

CUTTING THE TENTACLES OF RUSSIAN ENERGY 'OCTOPUS'

DiXi Group follows on the series of materials aimed at exploring the foreign ties of key Russian energy companies for elaboration of proposals for expanding sanctions limiting the international influence of Russian energy sector

ROSNEFT

ROSNEFT'S TENTACLES SORTED OUT


Europe


SWITZERLAND

 Energopole SA (Rosneft's trading arm), Gunvor, Glencore, Petrocas Energy Group, Petraco Group

 trade, assets

GERMANY

 Rosneft Deutschland

 assets, trade

UK

 British Petroleum, Shell

 assets

NETHERLAND

 Vitol/Varo Energy


 assets, trade


SPAIN

 Repsol

 trade

ITALY

 ENI, Maire Tecnimont, Intesa Sanpaolo


 assets, trade, tech&service


FRANCE

 ENI, Maire TotalEnergies, Schlumberger


 assets, trade, tech&service


NORWAY

 Equinor


 tech&service


POLAND

 PKN Orlen, Synthos

 trade, tech&service


AUSTRIA


 Cetracore Energy GMBH

 assets, trade

Rest of the world

CHINA

 CNPC, Sinopec/Unipet


 assets, trade


INDIA

 Nayara Energy, Indian Oil Corporation, Hindustan Petroleum Corporation, Bharat Petroleum Corporation, ONGC Videsh


 assets, trade


SINGAPORE

 Trafigura, Coral Energy

 trade, assets

INDONESIA

 Pertamina


 assets, trade


JAPAN

 Sakhalin Oil and Gas Development Company (SODECO): Japan Petroleum Exploration Co, Japan National Oil Corp, Itochu Corp, Marubeni Corp


