

HOME TOWNS PROGRAMME

In 2012, Gazprom Neft chose to combine all its social investment initiatives into a single umbrella programme called Home Towns, shifting focus from targeted support towards a social investment approach ensuring consistent improvement of living standards across the Company's footprint. Today, this is one of the most successful and popular business initiatives for the development of local communities in Russia.

OBJECTIVES:

- > building basic social infrastructure in the regions of operation;
- > making comprehensive urban improvements;
- > developing education, culture and sports;
- > supporting creative industries¹;
- > promoting science amongst the youth.

TOOLS:

- > social and economic partnership agreements with authorities;
- > the Company's own initiatives;
- > targeted corporate charity;
- > volunteering support;
- > grant competitions.

ASSESSMENT OF SOCIAL INVESTMENTS

Social projects are subject to review at each stage of a yearly cycle.

Social projects' yearly lifecycle

1 CONTEXT REVIEW

- > regional development monitoring;
- > identification of pressing social issues;
- > consideration of potential projects to address these issues;
- > assessment of the Company's current initiatives for efficiency and relevance;
- > stakeholder engagement opportunities.

2 PROJECT SELECTION FOR THE REPORTING PERIOD

SELECTION CRITERIA

- > alignment with the Company's strategic priorities;
- > social relevance for the region and alignment with stakeholder interests/needs;
- > potential for systemic transformation;
- > stakeholder involvement in the development and implementation;
- > expected effect;
- > uniqueness.

3 BUILDING A REGION-SPECIFIC PROJECT PORTFOLIO

Development and approval of region-specific social investment programmes.

4 PROGRAMME MONITORING AND ADJUSTMENT AS NECESSARY

MONITORING TOOLS

- > opinion polls and expert surveys;
- > public hearings and meetings with residents;
- > feedback collection at rodneygoroda.ru;
- > online votings / open contests for residents.

5 PERFORMANCE ASSESSMENT

Following the assessment, the top-performing projects are included in the best practice library with a view to adapting and rolling them out to other regions. The assessment results are discussed with stakeholders and factored into the social investment plan for the next calendar year.

¹ Creative industries refer to activities that have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.

Home Towns outcomes

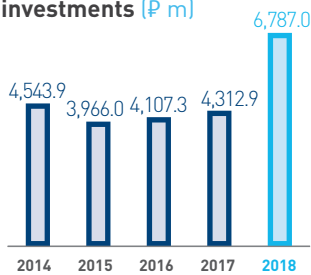
“Today, Home Towns is a community of those who care.”

Alexander Dybal
Deputy CEO
for Corporate Communications

HOME TOWNS IN QUESTIONS AND ANSWERS

Deputy CEO for Corporate Communications, speaks about the Home Towns outcomes
Alexander Dybal.

The Company's social investments (₽ m)



ABOUT THE PROGRAMME

We believe that support of projects spanning a broad spectrum of public interests can improve the quality of life. This is why our efforts target such areas as access to culture and sports, urban infrastructure, aid to young talent, and support of social enthusiasts' improvement initiatives.

ABOUT PROJECTS

In 2018, the Home Town's portfolio combined some large-scale national and international projects run annually and a variety of smaller local volunteer campaigns, all of which are vital for regional development.

ABOUT THE APPROACH

Our investments in creative and socially important projects set stage for a sustainable and comprehensive development across our footprint, and their positive outcomes encourage people to take part in new projects running independently of Home Towns.

When we were launching Home Towns in 2012, we sought to transition from conventional sponsorship and charity to a social investment format. Our experience shows that was the right choice. We would not have been able to make changes we see in our regions of operation without a massive support and engagement of local communities.

ABOUT THE FUTURE

In 2019, Home Towns will focus on digital communication formats. We will increasingly rely on two-way communications and cutting-edge tools to engage people in social life, and place a stronger emphasis on online education, exchange of hands-on knowledge and building horizontal ties. A good example of such interactions is the social investment forum where volunteers, grantees and programme partners can meet and share their experience and best practices. Today, Home Towns is truly a community of those who care.

ABOUT LEADERS

Home Towns is also a massive volunteer movement driven by local activists, programme partners and by now over 4,700 Gazprom Neft employees. All of them make personal contributions to improving the towns where they were born and raised, or where they moved to work and live with their families.

In 2018, active volunteers, winners of Gazprom Neft grants, and the Company's partners in key projects became the first ambassadors of Home Towns. Programme ambassadors are people with a proven social track record, leaders capable of building a creative and engaging environment to support further transformation. This goal is similar to the one that we set ourselves in corporate development as we seek to establish new leadership in business. Unlocking your own potential is only half the battle. You cannot fully succeed without helping others fulfil themselves to the best of their ability.

HOME TOWNS IN 2018

6.8

₽ BN
spent on social
investments

>250

SOCIAL PROJECTS
completed

Social and economic agreements

As part of its social and economic agreements with regional governments, Gazprom Neft invests in building and upgrading local infrastructure, while also providing charitable assistance and supporting indigenous northern minorities.

In 2018, the Company put into effect social and economic agreements with governments across 26 Russian regions and 20 municipalities. In furtherance of these agreements, we made ₹ 4.3 bn worth of investments in social projects.

