



AIMING FOR MORE

2014 SUSTAINABILITY REPORT

ABOUT THE REPORT

Gazprom Neft’s report on sustainable development activities (Sustainability Report) for 2014 outlines the results of implementing the Company’s social responsibility principles and its approaches to achieving social and environmental objectives.

Gazprom Neft has published sustainability reports since 2007. Since 2008, these reports have been published at the same time as the Company’s annual reports. This enables the Company to present data about the social and environmental aspects of its activities in the context of its business strategy.

The report presents information about JSC Gazprom Neft and its subsidiaries and affiliates (hereinafter referred to as ‘Gazprom Neft’, ‘the Company’, and ‘the Group’) for the 2014 calendar year. The Company’s financial position and operating results are presented using consolidated data from Gazprom Neft. The Report draws on the management and audited financial accounts of Gazprom Neft, drafted in accordance with IFRS standards. Unless otherwise indicated in the text, data on the Company’s social and labour relations and its environmental performance include figures for Gazprom Neft and its subsidiaries and affiliates based in Russia and the CIS.

The data was gathered and organized within corporate information systems to respond to information requests based on the recommendations of the Global Reporting Initiative (GRI). This report contains standard disclosures from the new version of the Sustainability Reporting Guidelines (GRI-G4). The transition to this new standard began during the reporting year. The standard disclosures index is provided in Appendix 2.

The Report was subject to independent public certification by the Non-Financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs. The certificate is published in Appendix 1.

The report details the Company’s medium- and long-term plans. This information is forward-looking in nature. The feasibility of the declared intentions depends, among other things, on factors (economic, social, and legal) that are beyond the Company’s control or influence. The actual results may therefore differ from those indicated in the plans.

The Report is published in Russian and in English, and is also available on the Company’s website.



Online version
of the 2014 Sustainability Report



KEY

-  Link to material in the Annual Report
-  Link to interactive content

SCOPE OF CONSOLIDATION

In this report, the terms ‘Gazprom Neft’, ‘the Company’, and ‘Gazprom Neft Group’ are used to refer to JSC Gazprom Neft and its consolidated subsidiaries. The report presents consolidated performance information for the Group.

2REPORT STRUCTURE: PRIORITY THEMES

During the reporting year, the Company placed particular emphasis on determining the core themes to be covered in the Report. As in the previous reporting cycle, the provisions of ISO 26000:2010, the recommendations in the GRI Sustainability Reporting Guidelines, and discussions with the Company’s key stakeholders were all taken into account in determining these themes. The process of preparing the Report during the reporting year included dialogues with stakeholders in Orenburg and Muravlenko.

Paramount importance was given to those aspects of sustainable development where the Company’s strategic priorities and the interests and expectations of stakeholders intersect. In particular, the Report provides detailed information on the economic, social, and environmental aspects of the Company’s business that have the most noticeable effect on the wellbeing and prospects of stakeholders.