 assets


MYANMAR

 Sun Apex Holding Limited


 assets


MONGOLIA

 Sod Mongol Group

 assets

IRAQ

 Kar Group


 assets


QATAR

 Qatar Petroleum

 assets

UAE

 Mubadala


 assets


AZERBAIJAN

 SOCAR


 trade


MOZAMBIQUE

 ENH


 assets


GHANA

 Ghana National Petroleum Company


 plans


NIGERIA

 Oronto Petroleum


 plans


BRAZIL

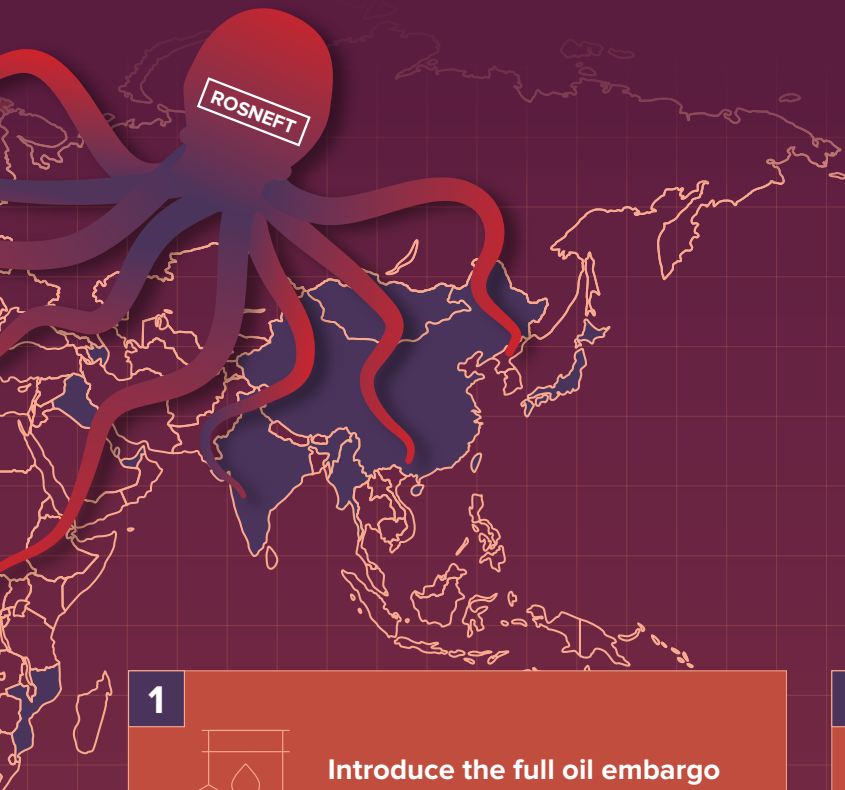
 Petrobras

 assets, plans

UNITED STATES

 Baker Hughes Co, ExxonMobil, Phillips 66

 tech&service, assets



HOW TO CUT ROSNEFT'S TENTACLES

1



Introduce the full oil embargo in the EU

4



Implement existing restrictions and monitor loopholes allowing Russian oil cargoes to bypass existing restrictions.

2



Impose sanctions on Rosneft subsidiary Rosnefteflot, impose or expand restrictions on other Russian shipping companies and prevent their cooperation with Western equipment suppliers, technical and maritime engineering service providers, crewing and vessel chartering companies

5



Consider acquiring Rosneft assets in Western jurisdictions (by purchase or nationalization).

6



Prevent the transfer of Western oil technologies through third parties not subject to sanctions.

3



Enforce U.S. secondary sanctions on the trading of Russian oil in any form.

7



Increase the number of people associated with Rosneft on personal sanctions lists.

 Companies

 Spheres of Cooperation

Plans – MoU, no formal agreements regarding any sphere

Assets – joint shareholdings in Russia or abroad

Trade – commercial supplies or already signed agreement for future supplies

Tech&Service – technological upgrading, decarbonization, supporting technical services



The revenues from trading energy resources represent a significant share of Russian budget revenues. In 2021, Russian crude oil exports [reached](#) 110.2 billion USD and exports of oil products – 68.7 billion USD; which is more than 35% of all Russian exports (489.8 billion USD). Therefore, limiting Russian oil exports is a key measure for limiting the financial resources available for the Kremlin to finance its wars.

The Russian state-owned company Rosneft is the largest corporate tax player in Russia. The company was established in 1993 after the reorganization of its predecessor created on the base of the former Soviet Ministry of Oil and Gas Industry. Rosneft is one of the largest producers of crude oil in the world, accounting for [6%](#) of global annual production (with annual hydrocarbons output in 2020 at [256.2 million tons](#) of oil equivalent). In 2021, Rosneft supplied [102.5 mln tonnes](#) of crude oil to “non-CIS countries”.

Additionally, Rosneft runs 13 [refineries](#) on the territory of Russia and has stakes in 5 refineries abroad (Germany, India, and Belarus) as well as operates a huge retail network containing more than 3000 filling stations. Company’s subsidiary Rosneft Aero is developing a [jet fuel business](#) branch which provides services at 44 airports including 22 own fuelling facilities, and Rosneft Germany has also activities in this area.

Overall, Rosneft’s website claims its active operation in [23 countries](#) all over the world. As per the company reports, it paid to the Russian budget [2.14 trillion RUB](#)¹ in taxes (nearly 29 billion USD equivalent) in 2020 and [1.566 trillion RUB](#)² in the first three quarters of 2021 (nearly 21.5 billion USD). Of 178.9 billion USD of total share of crude oil and oil products in the Russian 2021 exports, **Rosneft accounts for at least a third** (the numbers available for 9m2021 at 55.8 billion USD equivalent, i.e. [4.142 trillion RUB](#)³).

Rosneft is also an influential gas supplier in Russia (with annual production of nearly [62.8 bcm](#)), which has actively lobbied for the lifting of Gazprom’s monopoly on exporting Russian gas via pipelines. Bunkering activities also belong to the company’s portfolio. Additionally, Rosneft is actively considering

the adaptation towards the decarbonization agenda making it a central topic of its [corporate development plan](#) issued in December 2021.

Despite launching an IPO and partially privatizing Rosneft, **the government of Russia retains its major shareholding**: 50.33% stake via asset management company Rosneftgaz (40.4%), affiliated RN-NeftKapitalInvest (9.6%) and Rosneft Unit RN-Capital (0.33%) which obtained some shares of main company assets to create a vision that government does not control the majority of Rosneft shares to bypass so-called “[50% rule](#)”, but [unsuccessfully](#). Other [18.93%](#) is held by the sovereign fund Qatar Investment Authority, 19.75% – by BP (which might be replaced by [Indian companies](#) after BP [announced its withdrawal](#) on February 27, 2022, due to the Russian invasion of Ukraine), and 0.57% – by Anglo-Swiss commodity trader Glencore. The rest is owned by smaller investors, including more than 160 000 individuals.