4.3

₹ BN

investments in social projects made by the Gazprom Neft Group in furtherance of social and economic agreements in 2018

ORENBURG REGION

- > repairing and landscaping kindergartens in Samorodovo town and Berdyanka, Kuvay and Ivanovka villages;
- > repairing schools in Perevolotsky, Samorodovo, Chkalov towns and Sudbodarovka, Kuvay and Platovka villages;
- > repairing community centres in Karavanny town and Pretoriya village.

YAMAL-NENETS AUTONOMOUS AREA

- > constructing the Yamal-Arena multi-purpose sports facility in Salekhard;
- > creating a public garden in Krasnoselkup village;
- > constructing residential houses in Novy Port village.

TOMSK REGION

- > repairing the central stadium in Parabel village;
- > repairing a school in Kargasok village.

KHANTY-MANSI AUTONOMOUS AREA – YUGRA

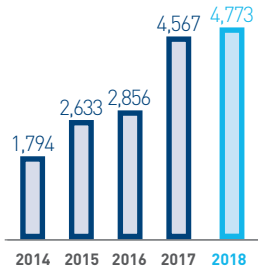
- > constructing a 120-apartment house in Khanty-Mansiysk;
- > constructing a covered ice hockey pavilion in Novoagansk settlement;
- > creating a public garden in Elizarovo village;
- > establishing playgrounds in Repolovo, Sibirsky and Batovo villages;
- > repairing schools in Sibirsky and Krasnoleninsky villages.

Gas supplies to Novy Port

In 2018, Gazprom Neft entered into a supplementary agreement to the social and economic partnership agreement with the government of the Yamal-Nenets Autonomous Area to build an 8.7 km gas pipeline with a capacity of about 2,000 m³/h in Novy Port. The boiler house, boarding school, fish factory, hospital and kindergarten are to be connected first. The transition of diesel-powered utilities to gas will significantly cut costs for generating electricity and heat, and reduce tariffs for consumers.

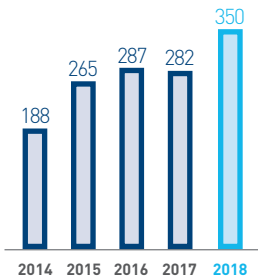
Corporate volunteering

Corporate volunteers



Volunteering is the backbone of the Company's Home Towns programme. Overall, the Company saw some 4,773 employees come up with their own ideas, team up with other volunteers or launch their own projects as part of the dedicated corporate contest. In 2018, the volunteering contest received 157 applications, with 84 of them put into action and supported by the Company. Its grant fund totalled P 4.4 m.

Volunteering initiatives



In addition to implementing their initiatives, corporate volunteers can develop teamwork and project management skills.

KEY VOLUNTEERING PROJECTS IN 2018:

- > partnership with the Anton's Right Here social habilitation¹ centre for adult autists. The Company's employees offer comprehensive support, including crafting

souvenirs together with the centre's students over the year. These are sold at the Christmas charity auction and fairs in Gazprom Neft's offices;

- > cooperation with the Raoul charity foundation. Together with the foundation Gazprom Neft's volunteers provide alumni of St Petersburg and Leningrad Region orphanages and boarding schools with career and welfare guidance and help them adapt to the new social environment. In 2018, 181 alumni received support and more than 80 found a permanent or temporary job;
- > Blood Donor Day. In 2018, 1,494 people took part in Gazprom Neft's corporate blood donation initiatives;
- > mutual aid fund. Since 2010, the fund has been providing aid to Gazprom Neft's employees in hardship.



Arctic beach cleanup
volunteering initiative



Interview with Gazprom
Neft's volunteer Ruslan
Gaidarov

Home Towns forum

In 2014, Gazprom Neft kicked off a Home Towns social investment forum, the Company's central annual social event attended by Russian and foreign experts, partners, grantees and volunteers. Over the five years, the forum has evolved into an international platform to share experience and discuss hot trends in regional development and social projects. The 2018 forum focused on the role of business in social transformation. In the run-up to the event, the Company staged



The 5th social
investment forum
(coverage)

the first two-day training programme for the best volunteers and grant winners. Its key themes were community building and the role of communications in promoting social projects.

¹ Habilitation is a set of medical and/or social initiatives to help the disabled adapt to social environment or a specific activity.

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Gazprom Neft's corporate volunteering programme

4,773

**EMPLOYEES
VOLUNTEERED**

1,494

EMPLOYEES
donated blood
in 2018

>350

VOLUNTEERING
initiatives organised
in 2018

84

EMPLOYEE
initiatives
implemented as part
of the volunteering
contest in 2018

Our volunteers are enthusiastic and caring people who make significant contributions to sustainable development of regions where they live and work.

Grant competition of social projects

602

APPLICATIONS
submitted for
the Company's grant
competition in 2018

118

PROJECTS
implemented as part
of the grant competition
in 2018

26

₽ M
provided
in grant funding
in 2018



Music and drawing teacher changes life around her ([coverage by AIF Orenburg](#))

Grant competitions are the key vehicle harnessed to aid local activists, non-profit and non-governmental organisations and public institutions across the Company's footprint. Our efforts in this area go beyond one-off support, as Gazprom Neft seeks to make sure that most projects could flourish after the grant expires. The winners receive

Gazprom Neft's financial, methodological and expert support.

In 2018, the competition ran in six regions – Yamal-Nenets and Khanty-Mansi – Yugra autonomous areas, Tyumen, Tomsk, Omsk and Orenburg regions, with 118 initiatives supported and the grant fund totalling ₽ 26 m.