

CORPORATE GOVERNANCE

Gazprom Neft's corporate governance¹ is underpinned by sustainability and the mission to enhance the Company's shareholder value in the long term. To achieve that, the Company works to build responsible and trustful relationships with key stakeholders.

Gazprom Neft's corporate governance framework encompasses all the key elements typical of public companies with established governance structures and is aligned with the applicable Russian statutory requirements, the Company's Charter and by-laws. The framework also hinges on global best practices and techniques.

The governance rules and principles are set out in the Corporate Code of Conduct and the Corporate Governance Code. Gazprom Neft's corporate governance framework is designed to ensure the highest level of internal and external controls. The Corporate Centre of the Gazprom Neft Group is PJSC Gazprom Neft, which ensures effective control over all processes.

As of 31 December 2018, Gazprom Neft comprised 134 Russian and foreign legal entities. Regardless of the authorised capital structure, PJSC Gazprom Neft is the core Company with respect to the Gazprom Neft Group's entities. One of the means used to ensure effective corporate governance and monitoring of subsidiary operations is the review of subsidiaries' key operational matters by the PJSC Gazprom Neft governance bodies.

Focus on the protection of shareholder rights includes efforts to:

- > improve disclosure transparency;
- > update the shareholder register and upgrade the Online Shareholder Account.

Focus on greater efficiency of the Company's governance bodies includes efforts to:

- > improve operating procedures;
- > enhance controls over corporate procedures.

Focus on information disclosures includes efforts to:

- > improve the procedure for information transfer and approval all the way through from any given event actually taking place to its disclosure in the securities market;
- > update the Company's by-laws and processes to align them with the latest inside information statutory requirements;

- > launch the Single Disclosure Window interface for mandatory notices and corporate news.

Focus on corporate governance improvements and adoption of best practices includes efforts to:

- > enhance corporate governance framework in subsidiaries;
- > update Group-wide corporate governance by-laws and procedures.

For the list of material companies within Gazprom Neft Group, see Appendix 4 in the Company's annual report.

¹ For more details on corporate governance, activities of supreme governance bodies, their composition and remuneration, as well as prevention of conflicts of interest, see the Corporate Governance section in the Company's annual report for 2018.

² For the structure of the Gazprom Neft Group and key changes therein, see the corporate governance section in the Company's annual report for 2018.