complexes and facilities are located which have special nature protection, scientific, cultural, aesthetic, recreation or health value and removed from usage by state authorities partially or completely and for which special protection regime is set. [Federal law dated 14.03.1995 № 33-FZ Specially protected natural areas].

SUBCONTRACTOR - company involved by contractor to perform works at the customer facilities.

2. DESIGNATIONS AND ABBREVIATIONS

COMPANY - a group of legal entities of various organizational and legal forms, including PJSC Rosneft Oil Company, where the latter acts as the main or predominant (participating) entity.

COMPANY HSE REQUIREMENTS - local normative documents, directives and other Company internal documents, which contain requirements, conditions, prohibitions, restrictions, etc and which affect HSE security.

CONTRACTOR - contracting or subcontracting company

HSE – Health, Safety and Environment, including road safety, fire, radiation, gas and blow-out safety, prevention of fires and accidents, and emergency response.

ROSNEFT TOP MANAGERS – First Vice Presidents of Rosneft, Vice Presidents of Rosneft, Rosneft Chief Accountant, Rosneft CFO, Advisors and Leaders of Rosneft Structural Units and Services in the rank of Vice Presidents, Heads of Rosneft Functions.

ROSNEFT TOP MANAGEMENT - person or group of persons (employees) in charge of the Company specific activity areas and Company management on the top level.

SUBSIDIARY - a business entity with 20% or more shares or equity interest directly and/or indirectly owned by Rosneft Oil Company.

3. STATEMENT ON HSE POLICY

3.1. COMPANY HSE GOAL

PJSC Rosneft Oil Company, being a leader in the Russian oil and gas industry and one of the largest companies in the global energy industry, is aware of the nature and scale of the impact of its operations, understands its responsibilities and has the strategic goal of achieving industry leadership in accident-free operations, ensuring safe working conditions for personnel, and continuously mitigating the environmental footprint from Company operations.

3.2. COMPANY HSE COMMITMENTS

To achieve this goal, the Company undertakes the following commitments as part of its HSE integrated management system:

- to prioritize people's safety, life and health over business performance;
- to prioritize preventive actions over containment and accident response actions;
- to use natural resources rationally within its operations, to take action to protect, replenish them, and to ensure reclamation of the disturbed land;
- to mitigate the environmental footprint resulting from Company operations;
- to take action to reduce the impact on climate change from Company operations;
- to ensure that actions are in place to protect ecosystems and biodiversity, including offshore projects, and projects within protected environmentally sensitive territories.

3.3. COMPANY HSE PRINCIPLES

In its HSE activity the Company complies with the following Principles.

3.3.1. HSE LEADERSHIP AND SAFETY CULTURE

Rosneft leaders provide clear HSE direction, strive for continuous HSE risk reduction and provide the resources required to achieve this, set accountabilities and responsibilities in HSE, and create a safety culture where the Company:

- demonstrates leadership and adherence to maintaining the effectiveness and continuous improvement of the Company HSE integrated management system, states the importance of fulfilling all applicable HSE commitments by each employee of the Company and its contractors in accordance with their capabilities;
- authorizes all Company employees and contractors to stop the job if it endangers human life or health, or impacts the environment;
- actively consults with its employees at their workplaces, and with their representatives on HSE requirements' compliance.
- urges all employees to demonstrate and maintain safety leadership, supporting the development of a strong labor safety culture and protection of the environment.

- requires all Company employees and contractors to be responsible for their own safety, the safety of others, and to protect the environment at their workplaces;
- develops a balanced system of personnel motivation to support safe work and rewarding good HSE performance, as well as taking disciplinary action for the violation of HSE requirements;
- clearly states that mandatory compliance with HSE requirements is a key condition of employment for all employees of the Company, and contractor companies;
- clearly states the Company's zero tolerance to the use, storage and bringing of alcohol, drugs, toxic and other psychotropic substances onto Company facilities.

