

PRODUCT QUALITY ASSURANCE

The Company is continuously working to maintain and improve product quality and control reliability. The major document defining Gazprom Neft's principles in this area is the Quality Policy aimed at driving efficiency in production and sales of high quality products compliant with Russian and international standards and regulations, and meeting customer requirements.

Heads of production and sales subsidiaries are responsible for implementing the policy and fulfilling quality-related obligations.

To meet the policy goals, the Company runs programmes focused on:

- > product quality improvement;
- > operational excellence;
- > comprehensive automation of production processes;
- > improvement of technologies and process flows;
- > enhancement of environmental and industrial safety;
- > development of production and sales infrastructure;
- > professional training of personnel.

The Company introduced quality management at all corporate levels, with an integrated ISO 9001-compliant quality management system in place at Gazprom Neft's production and sales subsidiaries. 2018 saw the system surveillance audits at Moscow and Omsk refineries, and ISO recertification at Gazpromneft Marine Bunker, Gazpromneft-Shipping, all Gazprom Neft's major polymer modified bitumen facilities, including bitumen units of Moscow and Omsk refineries, production site of Slavneft-YANOS, and Ryazan Bitumen Binders Plant.

The system is subject to assessment using internal and external independent audits, comprehensive customer satisfaction surveys, review of customer and counterparty feedback, and industry benchmarking.

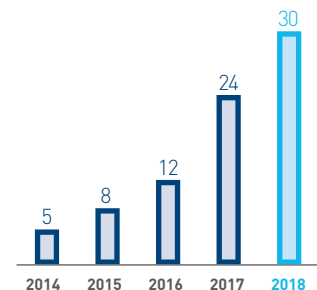
Internal and external audits held in 2018 deemed the quality management system to be effective and efficient.

QUALITY CONTROL

The Company exercises an ongoing control of feedstock and petroleum product quality at all stages of production and sales.

The Company's refineries have testing laboratories to monitor quality throughout the production cycle, from analysing feedstock and materials to end-product shipment.

High value-added products: share of branded fuel in total retail sales (%)



Share of products with enhanced environmental features in total production, (%)

Показатели	2014	2015	2016	2017	2018
Euro-5 motor fuels	90	95	100	100	100
Engine oils compliant with Euro-4 and later standards	17	23	25	26	27
Low-viscosity marine fuel, ULSFO (ultra-low sulphur fuel oil) 0.1	–	–	–	9	25

At filling stations, mobile or stationary laboratories run additional tests of the fuel's physical and chemical parameters at least once a month. At Gazpromneft-Aero's warehouses, aviation fuel goes through several levels of quality control as part of its reception, storage, preparation and feeding for aircraft fuelling. The R&D centre of Gazpromneft Bitumen Materials performs additional tests of bitumen product quality, while an integrated optimised planning system helps ensure reliable and smooth deliveries.

The Company's products are assessed for their safety for people and the environment and recognised as compliant with Russian and international standards and regulations (including the requirements of the Eurasian Economic Union (EAEU) and Russian GOSTs). Their qualitative characteristics meet international standards like API, ACEA, ILSAC, DIN, and ISO 8217.

All regulated products (motor gasoline, jet, diesel and bunker fuel, fuel oil, asphalt cement) have declarations of conformity to the EAEU's technical regulations. Each product batch is checked for compliance with environmental safety requirements, with bunker fuels also regulated by in-house standards of the organisation (STO) and deemed compliant with ISO 8217.

CUSTOMER RELATIONS

Gazprom Neft builds direct and long-term relations with its customers by fostering an open and mutually respectful dialogue, providing timely and reliable information about products and services, and streamlining query and claim management. The Company continuously monitors customer satisfaction with product and service quality, studies key needs and offers tailored service.

The Company uses a wide range of communication channels to educate various customer groups (retail, corporate and wholesale).

Each product batch is furnished with quality and safety data sheets and a certificate of compliance with standardisation procedures or the EAEU's

technical regulations. Standardisation documents or amendments thereto are subject to mandatory approval by the customer.

Exported products come with REACH-compliant safety data sheets (SDS), while those sold domestically have an SDS conforming to the applicable Russian laws.