MAJOR ASPECTS

Themes ¹	Core aspects of themes	Report sections
ORGANIZATIONAL GOVERNANCE	Accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law	SUSTAINABILITY MANAGEMENT AND STAKEHOLDER ENGAGEMENT
ECONOMIC PERFORMANCE	Economic performance, market presence, implementation of innovations, support for domestic producers	ABOUT THE COMPANY; SUSTAINABILITY MANAGEMENT AND STAKEHOLDER ENGAGEMENT
HUMAN RIGHTS	Fundamental principles and labour rights, economic, social, and cultural rights	SUSTAINABILITY MANAGEMENT AND STAKEHOLDER ENGAGEMENT; DEVELOPMENT OF WORKFORCE CAPACITY; REGIONAL POLICIES AND DEVELOPMENT OF LOCAL COMMUNITIES
LABOUR PRACTICES	Recruitment, labour relations, working conditions and social protection, occupational health and safety, professional development	DEVELOPMENT OF WORKFORCE CAPACITY; SAFE DEVELOPMENT: ENVIRONMENTAL SAFETY AND OCCUPATIONAL HEALTH AND SAFETY
ENVIRONMENT	Prevention of pollution, sustainable environmental management, environmental rehabilitation, energy conservation and efficiency	SAFE DEVELOPMENT: ENVIRONMENTAL SAFETY AND OCCUPATIONAL HEALTH AND SAFETY
FAIR BUSINESS PRACTICES	Anti-corruption measures, promoting social responsibility in the value chain	SUSTAINABILITY MANAGEMENT AND STAKEHOLDER ENGAGEMENT
CONSUMER ISSUES	Protection of consumer health and safety, product and service quality	SUSTAINABILITY MANAGEMENT AND STAKEHOLDER ENGAGEMENT; SAFE DEVELOPMENT: ENVIRONMENTAL SAFETY AND OCCUPATIONAL HEALTH AND SAFETY
COMMUNITY INVOLVEMENT AND DEVELOPMENT	Socio-economic development of local communities, promotion of healthcare and sports, education and culture, support for vulnerable groups	REGIONAL POLICIES AND DEVELOPMENT OF LOCAL COMMUNITIES

¹ The basic thematic structure is determined by ISO 26000. Economic performance has been added in line with GRI recommendations.

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Gazprom Neft is committed to sustainable development and corporate social responsibility. An important part of this is the Company's policy of giving back to the communities in which it operates as a major taxpayer, employer, and partner for local and regional governments. Our contribution is more than just financial: we aim to improve quality of life and strengthen social infrastructure in the communities that Company employees and their families call home.

Gazprom Neft had a successful year in 2014. The Company continued to enjoy stable production growth, achieving a 6% improvement in extraction and a 2% increase in refining activity. Gazprom Neft remains the industry leader in average daily sales of petroleum products at filling stations. Highlights of the year include ship-to-shore delivery of the first oil from our offshore Arctic fields at Prirazlomnoye in the Pechora Sea and Novy Port in the northern Yamalo-Nenets Autonomous District; the use of new technologies in the Company's traditional operating areas to boost output from existing fields, and the beginning of the latest stage in the upgrade of refining facilities to increase efficiency. Last year, Gazprom Neft became a leading supplier of modern bitumen materials.

Despite the economic headwinds, Gazprom Neft pushed forward with strategic plans to develop the Arctic shelf, enter new markets, work with hard-to-recover reserves, and conduct a study of the unconventional hydrocarbon reserves of the Bazhenov Formation. The Company believes that investing in technology and innovation is essential to maintaining a competitive advantage over other market players during the coming years. In developing and implementing our business strategy, we strive to achieve a careful balance of economic, environmental, and social interests.

Upstream production carries with it a great responsibility, which is why the company consistently acts as a steward of the environment and natural resources. One important project in this regard is our effort to utilize associated petroleum gas. Gazprom Neft continues to invest heavily in promoting efficient use of this former waste product. In 2014, this included construction of a new gas processing facility at the Yuzhno-Priobskaya compressor station and commissioning new compressor stations at the Yety-Purovskoye field and in Tomsk Region. Gazprom Neft continues to pay close attention to environmental and workplace safety at the Prirazlomnoye field. The Company implements industry best practices and leading technologies in order to preserve the unique Arctic environment, and is active in its work with business partners, public organizations, and experts to pioneer solutions in this area.

Staff development is another strategic priority. Our success as a company in the current economy is testament to the Gazprom Neft team and its professionalism and skill.

In 2015, there will be new challenges for the entire industry, and we are no exception. Nevertheless, with its committed workforce and strategic depth, Gazprom Neft continues to achieve its goals.



