

Governance efficiency

The Company is committed to bettering its corporate governance framework with a focus on greater efficiency. The Board of Directors reviews performance in this area on an annual basis.

2018 HIGHLIGHTS:

- > the Extraordinary General Meeting of Shareholders approved amendments to the Company's Charter to reflect changes in the Federal Law On Joint-Stock Companies pertaining to major and interested-party transactions;
- > the Extraordinary General Meeting of Shareholders approved new versions of the Regulation on the General Meeting of Shareholders, Regulation on the Board of Directors, Regulation on the Management Board, and Regulation on the Chief Executive Officer. The updated documents take into account the recommendations of the Corporate Governance Code and best practices followed in Russia;

- > the Board of Directors approved amendments to increase transaction thresholds under by-laws governing the transaction handling procedure and interaction with investee entities;
- > the Human Resources and Compensation Committee approved new criteria to assess performance of the Board of Directors and deemed it advisable to engage a qualified independent service provider (consultant) for the Board's review at least once in three years;
- > the Company enabled its shareholders to use the Online Shareholder Account and the e-voting system to participate in general meetings of shareholders;
- > the Company started automating its corporate governance processes.

The key targets, goals and principles underpinning Gazprom Neft's corporate governance framework include preserving and growing the Company's asset base, increasing its market value, maintaining financial stability and profitability of the Company, and respecting the rights and interests of its shareholders, investors and other stakeholders. A highly professional management team and an effective system of corporate governance and control are a prerequisite for the successful management of a complex multi-tiered vertically integrated oil company such as Gazprom Neft with domestic and foreign upstream and downstream assets. The Company currently has a well-defined organisational structure encouraging seamless interaction between its governance bodies and clear distribution of governance and control roles to guarantee progressive growth of the shareholder value in the long term.

"2018 was the first year Gazprom Neft's shareholders could use new e-voting solutions. The implementation of remote voting systems confirms the Company's commitment to introducing advanced digital technologies in both production processes and business communications, as the new solutions make corporate governance more transparent and accessible, while also facilitating the exercise of shareholder rights."

Elena Ilyukhina
Deputy CEO for Legal and Corporate Affairs

Gazprom Neft's governance and control bodies