Products that are sold domestically have safety data sheets conforming to the applicable Russian laws. All of the Company's petroleum products are categorised by hazard class specified in shipping documents (standardisation documents and safety data sheets compliant with the Globally Harmonised System of Classification and Labelling of Chemicals (GHS)).

For lubricants, the Company developed 88 safety data sheets and revised some 125 in line with Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the registration, evaluation, authorisation and restriction of chemicals (REACH). In 2018, the Company also drafted and registered GOST R 52056-2003-compliant safety data sheets for polymer modified asphalt cements and an SDS for a soil reinforcement admixture.

Russia's 100 Best Goods

Gazprom Neft's motor fuels and oils won a quality seal at the Russia's 100 Best Products nationwide contest. The gold winners included G-Drive 100 high-octane gasoline, RMD-80, bunker fuel with enhanced environmental features and automotive propane produced at Omsk Refinery, as well as Gazprom Neft oil for gasoline engines produced at Gazpromneft-Lubricants.

Corporate and wholesale customer relations

The Company communicates product quality information to corporate and wholesale customers through:

- > information and technical support of supplies;
- > direct dialogue between the Company's management and customers at training courses and workshops for business partners and consumers, meetings and awareness sessions with representatives of regions' industry ministries;
- > disclosures on corporate websites and external online resources;
- > marketing and promotion events;
- > loyalty programmes;
- > package branding.

To foster relations with corporate and wholesale customers and assess quality satisfaction, the Company uses various feedback tools and engages in polling, collecting and analysing queries, conducting surveys and focus groups, creating joint working groups, and running joint tests of petroleum products' quality.

At Moscow Refinery, the quality of saleable products met the expectations of end users, with no grounded complaints filed. At Gazpromneft Bitumen Materials, the customer loyalty review measured the respective index at 78.2, up 1.6 points compared to 2016, when the first measurement was carried out. In the reporting year, the customer satisfaction index at Gazpromneft-Lubricants went up to 3.23 points vs 3.08 in 2017.

Retail customer relations

To ensure a prompt response to customer queries, the Company put in place a single support centre operating 24/7 and leveraging various traditional and digital communication tools.

All queries are sorted by type and subject, registered and processed in a shared system. Throughout the month, the Company monitors the quality of customer consultancy across all communication channels, taking action to introduce

the required improvements. In addition, the Company regularly assesses end consumer satisfaction at all stages of servicing.

The key indicator of Gazprom Neft customers' loyalty, the NPS index, remained flat in 2018 vs 2017 (adjusted for the price) and stood at 59 points. This speaks to high customer loyalty and their willingness to recommend Gazprom Neft's filling stations. In order to expand its customer base and increase loyalty, the Company organised seven nationwide and regional advertising campaigns in 2018. Marketing events organised by the Company covered 5.3 million retail customers. In 2018, the Company also held 10 dedicated marketing campaigns covering over 2.6 million customers.

In the reporting year, Gazprom Neft launched AZS.GO, a mobile application designed to facilitate fuel sales and payments at its filling stations. Developed in-house, the mobile app helps customers to make an order by entering the number of litres or an amount of money and pay for fuel without leaving the car with a linked bank card or via ApplePay. It also searches for gas stations by location and fuel price. Using the app reduces the fuelling time 1.5–2 times. Today, 400 Gazprom Neft stations are already connected to this mobile service. Another application, Gazprom Neft Filling Station Network, offers a number of other services, such as insurance, vehicle inspection, repair, and motor mechanic's advice. Over 160 thousand users visit the Services section of the app every month. In 2018, the number of Gazprom Neft mobile app users reached 1.85 million.

Gazprom Neft filling stations enjoy the strongest demand

Gazprom Neft retail network was the most popular among Russian drivers, according to Romir's 2018 survey in 21 regions.

40% of the respondents named Gazprom Neft filling stations as the most frequently visited due to the availability of petroleum products, fuel price and quality, serviceable equipment, convenient location and working hours, as well as a wide offering of non-oil products and services. For 93% of the interviewed, the key factor was the fuel quality, with G-Drive cited as the best known and the most frequently purchased branded motor fuel by 37% of car owners. The Company's retail network ranked first in terms of brand recognition (39% of respondents).