

# STAKEHOLDER ENGAGEMENT

Gazprom Neft's stakeholder engagement framework focuses on sustainable development goals and aims to balance the interests of all stakeholders.

The Company has identified key stakeholder groups whose interests are most closely linked to those of Gazprom Neft and who are capable of having the most considerable impact on the Company's ability to achieve its strategic goals. The Company also honours commitments arising out of laws and regulations.

## KEY STAKEHOLDERS:

- > shareholders and investors
- > employees
- > consumers
- > government agencies in Russia and the Company's regions of operations
- > suppliers and partners
- > local communities across Gazprom Neft's geography
- > industry community in Russia and globally
- > non-profit and non-governmental organisations

Key principles of stakeholder engagement are set forth by the Corporate Code of Conduct, Corporate Governance Code, and the Information Policy Regulation.

## PRINCIPLES

### OF STAKEHOLDER ENGAGEMENT:

- > respect for everyone's interests
- > constructive cooperation
- > transparency of the Company's operations
- > ongoing interaction
- > fulfilment of commitments

Gazprom Neft is always in touch with stakeholders, viewing it as a key driver of its sustainable development strategy. Matters to be discussed are defined based on the Company's ongoing analysis of internal and external social environments, with attention paid to Gazprom Neft's strategic agenda, stakeholders' priorities, and interests of society at large.

## Shareholders and investors

### Ways to engage

- > general meetings of shareholders
- > corporate reports
- > meetings with the Company's management
- > conference calls for investors
- > quarterly Analyst Databooks and monthly datafeeds
- > participation in investment and broker conferences
- > site visits for investors to take a look at the Company's production and upstream facilities
- > updates in the Investors section of [www.gazprom-neft.com](http://www.gazprom-neft.com).

### Key matters

- > strategy implementation
- > financial strength
- > corporate governance
- > shareholder rights protection
- > production efficiency and industrial safety enhancement
- > product quality
- > the Company's involvement in efforts against climate change

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## Highlights of 2018

- > The Company held the Annual General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders:
  - In 2018, at its Extraordinary General Meeting of Shareholders (held on 14 December 2018), the Company resolved to pay ₺ 104.55 bn (₺ 22.05 per ordinary share) in interim dividends for 9M 2018, approved amendments to the Charter, and approved new versions of the Company's internal documents: Regulation on the Board of Directors, Regulation on the General Meeting of Shareholders, Regulation on the Chief Executive Officer, and Regulation on the Management Board.
- > The Company held its annual Investor Day attended by senior management.
- > A total of 159 meetings with investors were held in 2018.
- > More than 300 people joined the Company's quarterly conference calls.
- > Annual General Meeting of Shareholders held on 9 June 2018
- > The Company's annual report and accounting statements for 2017 were approved. Gazprom Neft's shareholders supported the recommendation of the Board of Directors to pay dividends in the total amount of ₺ 71.12 bn (₺ 15 per ordinary share, 28% of the Company's IFRS consolidated net profit for 2017). PricewaterhouseCoopers Audit (PwC) was approved as the auditor of Gazprom Neft for 2018.  
The shareholders also discussed several other items on the agenda of the Annual General Meeting:
  - new members of the Board of Directors and the Audit Commission were elected;
  - remuneration for the Board of Directors and the Audit Commission was approved.

## Employees and trade unions

### Ways to engage

- > internal communications
- > communication sessions involving managers and employees
- > meetings between teams and managers at Gazprom Neft's facilities
- > joint committees for health protection
- > meetings attended by trade union representatives
- > analysis of staff morale at the Company's facilities
- > corporate activities: forums, conferences
- > cultural and sports events

### Highlights of 2018

- > An annual study of the Company's staff morale covered 27,000 employees. The resulting reports for each site will serve as a platform to further enhance corporate culture and improve staff morale in teams.
- > To support corporate culture transformation, the Company launched a communications campaign promoting its updated model of corporate values. A special focus was on communications between Gazprom Neft's senior management and rank-and-file employees. A strategic session of the Company's management, attended by CEO Alexander Dyukov, was broadcast live, and there was also an extended meeting of the Management Board involving 150 senior executives of Gazprom Neft.
- > As per the work plan, the Company remained part of working groups of the Russian Trilateral Commission on the Regulation of Social and Labour Relations under the Russian Government, participated in consultation meetings of the Russian Oil, Gas and Construction Workers' Union, and took part in activities of the Industrial Commission on Social and Labour Relations.
- > In 2018, the Company also worked towards building relations between the Gazpromneft-Noyabrsk trade union and Gazprom Neft based on the principles of social partnership.
- > Due to changes in Gazpromneft-NNG's production structure, the trade union went through a reorganisation in order to align the trade union structure accordingly, which resulted in a merger of the two primary trade unions. The new primary trade union of Gazpromneft-NNG now represents the interests of all employees of Gazpromneft-NNG, including its branch.