During the time of Putin’s rule, Rosneft positions became much stronger by acquiring new assets from the [controversial nationalization of Yukos](#), [acquisition of TNK-BP](#) and obtaining control shareholding in private-owned [Bashneft](#). Since 2012, the position of Rosneft CEO is held by Igor Sechin, one of Putin’s closest allies, who has earlier already chaired the company’s Board of Directors. He is considered a leader of the so-called “[siloviki](#)” faction – a group of Russian officials having a background of serving in security services, which are seen as one of the most influential clusters of the Russian political elite. Also, many western media ([The Economist](#), [Bloomberg](#), [The Guardian](#) etc.) reported that **Sechin is regarded by many in Russia as being the second most influential person in the country after Putin**.

The recent Russia’s invasion of Ukraine and Western sanctions introduced has substantially influenced the activities of Rosneft.

First, the sanctions against the company and its CEO have been expanded. In 2014, Rosneft [was added](#) to the US sectoral sanctions identification list preventing US citizens and entities to finance the debts of these enterprises and assisting shale,

1 P. 53, 56.

2 P. 17,18

3 P.17.

deepwater, or Arctic offshore projects. At the same time company's debt financing and some operations with its equities were [prohibited](#) in the EU. In March 2022, both the [US](#) and the [EU](#) introduced a ban on the new investments in Russian energy sector and US refused from importing Russian oil. Rosneft appeared in the list of 27 Russian companies [banned](#) from trading on the London Stock Exchange where it was listed [in 2006](#) (later, the Russian lawmakers [supported](#) the initiative prohibiting the listing of any Russian entities on foreign exchanges). Additionally, US personal sanctions (assets freeze and travel ban) against Sechin, imposed in [2014](#), were supplemented after the Russian full-scale invasion of Ukraine by the similar [EU](#) and [UK](#) restrictions and the inclusion of Sechin's former wife [Marina](#) to the EU sanctions list in March 2022. Two Sechin's superyachts were seized in [France](#) and [Spain](#).

Second, the announced withdrawal of many foreign companies from the Russian market poses a serious challenge for the country's energy sector to attract new investments, as well as transfer of skills and technologies. Especially painful should be the announcements of the "big four" of oil service companies ([Halliburton](#), [Schlumberger](#), [Baker & Hughes Co](#), [Weatherford](#)) which to a different extent announced the decrease of their activities in Russia. According to [expert estimations](#), their withdrawal might not have a significant impact on short-term production but might inhibit its growth in the middle-term. The expertise and equipment for unconventional production and extraction from hard-to-recover fields are a weak side of the Russian oil industry.

Third, the idea of a full embargo on Russian oil deliveries is actively [being discussed](#) in the EU. A similar restriction was already [imposed](#) by the US, but the EU absorbs a much bigger share of Russian supplies and that decision will have more profound consequences for both sides due to the larger scope of mutual export-import dependency. Russia provides 26% of the EU oil imports and, at the same time, European destination plays a crucial role in the structure of Russian oil exports, absorbing [4.7 million barrels per day](#) out of 7-8 million barrels per day of overall Russian exports. The profits received from oil trading in European markets, even after the start of full-scale invasion, are substantial: according to the [data](#) of the Centre for Research on Energy and Clean Air, between February 24 and April 30, the EU paid nearly 19.6 billion EUR for the Russian crude and oil products.