3.3.2. HSE RISK ASSESSMENT AND INTEGRITY OF PROCESS FACILITIES

The Company continuously manages its HSE risks and the integrity of its process facilities by:

- assessing and prioritizing operating risks, including transportation, that have the potential to harm people or the environment, or which can negatively impact the integrity or reliability of Company operations;
- ensuring the identification and assessment of the actual, and potential, impact of Company operations on people and the environment during all stages of operation, including FEED and design stages, and also by arranging expert reviews;
- developing, implementing and verifying the completion of activities that eliminate or mitigate HSE risks, taking into account the specifics of the operation and the integrity of Company facilities, including the risks associated with man-made and natural disasters at its process facilities;
- ensuring change is managed for all technical and organizational change with potential HSE risk, and is considered as part of the HSE risk assessment process;
- ensuring that the employees of the Company and contractors understand HSE-related risks in their daily work and how their work influences the mitigation of identified risks.

3.3.3. HSE INTEGRATED MANAGEMENT SYSTEM

The Company maintains, and seeks to continuously improve, an effective HSE integrated management system which:

- sets strategic HSE objectives and tasks, and determines the activities necessary to achieve those objectives with regard to internal and external factors influencing the Company;
- sets consistent HSE requirements on Company and contractor employees when they work at Company facilities and/or for the Company;
- ensures accurate HSE information is available to employees and third parties, and is properly documented;
- organizes the implementation of best practices and initiatives, and cutting edge technologies, systems and processes with the intent of preventing work related injuries, health deterioration, occupational illnesses, accidents, fires, climate change impact, as well as mitigating the environmental impact of operations;
- obliges the employees to plan and conduct their activities in compliance with the applicable international and national legislation, and Company HSE requirements;

- ensures that HSE rights, responsibilities and roles are allocated among the Company and contractor employees, and ensures that every employee of the Company and contractors knows their role within the HSE integrated management system.
- ensures effective interaction with governmental authorities, R&D organizations, the public and other stakeholders on HSE issues.

3.3.4. HSE CAPABILITIES

The Company sets requirements for HSE capabilities through training, checking of HSE knowledge, on-the-job-training, and sets minimum HSE requirements to allow Company employees to work independently. It also:

- communicates information about working conditions and safety precautions at work sites to Company employees, including any specific features of the process facility;
- communicates information about the hazards at Company facilities to Company and contractor employees;
- gives opportunities to all its employees to continuously improve their HSE capabilities by participating in Company and Regulatory training courses;
- organizes training for all Company employees to ensure they have the HSE capabilities required by legislation, and by the nature of their work.

3.3.5. HSE REPORTING AND PERFORMANCE REVIEW

The Company reviews HSE performance and implements an HSE reporting system which:

- sets requirements on Company and contractor employees for timely and accurate reporting about any HSE accident or non-compliance;
- defines procedures for the investigation of all HSE accidents to identify systemic causes and preventive actions to prevent similar accidents in the future;
- organizes the sharing of Lessons Learned with all Company and contractor employees working at Company facilities;
- monitors HSE performance and takes action to change the HSE management system according to best practices.

3.3.6. HSE REQUIREMENTS COMPLIANCE CONTROL

The Company implements and improves, its system of HSE control which:

- ensures the organization of systematic control of the condition of the Company process facilities, including technical devices, materials and PPE;
- ensures the organization of systematic control of compliance with the applicable international and national legislation, and Company HSE requirements,
- ensures the analysis of, and control over the closing of, corrective HSE actions aimed at the elimination of the root cause of identified violations.
- obliges contractors to systematically control their compliance with the applicable international and national legislation, and Company HSE requirements.

4. COMMUNICATION AND DISTRIBUTION OF THE POLICY

This Policy is public in nature.

Communication, distribution and ensuring availability of this Policy is done through the established communication procedures to Company employees, and by publishing the Policy using the Company's established internal and external means of communication.

PJSC Rosneft shall also communicate this Policy to its partners and contractors, and interact with them with due regard to this Policy.

5. REFERENCES

1. The Labor Code of the Russian Federation No.197-FZ dated 30.12.2001.
2. The Russian Federation Tax Code, Part 2, No. 14-FZ dated 26.01.1996.
3. Federal Law "On Industrial Safety of Hazardous Facilities" No. 116-FZ dated 21.07.1997.
4. The Federal Law "On Environment Protection" № 7-FZ dated 10.01.2002.
5. Federal Law № 69-FZ of 12/21/1994 "On Fire Safety".
6. Federal Specially Protected Natural Areas Law № 33-FZ dated 14.03.1995.
7. RF Government order No.536 dated 26.06.2013 "Approval of the requirements for the documentary support of industrial safety management systems".