

ABOUT THE REPORT

Dear readers,

We are delighted to present Gazprom Neft's Sustainability Report¹ for 2018. This is the Company's 11th non-financial public report, in which it describes its approaches to complying with the principles of corporate social responsibility, its contribution to sustainable social and economic development, and its environmental initiatives.



All of the Company's sustainability reports can be found on its website

The Report discloses information about PJSC Gazprom Neft as well as its subsidiaries and controlled entities (referred to in this Report as Gazprom Neft or the Company) for the calendar year of 2018². The Company's financial and operating performance is presented based on PJSC Gazprom Neft's consolidated data. Unless otherwise specified, the data on the Company's labour relations, social initiatives and environmental performance relates to PJSC Gazprom Neft as well as its subsidiaries and controlled entities in Russia and the CIS.

Information provided herein was obtained from corporate reports, information requests in line with the guidelines contained in the non-financial reporting standards, and corporate media.

The Report discloses the details of management approaches, activities and progress towards achieving economic efficiency, ensuring occupational and environmental safety, supporting and developing personnel, and aiding social and economic development across Gazprom Neft's geographies, as well as upholding human rights.

In preparing the report, the Company relied on the GRI Standards (Core option) and ISO 26000:2010 (Guidance on social responsibility), as well as the Reference Performance Indicators of the Russian Union of Industrialists and Entrepreneurs (RSPP).

The Report underwent external assurance by PricewaterhouseCoopers Audit.

The Report contains forward-looking statements on the Company's mid- and long-term plans, and their feasibility depends, among other things, on a number of economic, social and legal factors beyond the Company's control. Consequently, actual results may differ from those plans.

The Report has been approved by Gazprom Neft's Management Board and Board of Directors.

¹ Hereinafter the "Report".

² The data on changes in the Company's structure that occurred in 2018 are presented in in the Corporate Governance section of Gazprom Neft's 2018 Annual Report.

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Identification of the Report's key topics

In this Sustainability Report, Gazprom Neft makes a point of addressing the matters that hold the most significance for its stakeholders.

In the course of the non-financial reporting, the Company is guided by the principles of stakeholder engagement, completeness, materiality, balanced approach, clarity, sustainable development framework, accuracy, timeliness, and reliability.

The Report's disclosures cover business obligations, including those set out in Russian and international documents (the UN Global Compact and the Social Charter of the Russian Business). Starting 2017, the Company includes the information on its contribution to the achievement of the UN Sustainable Development Goals into the report.

In order to determine the most material topics and respective indicators to be disclosed, the Company analyses:

- > the results of monitoring the scope and scale of its impact on the economy, society and environment;
- > stakeholder engagement themes and the information requests;
- > research on Russian and international industry management practices in respect of sustainable development and sustainability reporting.