Fourth, even before the imposition of a full embargo, many companies are limiting their spot purchase of Russian crude oil, considering the risks related to the highest possible further expansion of sanctions. Record price discounts in many cases [do not help](#) traders of Rosneft's oil. In the first three weeks of April, Russian oil exports to the EU [decreased by 20%](#) in comparison to average in January-February. The International Energy Agency [estimates](#) the decline in total Russian supplies at 1.5 million barrels per day in April, with the possibility of this number to increase to 3 million bpd at the end of May (IEA data on total Russian production [in 2021](#) – 10.1 million bpd, exports – 4.7 million bpd). Despite the fact that India increased [four times](#) the purchasing of Russian crude cargoes in March in comparison to the 2021 average, [the logistical problems](#) would not allow substituting the European market in case of imposition of a full embargo. The falling demand has already influenced the decrease in Russian production which is estimated by the Russian government at [-17%](#) in 2022.

Nevertheless, **the situation of receiving revenues from Rosneft's activities is still manageable for the Kremlin.** [Increased](#) oil prices (from 65.6 USD/bbl in the beginning of December 2021 to 104.7 USD/bbl in the end of April 2022) could keep profits high even in case of decreasing amount of supply and higher discounts. As per Russian economists [Sergei Guriev and Oleg Itskhoki](#), the pre-war Russian budget was balanced at an oil price of 44 USD/bbl.

Therefore, it is essential to map the company's influence on an international scale, taking into account a detailed picture of Rosneft's cooperation with all possible types of foreign stakeholders. Such analysis should be instrumental in considering additional ways on how the tentacles of this Russian energy octopus could be cut off.



from right: Rosneft Chief Igor Sechin, Russian President Vladimir Putin, Rosneft's Board of Directors Chairman and former German Chancellor Gerhard Schröder

Photo: <https://www.zeit.de/2017/40/rosneft-gerhard-schroeder-igor-sechin-konzernchef>



Partners in Assets – Extraction, Secondary Products, Infrastructure

Sakhalin-1 consortium (Russia)	ExxonMobil (US) – 30% SODECO (Japan) – 30% ONGC Videsh (India) – 20%
Vostok Oil (Russia)	Vitol and Mercantile and Maritime Energy Pte Ltd consortium - 5% Trafigura - 10%
Vankorneft (Russia)	Indian Consortium (Oil India Limited, Indian Oil Corporation, Bharat Petroresources) – 23.9% ONGC Videsh (India) – 26%
Taas-Yuryakh (Russia)	Indian Consortium (Oil India Limited, Indian Oil Corporation, Bharat Petroresources) – 29.9% BP (UK) – 20%
Ermak Neftegaz (Russia)	BP (UK) – 49%
Kharampurneftgaz (Russia)	BP (UK) – 49%
Udmurtneft (Russia)	Sinopec – 49%
Far Eastern Petrochemical (Fepco) Company (Russia)	Joint venture with ChemChina – MoU signed in 2016 Added Pirelli (Italy) to the participation in project 2016 MoU with Pirelli and Polish Synthos on approving the results of feasibility study for construction of Far East Petrochemical Company's complex (synthetic rubber plant in Nakhodka)
Rosneft-Shell Caspian Ventures Limited (Cyprus)	Rosneft – 51% , Shell – 49%, owns 7.5% non-operative stake in Caspian Pipeline Consortium
MiRo refinery (Germany)	Shell - 32.25% ExxonMobil – 25% Rosneft – 24% Phillips 66 – 18.75%
Bayernoil refinery (Germany)	Varo Energy – 51.43% Rosneft – 28.57% ENI – 20%
PCK refinery (Germany)	Rosneft – 54.17% Shell – 37.5% ENI – 8.33%
Pirelli (Italy)	In 2012, a tire distribution deal was signed with Pirelli In 2014, Rosneft indirectly acquired 20.3% (via 50% in a joint venture with Intesa Sanpaolo) from Camfin In 2021, Rosneft won Russian court proceedings against local journalist to disprove information about the deal