### Key matters

- > remuneration and social benefits
- > labour relations
- > safe working environment
- > personnel training and development
- > the Company's involvement in local communities

## Federal and regional government agencies and municipal authorities

### Ways to engage

- > agreements on social and economic partnership
- > joint working groups, roundtables, and meetings
- > corporate reports
- > participation in commissions and conferences

### Key matters

- > legislative changes and fostering growth of the oil and gas industry
- > the Company's strategic development
- > resource base growth and development of fields
- > compliance with Russian laws and regulations
- > the Company's role in helping its regions of operation
- > industrial safety and response to incidents
- > the Company's impact on the environment
- > product quality and products with enhanced environmental features

### Highlights of 2018

- > The Company signed social and economic agreements with governments across 26 Russian regions and 20 municipalities.
- > Gazprom Neft, the Ministry of Industry and Trade and the Government of the Khanty-Mansi Autonomous Area signed a memorandum of understanding to address matters related to the Bazhenov Formation development. The partners will join efforts to sign special investment contracts to implement a national project to set up a centre for developing the Bazhenov Formation based on domestically produced advanced equipment and technology.
- > Alexander Dyukov, CEO of Gazprom Neft, and Aleksandar Vucic, President of the Republic of Serbia, held a meeting to review a report on the 2017 performance of the Serbia-based NIS.
- > The Company signed an agreement with the Government of the Yamal-Nenets Autonomous Area to expand its programme aimed at preserving aquatic biological resources and their habitat in the Area.
- > The Company was involved in the Ministry of Energy's Inter-Agency Coordination Council responsible for implementing the Energy Efficiency and Energy Sector Development programme, and also participated in the working group for energy management and energy audit of the section for legislative regulation of energy efficiency and energy saving of the State Duma's Committee on Energy.
- > The Tyumen-based Gazpromneft – Yamal hosted Gazprom Neft's 8th Environmental Conference, bringing together experts of the Company, Gazprom, Tomsk State University, TomskNIPneft, Federal Agency for Technical Regulation and Metrology (Rosstandart), Office of the Federal Service for Supervision of Natural Resources for the Tyumen Region and the Yamal-Nenets Autonomous Area, etc.
- > As part of its regional policy, the Company took part in integrated meetings chaired by heads of Russian regions and focused on business development and social cooperation in key regions of operation and also in the Stavropol and Krasnodar areas, Rostov and Kurgan regions, etc.
- > Omsk Refinery hosted an offsite meeting of the Federal Environmental, Industrial and Nuclear Supervision Service (Rostekhnadzor), etc.

## Suppliers, contractors, partners

### Ways to engage

- > competitive tenders and procedures
- > contracts and agreements
- > the Company's assessment of its contractors
- > business meetings and forums of the Company
- > external conferences and exhibitions
- > corporate website, including dedicated section at <http://zakupki.gazprom-neft.com/>

### Key matters

- > honouring mutual obligations
- > import substitution and support for local producers
- > transparency, openness, competitive procedure and bidding to select contractors
- > business ethics and anti-corruption

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## Highlights of 2018

- > Four import substitution projects received funding from the Fund for the Promotion of R&D Startups.
- > Strategic partnership agreements were signed with Roscosmos, Severstal, Geoenergomash and Becema, Neftegazavtomatika.
- > An agreement was signed with Lukoil and Tatneft for the cooperation in developing oilfield services based on import-substituting equipment and technologies with a focus on high-tech drilling services.
- > Joint working groups with Gazprombank and HMS Group continued up and running.
- > Two seminars on the Quick Access programme were held with Russian producers, foreign licensors and EPC contractors in order to have Russian producers approved on the vendor list of foreign companies.
- > Tyumen hosted an extended HSE forum attended by contractors involved in the development of the Novoportovskoye and Vostochno-Messoyakhskoye Arctic fields.
- > St Petersburg hosted the 4th extended meeting of Gazprom Neft and its key operational contractors, attended by the management of the Company and its subsidiaries.

