

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



DEAR FRIENDS!

At Gazprom Neft, we remain committed to sustainable development principles. Financial and operating results are not the only measure of our success. We place a key emphasis on environmental protection and the responsible use of natural resources, safety, technological innovation, and consistent improvement of living standards across our footprint. A special focus area for us is employee engagement in the sustainable development of Gazprom Neft. We want all our people to understand and share the Company's values and feel involved in achieving common goals.

The reporting year saw Gazprom Neft's Board of Directors approve the new 2030 development strategy seeking to transform the Company into an industry champion in safety, efficiency, and technology-driven production. Underpinned by sustainability, corporate social responsibility and environmental protection principles, our new strategy sets ambitious goals for the Company. We are prepared to respond to the key challenge faced by every oil producer, which is to meet growing energy demand in the safest, most eco-friendly and efficient way possible using cutting-edge technologies.

We keep moving towards our Goal Zero: no harm to people, environment and property in working process. In 2018, we embarked on the transformation of our HSE system based on a risk-focused approach. As part of it, we identify key HSE risks, set up relevant barriers, verify them and take steps to ensure their reliability. Another focus area is the promotion of corporate safety culture. Last year, our HSE training programme covered 26,000 Gazprom Neft's and over 13,000 contractors' employees.

All these measures contribute to a continuous reduction in injury rates, which fell 21% in the reporting year.

We made considerable progress in ensuring environmental safety of our operations. Gazprom Neft supports the Paris Agreement on Climate Change and the Russian Government's concept for creating a greenhouse gas emissions monitoring and measurement system. As part

of refinery upgrades, we keep implementing our major environmental initiatives, including the construction of Biosfera innovative bio-treatment facilities at Omsk Refinery. We also expand our biodiversity preservation, water management, land and vegetation protection programmes. Special attention is paid to preserving the unique nature of the Arctic where we are running several large-scale investment projects. Our initiatives in the Arctic revolve around the zero-waste principle, which helps fully eliminate the risk of industrial and domestic waste contaminating the environment. To construct buildings at fields beyond the Arctic Circle, we leverage technologies that prevent the thawing of unique permafrost soils. We also arrange for deer crossings when routing pipelines.

A major employer, investor and taxpayer in the regions of its operation, Gazprom Neft contributes a lot to local development. We supply quality petroleum products, including bitumen and lubricants, under regional import substitution programmes. On the other side, we support local manufacturers, universities and technology companies by providing solid and sustainable demand for their products and services. Our social investment programme called Home Towns plays a key role in improving living standards across our footprint. Overall, it saw the implementation of over 250 projects to develop urban environment, social infrastructure, sports, education, culture and creative potential across many Russian regions. Gazprom Neft's corporate volunteer movement is gaining traction, with over 4,700 employees having joined its ranks. These are social enthusiasts seeking to make the world a better place to live in.

Our people are truly the key asset to the Company as they drive its future growth and sustainable development. Today, we can say with confidence that Gazprom Neft has one of the best teams in the industry and in Russia. We deservedly won the international Randstad Award 2018 as the most attractive employer among Russian fuel and energy companies and were named No. 2 Employer of Choice in Russia. We make sure all our employees enjoy their job, while also encouraging their proactive behaviour and desire to develop themselves and the Company. To this effect, we have put in place a system of financial and non-financial incentives, social support and employee training. Our Corporate University offers over 2,500 courses, and we plan to expand its curriculum going forward.

We view sustainable development as the backbone of our business that will help create long-term value for the Company and its shareholders. Always striving for new achievements, we will keep working hard to make a significant contribution to environmental protection and social improvement.

Alexander Dyukov

Chairman of the Management Board,
CEO at Gazprom Neft