ALEXEY MILLER

CHAIRMAN OF THE BOARD OF DIRECTORS
OF GAZPROM NEFT

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

The year 2014 proved to be highly eventful for Gazprom Neft. The Company sold the first oil from the Prirazlomnoye offshore field in the Russian Arctic shelf on the world market; began pumping at the Badra field in Iraq, and carried out summer ship-to-shore delivery from the Novy Port field in Yamalo-Nenets Autonomous District. While development of refining assets continued apace, the Company also became a market leader in innovative bitumen materials. Gazprom Neft retained its industry-leading growth rate in hydrocarbon production and is developing the technology to get the most out of mature fields.

Given the global changes in the industry, it is difficult to overstate the importance of hard-to-recover reserves, non-traditional production, and the modernization of refinery infrastructure to improve efficiency and product quality. By rising to these challenges with new technologies and management approaches, we are laying the groundwork for continued stable growth in the years to come.

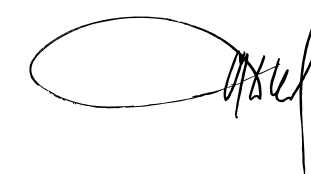
In addition, Gazprom Neft makes a significant contribution to the social and economic development of the regions in which it operates. To more effectively address regional development, in 2013 Gazprom Neft initiated the Home Towns programme for holistic social investment. Home Towns promotes quality of life locally by expanding access to modern urban infrastructure as well as to educational and cultural opportunities. The programme helps to develop social and entrepreneurial initiatives among communities, creating the infrastructure that residents need to improve their lives.

By developing and implementing new approaches, combined with our growing experience in the field, the Company is making good on its commitments to sustainable development and corporate social responsibility. Major environmental safety and conservation projects in 2014 included the development of a fauna preservation programme for the south-eastern Barents Sea, a pilot green seismic exploration project that substantially reduced the need for logging compared with traditional methods, and emission reductions at the Company's Moscow refinery. Substantially ahead of the deadline set by the Russian government, the Company has transitioned to the Euro 5 standard for environmentally friendly petrol. Thanks to refinery modernization and utilization of associated petroleum gas, in 2014 Gazprom Neft was able to cut gross emissions by more than 14% compared with 2013, and by 52% compared with 2012.

Gazprom Neft is constantly striving to improve safety in the workplace. Expenditure on occupational health and safety and environmental protection amounted to approximately RUB 22 billion in 2014 alone. We selectively source and implement the newest, safest technologies that offer the most value for our workforce and the environment. As a result, workplace incidents at production sites decreased by over 12% in 2014. The company's strategic goal is to become the industry leader in workplace safety.

Gazprom Neft's most valuable asset is its people. That is why we take particular care to invest in staff development. We work to keep our employees motivated, engaged, and proficient in their field. Our approach is to employ the best specialists, provide them with good salaries, working conditions, and benefits, and give them everything they need to thrive and make the most of their creative potential. An important element of this is our work with students, recent graduates, and up-and-coming professionals, as we seek to nurture the next generation of Gazprom Neft employees. In 2014, the Company invested over RUB 60 billion in employee social support and development, exceeding the 2013 total by more than 26%.

We continue to move forward with the sustainability work begun in previous years. And with new social and environmental projects coming online, 2015 promises to be the most sustainable year yet for Gazprom Neft.



ALEXANDER DYUKOV

CHAIRMAN OF THE MANAGEMENT BOARD
AND CEO OF GAZPROM NEFT

ABOUT THE COMPANY

Gazprom Neft, a subsidiary of Gazprom, is one of the largest and fastest-growing oil and gas companies in Russia. In accordance with the SPE (PRMS) classification, the Company's proven reserves of hydrocarbons total 1.443 billion TOE, placing Gazprom Neft among the 20 largest global oil producers.