Zohr gas field (Egypt)	<p>ENI (Italy) – 50%</p> <p>Rosneft – 30%</p> <p>BP (UK) – 10%</p> <p>Mubadala (OAE) – 10%</p>
Oil storage installations in Tripoli (Lebanon)	Agreement with Lebanese government in 2019
Assets in Iraqi Kurdistan	<p>In 2017, production-sharing agreements for five oil blocks were signed</p> <p>Iraqi Kurdistan export oil pipeline: Rosneft – 60%, KAR Group (Iraq; operator) – 40%</p> <p>Commitment to fund the construction of a gas pipeline with 30 bcm annual capacity</p> <p>Assets controlled via Singapore-registered subsidiary RN Middle East PTE Ltd</p> <p>Inherited from Bashneft the exploration well in Block 12 (southern part of Iraq) and completed in 2019 the second exploration well</p>
Nayara Energy (India)	In 2017, Rosneft acquired 49% stake in Essar Energy (since 2019 – Nayara Energy), with other shareholders being Trafigura and the Russian investment group UCP; operations include Vadinar refinery (Gujarat, India) with annual output of 20 million tons; port; power plant; a network of over 6000 filling stations. The company faces financial problems with planned petrochemical expansion after the Russian invasion of Ukraine
Tuban Oil Refinery and Petrochemical Complex (Indonesia)	Construction of Tuban refinery with Pertamina (Singapore), joint venture since 2017
Block EP-4 (Myanmar)	Received through the purchase of Bashneft in 2014 – partnership with Sun Apex Holding Limited (Myanmar)
Merge Van LLC (Mongolia)	Rosneft share in the joint venture , established in 2009 by a subsidiary Rosneft-Aero with Sod Mongol group – local services of jet fuelling
Mozambique gas fields (blocks A5-B, Z5-C, Z5-D) consortium	<p>ExxonMobil (US) – 40%</p> <p>ENH (Mozambique) – 20%</p> <p>Rosneft – 20%</p> <p>Qatar Petroleum (Qatar) – 10%</p> <p>ENI (Italy) – 10%</p>
21 gas fields across 11 countries in Africa	MoU signed in 2018 with Oranto Petroleum (Nigeria) on acquisition of new assets and implementation of different projects
Exploration blocks in Solimoes Basin (Brazil)	<p>Rosneft - 51% in HRT O&G developing three giant oil and gas exploration blocks in Solimoes Basin near Manaus, Amazonas state, other 49% held by Petrobras subsidiary</p> <p>Schlumberger and Queiroz Galvao Oleo e Gas as contractors for drilling, which started in 2017</p> <p>Agreement with Petrobras on searching ways of selling the gas from Amazonas fields</p>

Technological Partners and Service Providers

Equinor (Norway)	2021 agreement on improving of carbon management system in joint ventures
Baker Hughes Co (US)	2021 agreement on introduction of carbon management systems
Schlumberger (France)	usage of “digital kern” technology for the exploration of new reserves and usage of other equipment
Maire Tecnimont (Italy)	2021 agreement of 1.1 billion EUR for the implementation of VGO Hydrocracking Complex at the Ryazan Refining Company production site
Trafigura (Singapore)	2021 cooperation agreement for searching for opportunities of reducing greenhouse gas emissions of production and transportation of Rosneft’s crude oil

Key Trading Partners and Assets

Trafigura	won a tender to load naphta and low-sulphur diesel from Baltic ports and diesel from the Russian Far East port of Nakhodka in 2022
Vitol	2021 long-term agreement on annual supply of 9 billion tons of crude won a tender to supply naphta from the Far East Russian ports, diesel from Black Sea ports, and alkylate and catalytic cracking gasoline from Arkhangelsk in 2022
Glencore	5-year contract on crude supplies expired in the end of 2021; minor shareholder in Rosneft (0.57%) loads cargoes as winner of Rosneft regular tender loads naphta from Tuapse in 2022
Gunvor	won Rosneft tenders for delivering crude in 2021 loaded crude cargoes in March 2022
Total Oil Trading	loaded cargoes in March 2022
Shell	loaded cargo from Trafigura in March 2022
ENI	2012 strategic cooperation agreement, 2017 cooperation extension agreement on oil extracting and refining
Repsol	co-winner of Rosneft tender on crude oil supplies in April-September 2021
CNPC	2022 10-year agreement for supply of 100 million tons of crude in total
Unipetec (Sinopec subsidiary)	buying cargoes with Urals in March 2022 co-winner of Rosneft tender on crude oil supplies in April-September 2021
Nayara Energy	contracted 8-9 billions of crude oil for April-May 2022