## Consumers

### Ways to engage

- > contracts
- > feedback and customer service systems
- > complaint management system
- > the Company's assessment by consumers
- > mass media
- > external corporate communications
- > Gazprom Neft's loyalty programme
- > business meetings, including those held off-site
- > conferences and forums
- > corporate reports

### Key matters

- > product quality
- > improved customer experience
- > transparent pricing
- > ethical business practices

## Highlights of 2018

- > In 2018, Gazpromneft – Bitumen Materials once again analysed its consumer loyalty. Based on the results, the loyalty index came in at 78.2, which is 1.6 points above the 2016 level.
- > Gazprom Neft's motor fuels and oils received the seal of excellence award at the 100 Best Products of Russia national contest. The Company's pool of winners included G-Drive 100, high-octane gasoline, RMD-80, bunker fuel with enhanced environmental features, and automotive propane, all produced at Omsk Refinery, as well as Gazpromneft oil for gasoline engines produced at Gazpromneft-Lubricants.
- > In St Petersburg and Yekaterinburg, the Company's retail network helped an environmental campaign for drivers to collect and safely recycle tires.
- > Gazprom Neft launched AZS.GO, a mobile app to pay for fuel at Gazprom Neft's filling stations. An in-house development of the Company,
- > AZS.GO was downloaded by more than 1 m customers in App Store and Google Play.
- > St Petersburg hosted the first ever quality control exercise for Gazprom Neft's fuel initiated by social media users. To have their gasoline and diesel fuel tested at the Company's mobile laboratory, users needed to simply press the Check my Fuel button in the retail network's official Vkontakte group and leave their contact details.
- > According to the Romir market research group, Gazprom Neft's retail network has the strongest popularity and brand awareness among Russian drivers.

## Local communities across Gazprom Neft's geography

### Ways to engage

- > social projects as part of the Home Towns social investment programme
- > public hearings, roundtables, dialogues
- > corporate and external media
- > corporate reporting

### Key matters

- > the Company's contribution to the social and economic development of local communities and quality of living
- > development of human capital, fostering involvement and competencies of local residents in addressing social and economic challenges of their regions
- > transparency of the Company's operations and decisions
- > the Company's financial sustainability
- > industrial and environmental safety of the Company's operations, environmental protection measures

### Highlights of 2018

- > More than 250 projects were completed as part of the Home Towns social investment programme.
- > As part of the sixth contest to award grants to social initiatives, 118 local proposals were supported. The contest was held at six regions across the Company's geography.
- > Home Towns, an annual social investment forum bringing together Russian and international experts, partners, grant winners and volunteers, was held for the fifth time. For the first time ever, the forum provided a training programme for volunteers and grant winners.
- > 84 initiatives received support as part of the Company's volunteering contest.
- > In St Petersburg, the Company held a two-day training programme on urban space planning and designing for government officials of the Yamal-Nenets Autonomous Area.

## Industry community in Russia and globally

### Ways to engage

- > cooperation agreements
- > participation in industry and cross-industry events
- > membership in industry committees
- > joint projects

### Key matters

- > involvement in the industry's development
- > doing business responsibly
- > observing human rights and HSE standards
- > information sharing

### Highlights of 2018

- > Gazprom Neft's employees participated in the Council of Chief Power Engineers of Oil Refining and Petrochemical Facilities of Russia and the CIS, established by the Association of Oil Refining and Petrochemical Companies.
- > In 2018, Gazprom Neft was strongly involved in the activities of ATIEL, the technical association of the European lubricants industry. The Company also joined new working groups of the Coordinating European Council to develop methodologies that will form part of the next generation industry-wide standard of the European Automobile Manufacturers Association. The standard will cover oils for Euro-5 and Euro-6 diesel engines.



## NGOs and non-profit organisations

### Ways to engage

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- > conferences and exhibitions
- > roundtables
- > joint implementation of social initiatives
- > reporting

### Key matters

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- > industrial safety of the Company's operations, environmental protection measures
- > the Company's contribution to the development of regions and the industry
- > openness and transparency

### Highlights of 2018

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- > The Company continued taking an active part in the Russian Union of Industrialists and Entrepreneurs (RSPP). CEO Alexander Dyukov and Advisor to the CEO Oleg Nikolaenko are Chairman and Deputy Chairman of the RSPP's Industrial Safety Committee. On 5 December, Alexander Dyukov received a special award from the Union for his contribution to developing and improving Russia's legislation on industrial safety, enhancing the investment climate and facilitating effective interaction between the business community and the government.
- > The Company partnered with RADOR, the Russian Association of Regional Road Administrations.
- > Gazprom Neft and one of the world's largest R&D centres in the oil and gas industry, IFP Energies nouvelles (France), signed a memorandum of understanding. At their new stage of cooperation, the companies will be innovating in the areas of geology, field development and digitalisation while also providing joint cross-functional training programmes at an international level.
- > Gazprom Neft's Scientific and Research Centre, Novosibirsk State University, and the Novosibirsk "Akademgorodok" TechnoPark signed a strategic partnership agreement on R&D activities and educational projects.
- > Together with the Russian Geographical Society, the Company launched a major research programme to get insights into the life of narwhals, a rare Arctic species included in the IUCN Red List. The Narwhal – Legend of the Arctic project was presented by Alexander Dyukov at a meeting of the Board of Trustees of the Russian Geographical Society chaired by Russian President Vladimir Putin.