HYDROCARBON PRODUCTION

66.25 million TOE

hydrocarbon production
by Gazprom Neft Group
in 2014

6.41%

increase in production
by Gazprom Neft in 2014

STABLE GROWTH

2.55 billion TOE

↑ 11%
volume of Gazprom Neft's proven
and probable reserves in 2014

43.48 million
tonnes ↑ 1.99%

refining throughput
in 2014

INNOVATIONS INTRODUCED AT MATURE FIELDS



One of the Company's major focuses in 2014 was the introduction of new technologies to mature fields, resulting in production growth at assets which have been in operation for decades. These results were achieved by increasing the proportion of high-technology wells. Today, the Company holds a leading position in Russia's oil and gas sector in this area.

Gazprom Neft, a subsidiary of Gazprom, is a vertically integrated oil company whose main activities include the exploration, development, production, and sale of crude oil and gas, as well as the production and sale of a wide range of petroleum products.

The Company is an industry leader in terms of growth in production and average daily sales of petroleum products through filling stations. Gazprom Neft is one of the three largest Russian companies in terms of refining throughput, the fourth largest producer of hydrocarbons, and also occupies a leading position on the innovative bituminous materials market. The Company introduced Arctic oil, produced at the Prirazlomnoye Field in the Pechora Sea, to the world market. Currently, Gazprom Neft is the only oil company in Russia which has been able to increase production volumes at mature fields in Western Siberia.

Ordinary shares in Gazprom Neft are traded on the major Russian trading platforms of the Moscow Exchange Group. As of 31 December 2014, the Company's market capitalization stood at USD 12.052 billion.

USD 12.052 billion
Gazprom Neft's market capitalization
as of 31 December 2014

MISSION AND STRATEGIC VISION

Gazprom Neft's operations are primarily informed by the Company's 2025 Development Strategy, which was approved by the Board of Directors in 2013. In 2014, goals and objectives were specified for a number of business areas. The goals and objectives were updated to address local concerns; this process did not lead to a large-scale revision of the Development Strategy as a whole. Gazprom Neft's exploration and production efforts currently remain focused on the effective development of a mature resource base and ensuring maximum return on investment from new projects. In refining and sales, the Company continues to concentrate on upgrading refining capacities and maximizing sales of petroleum products through the Company's own premium sales channels.

GAZPROM NEFT MISSION

TO PROVIDE CONSUMERS WITH HIGH-QUALITY ENERGY RESOURCES, CONDUCT BUSINESS HONESTLY AND RESPONSIBLY, CARE FOR ITS EMPLOYEES AND BE A LEADER IN EFFICIENCY, ENSURING LONG-TERM AND BALANCED COMPANY GROWTH.



GAZPROM NEFT STRATEGIC GOAL

TO BECOME A LARGE, RUSSIAN-BASED INTERNATIONAL PLAYER, OWNING A REGIONALLY DIVERSIFIED PORTFOLIO OF ASSETS ACROSS THE ENTIRE VALUE CHAIN, ACTIVELY PARTICIPATING IN REGIONAL DEVELOPMENT, AND WITH A HIGH DEGREE OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY.



GAZPROM NEFT'S MAJOR STRATEGIC OBJECTIVES AND BUSINESS TARGETS FOR 2025, BY OPERATING SEGMENT

EXPLORATION AND PRODUCTION



2014 CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC GOALS (CHANGE COMPARED WITH 2013)

Proven hydrocarbon reserves according to SPE (PRMS) standards – 1.443 billion TOE (+7.40%)

Production of commercial hydrocarbons – 66.25 million TOE (+6.41%)

Reserves-to-production ratio (PRMS proven + probable reserves) – 33 years

See p. 21 for more details about the results for this segment.

STRATEGIC GOALS:

100 million TOE
hydrocarbon production volume

20 years
reserves-to-production ratio (TP/production)

REFINING



2014 CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC GOALS (CHANGE COMPARED WITH 2013)

Refining throughput – 43.48 million tonnes (+1.99%)

Total production of commercial petroleum products – 41.64 million tonnes (+2.69%)

Light petroleum products output in Russia – 61.01%

Refining depth in Russia – 81.53%

See p. 22 for more details about the results for this segment.