Indian Oil Corporation	2022 contract for deliveries of up to 2 million tons of crude negotiations for additional half-year contract with Rosneft in 2022
Hindustan Petroleum Corporation	2022 contract for delivering of up to 2 million tons of oil negotiations for additional half-year contract with Rosneft in 2022
Bharat Petroleum Corporation	negotiations for additional half-year contract with Rosneft in 2022
SOCAR	2021 agreement of supplying Rosneft's oil products and LPG for the Ukrainian market
Petraco Group (Switzerland)	loaded Russian crude cargoes in March 2022, further active loading of Russian crude oil
PNK Orlen (Poland)	2-year contract on delivering 3.6 million tons of crude oil per year for 2021-2022
Cetracore Energy GMBH (Austria)	owned by Rosneft JV Projects S.A. (19.9%) and Cetracore Holdings S.a.r.l. (80.1%), both registered in Luxembourg one of the Rosneft tender winners in 2020 , active in 2022
Petrocas Energy Group (Switzerland)	49% share owned by Rosneft one of the tender winners for Rosneft crude deliveries in 2020
Coral Energy (Singapore)	Possible option for trading Rosneft's diesel and LPG in Ukraine after sanctions against Viktor Medvedchuk-linked Proton Energy Winner of Rosneft tender in 2021
Pertamina (Indonesia)	looks for opportunity to purchase crude oil due to the Russian discounts
Ghana National Petroleum Company	2018 12-year agreement on deliveries of 1.7 million tons of LNG per annum



RECOMMENDATIONS

We can define seven basic ways in which the current sanctions regime might be improved to limit the ability of the Kremlin's war machine to continue aggressive wars by receiving revenues from Rosneft activities.



1. Introduce the full oil embargo in the EU.

The idea is actively [being discussed](#) in Brussels and was included in European Commission's [proposals](#) for the 6th round of sanctions on Russia. Nevertheless, some EU members are actively [opposing](#) it, looking for longer transition periods and/or financial support for diversification measures. Nevertheless, the massive shift of public opinion during the last two months makes the adoption of some version of the oil embargo highly feasible. The most effective model of sanctions would be fastest possible suspension of petrodollars cash flow for Russian military expenses, therefore should include a prohibition of any deliveries of crude oil and oil products stemming from the Russian Federation a) both under short-term and long-term contracts; b) disregarding the national ownership of particular tankers; c) disregarding whether shipments contain only Russian crude oil or whether it is blended with the crude of other origin. The [proposed](#) "smart embargo" - which suggests a special [tariff](#) on Russian oil and petroleum exports and/or holding net proceeds at escrow account - would be, in fact, an interim regime to deprive Russia of revenues on the way to full embargo.



2. It is essential to impose sanctions on Rosneft subsidiary Rosneftflot, impose or expand restrictions on other Russian shipping companies and prevent their cooperation with Western companies (equipment suppliers, technical and maritime engineering service providers, crewing and vessel chartering companies).

It should prevent Rosneft from using the same transportation for redirecting cargoes to Asian consumers and still getting revenues. To solve the problem of possible transportation of Russian oil by

foreign-owned vessels, the European Commission's proposals announced on May 4, 2022, include prohibition for [insurance certification](#) of vessels carrying Russian oil. That could potentially out to zero the interest of larger suppliers in transporting this type of production. However, the smaller companies and shipowners still might pursue such deliveries [in a shadow market](#) similar to the situation with sanctions on Iran and Venezuela.

Therefore, the initial proposal of full ban for EU-owned vessels to carry Russian oil to the third countries should be more effective in cutting Russian oil revenues in comparison to insurance prohibition used [as a milder alternative](#) (due to the [resistance](#) of Greece having one of the largest maritime fleets and [continuing](#) to transport Russian oil in different destinations; with Malta and Cyprus also having [raised concerns](#)).

Additionally, it is essential to closely monitor possible selling of vessels owned by the Russian companies under sanctions to avoid restrictions (media [reported](#) that Sovcomflot is already discussing the sale of one quarter of its vessels with companies from China and UAE).



3. Enforce U.S. secondary sanctions on the trading of Russian oil in any form.

The approach of diplomatic efforts on voluntary refusal of third parties (predominantly, in Asia) from increasing oil deliveries from Russia, as [described](#) by the US Secretary of State Anthony Blinken, has less perspective for effectively limiting Russian ability to finance the war in the short and middle term. The secondary sanctions regime, similar to that imposed on [Iran](#), could provide more financial damage to the Russian economy by preventing it from redirecting its supplies to alternative buyers.