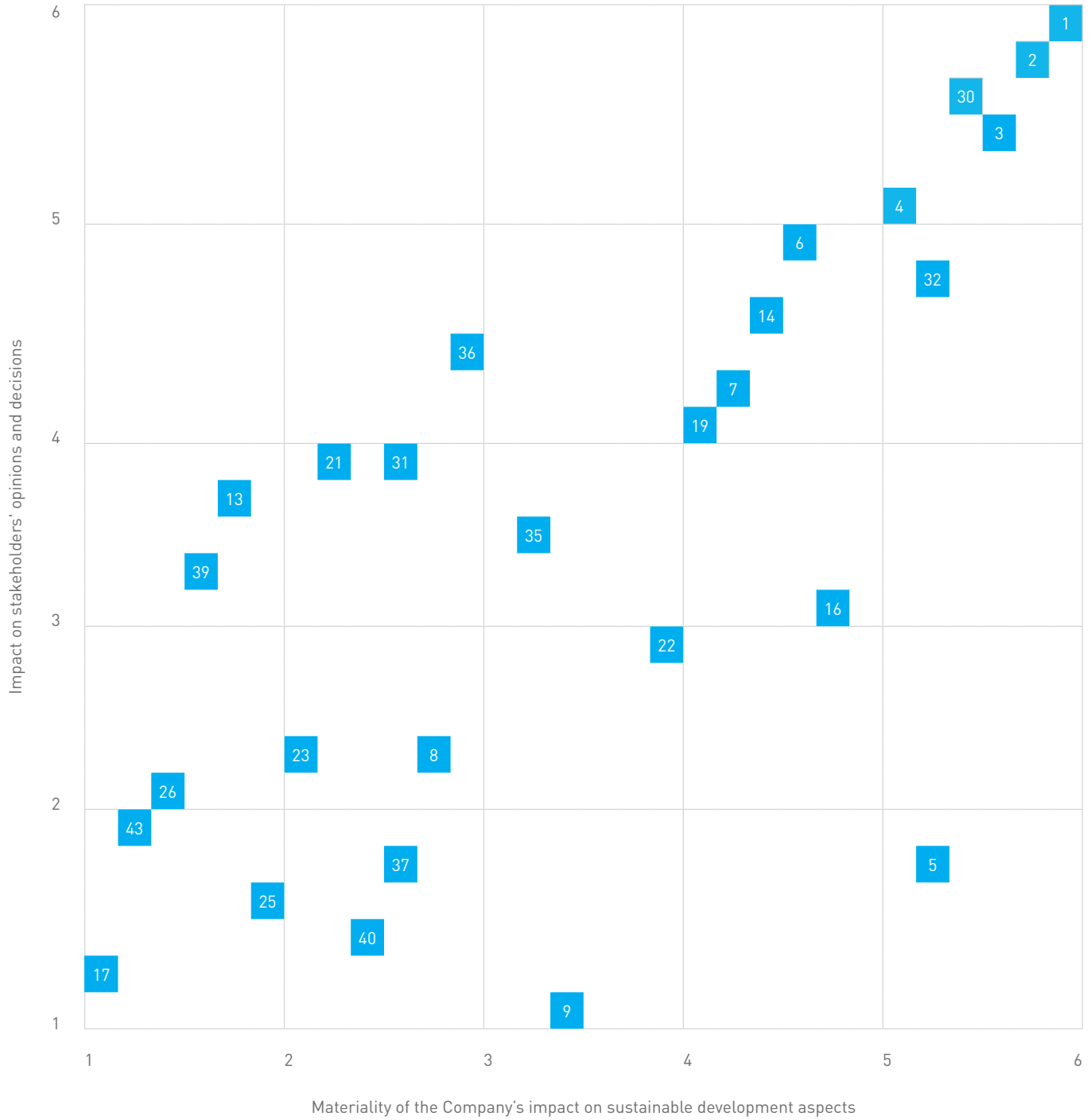
In the process of its interaction with stakeholders and identification of the Report's material topics, the Company analysed the following:

- > the results of surveying internal and external stakeholders for the purpose of defining the key topics of the Report;
- > interviews with the Company's management and employees;
- > materials relating to Gazprom Neft's regular interaction with the key group of stakeholders;
- > recommendations that the Company received from the RSPP's Council on Non-Financial Reporting in the process of public verification of the 2017 Sustainable Development Report;
- > mass media coverage on the Company.

Based on the identification process, the Company mapped out the topics that it and at least one key stakeholder group find the most significant³. There were no significant changes in the list and scope of the Report's material topics compared to last year.

³The map containing the full list of material topics and their scope can be found in Appendix 3 of the Report.

Prioritisation matrix for the Report's material topics



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List of topics that were identified to be the most significant for the Company and its key stakeholders¹

- 1 Strategy
- 2 Investment programme
- 30 Occupational safety and emergency preparedness
- 3 Financial stability
- 31 Health and safety
- 4 Operational efficiency
- 6 Product safety and quality
- 32 Reduction in injury and severity rates
- 14 Compliance
- 36 Personnel training and development
- 7 Innovations
- 19 Anti-corruption
- 21 Wastewater discharges
- 13 Corporate governance quality
- 35 Fair remuneration and social benefits
- 39 Contribution to social and economic development of regions
- 16 Human rights
- 22 Emissions
- 29 Environmental properties of products
- 8 Energy efficiency and conservation
- 23 Waste generation and management
- 26 Land and vegetation protection
- 43 Efficiency of social investments
- 37 Labour relations and employment
- 25 Environmental impact of the Company's Arctic operations
- 40 Local community development programmes
- 17 Respect for the rights of indigenous peoples
- 9 The Company's strategy on climate; greenhouse gas emissions.

¹The numbers assigned to the topics correlate with their numbers in the Material Topics Map (Appendix 3 to the Report).