STRATEGIC GOALS:

40 million tonnes
refining throughput in Russia

80%
light products output in Russia

95%
refining depth in Russia

SALES



2014 CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC GOALS (CHANGE COMPARED WITH 2013)

Volume of sales via premium channels – 25.78 million tonnes (+7.51%)

See pp. 23–24 for more details about the results for this segment.

STRATEGIC GOAL:

100%
output of Company's own Russian refineries sold via its own high-margin sales channels

GAZPROM NEFT’S MAJOR STRATEGIC OBJECTIVES AND BUSINESS TARGETS FOR 2025, BY OPERATING SEGMENT (CONTINUED)

MOTOR FUEL SALES



2014 CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC GOALS (CHANGE COMPARED WITH 2013)

- Number of operational filling stations in Russia, the CIS, and further afield – 1,810 (+3.6%)
- Number of operational filling stations in Russia and the CIS – 1,389 (+3.7%)
- Average volume of petroleum product sales per filling station – 20.0 tonnes/day (+5.26%)
- Sales of petroleum products via the retail filling station network in Russia and the CIS – 9.1 million tonnes (+9%)

STRATEGIC GOALS:

24.7 million tonnes
motor fuel sales in Russia and the CIS

1,880
retail filling stations in Russia and the CIS

See p. 24 for more details about the results for this segment.

SALES OF PETROLEUM PRODUCTS BY PRODUCT BUSINESS UNITS



2014 CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC GOALS (CHANGE COMPARED WITH 2013)

- Aviation fuel sales – 3.72 million tonnes (+11.04%)
- Marine fuel sales – 4.42 million tonnes (+46.36%)
- Bitumen sales – 1.75 million tonnes (–0.57%)
- Petrochemical product sales – 1.24 million tonnes (+5.98%)
- Sales of oils and lubricants – 0.48 million tonnes (–2.04%)

STRATEGIC GOALS:

5.6 million tonnes
aviation fuel sales

8.2 million tonnes
marine fuel sales

2.5 million tonnes
bitumen sales

1.8 million tonnes
petrochemical product sales

0.66 million tonnes
sales of oils and lubricants

See p. 24 for more details about the results for this segment.

CORE BUSINESS AND GEOGRAPHICAL REACH

Gazprom Neft's core business areas are the exploration, development, production, and sale of crude oil and gas, as well as the production and sale of petroleum products.

The Company operates in Russia's largest oil-and-gas-producing regions: Khanty-Mansiysk, Yamalo-Nenets, and Nenets autonomous districts; Tomsk, Omsk, Tyumen, Irkutsk, and Orenburg regions; Krasnoyarsk Territory, and the Republic of Sakha (Yakutia).

The Company's main refining facilities are located in Omsk, Moscow, and Yaroslavl regions, and in Serbia. Gazprom Neft's international assets include companies in Serbia, Italy, and Austria. The Company also has projects in Iraq, the Kurdish Autonomous Region in Iraq, and Venezuela.

Gazprom Neft sells oil and petroleum products in Russia and abroad to wholesale customers and through filling stations.

GAZPROM NEFT GROUP STRUCTURE

Most of the Company's crude oil production in Russia is carried out by its subsidiaries: Gazprom Neft-Noyabrskneftegas, Gazprom Neft-Khantos, Gazprom Neft-Vostok, and Gazprom Neft Orenburg.

The subsidiary NIS is responsible for oil and gas exploration and production in Serbia, Angola, Bosnia and Herzegovina, Hungary, and Romania. The Company's international assets also include hydrocarbon exploration and production projects in Iraq, the Kurdish Autonomous Region in Iraq, and Venezuela.

In addition to its own production, Gazprom Neft also has a share in the production of its affiliates: Slavneft (50%), Tomskneft (50%), Salym Petroleum Development, (50%), SeverEnergia (45.1%), and Northgas (50%).