4. Implement existing restrictions and monitor loopholes allowing Russian oil cargoes to bypass existing restrictions.

The media [reported](#) the drastic increase in the number of oil cargoes without stated destinations leaving Russian ports. Additionally, market observers [are noting](#) the deliveries of oil blends, with products of different national origins transported together, additionally complicating the task of monitoring oil trading with Russia. Recent media reports [demonstrated](#) that EU ships, especially Greek ones, are continuing to help in transportation of Russian oil in different destinations. The need for an effective system of screening the implementation of sanctions and the origin of crude deliveries for Western destinations might require the use of industry platforms and expertise (e.g. of the International Energy Agency or Russian Elites, Proxies, and Oligarchs ([REPO](#)) Task Force).



5. Consider acquiring Rosneft assets in Western jurisdictions (by nationalization or purchase).

Rosneft Deutschland owns stakes in three German refineries (MiRO, BayernOil, PCK) which makes it the [second-largest industry player](#) in Germany. In the end of March, the German business media [Handelsblatt](#) reported on the German government [analyzing](#) the scenario of nationalization for Gazprom and Rosneft assets to prevent them from “technical bankruptcy” due to the unwillingness of their counterparts to cooperate in the situation of new sanctions. In April, the German government [adopted](#) an amendment that allows the government to seize the ownership of energy companies as a last-resort step for providing the security of energy supply. Such a measure is insufficient for tackling the problem of Russians owning shares in critical energy infrastructure facilities, which they acquired already after the Russian annexation of Crimea and the start of the war in eastern Ukraine.

The elaboration of a framework (possibly, EU-wide) for the nationalization of Russian assets with a short transition period for withdrawing and compensation of asset value (preferably held on escrow accounts until the end of the war) might solve this issue in conformity with international law. Alternative option could be the purchase of those assets by other market players, as forced Russian divestment of critical energy infrastructure under the same restriction of depositing proceeds on escrow accounts (can be accessed on certain conditions - e.g., end of hostilities in Ukraine).



6. Prevent the transfer of Western oil technologies through third parties not subject to sanctions.

The Western companies continue cooperation with companies in China and India which, in turn, have different cooperation agreements and joint ventures with their Russian partners. Those links need to be analyzed on the possibility of an indirect transfer of Western technologies through third parties. E.g., Sinopec is actively cooperating with Western oil services majors such as [Halliburton](#) and [Weatherford](#). The creation of new joint ventures might be used by Russians as a vehicle of technological transfer bypassing existing sanctions, and needs to be reflected in secondary sanctions enforcement. Additionally, the existing partnerships might serve a similar purpose. E.g., Rosneft's joint project with Petrobras in the Brazilian state Amazonas has Schlumberger selected as drilling subcontractor.

This leads to another important conclusion - participation of Western companies in any joint ventures with Rosneft and other Russian energy companies abroad should be minimized (for existing projects) and suspended (for new projects under negotiations); ESG-based transparency and integrity criteria to potential partners shall be applied.



7. Increase the number of people associated with Rosneft on personal sanctions lists.

These measures should foremost target the members of Rosneft's board of directors, executive board and supervisory board. Most of them have not been sanctioned yet, including Chair of the Board of Directors Gerhard Schröder (former German Chancellor, [urged](#) by the German Social Democrats to quit the party), and Member of the Supervisory Board Karin Kneissl (former Austrian Minister of Foreign Affairs, who is also infamous by receiving a [personal gift](#) from Putin – sapphire earrings for 50,000 EUR), as both refused to break Russian ties after the start of the full-scale Russian invasion of Ukraine.

Such measures would additionally provide a clear signal of the toxicity of dealing with Russian companies for foreign nationals who might face not only reputational but also financial risks (unless they resign from positions). Also, further imposition of the travel ban and asset freezing for family members of key Rosneft officials might be an additional instrument for preventing them from enjoying [luxurious life](#) (as [exposed](#) by Russian investigators).