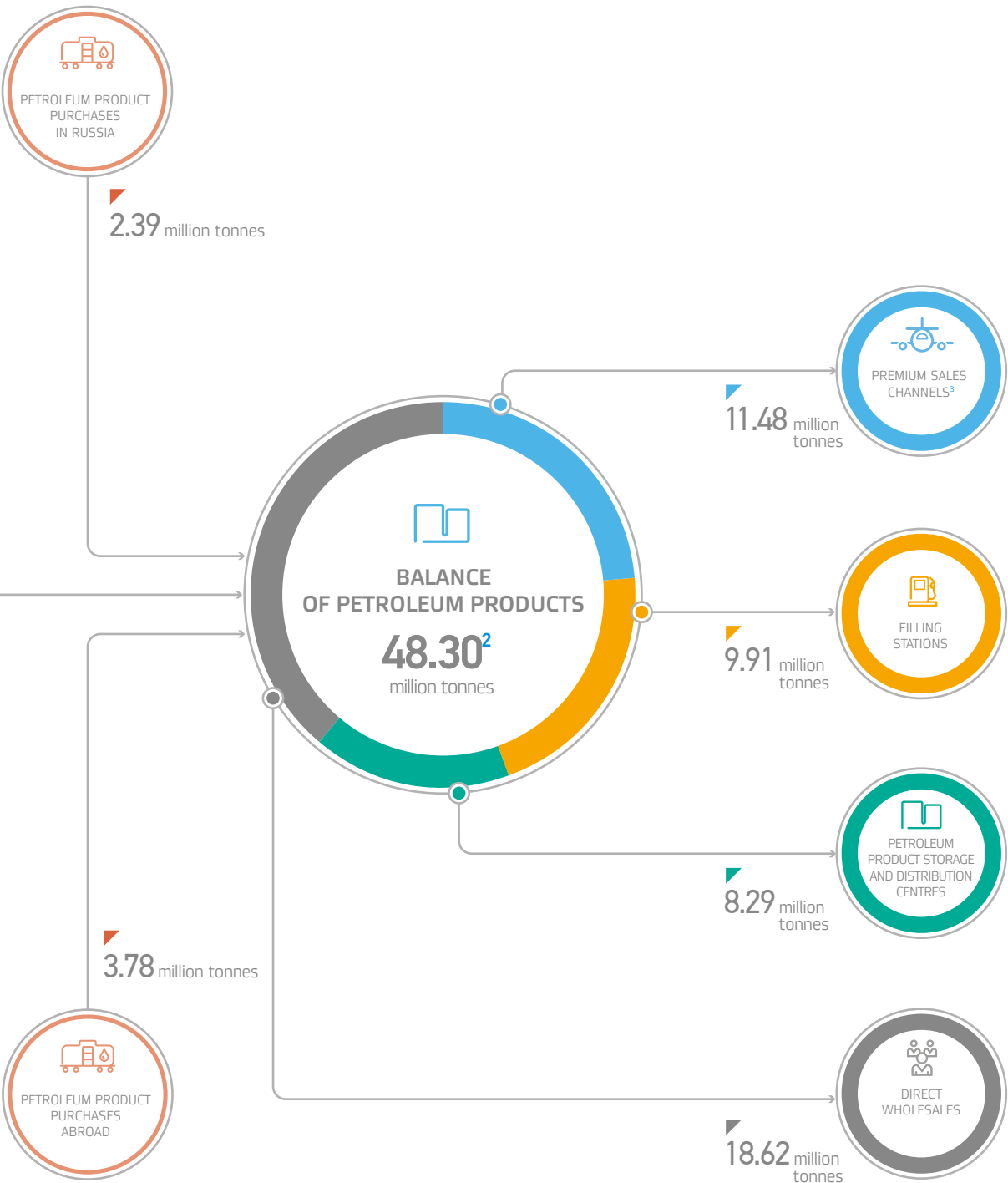
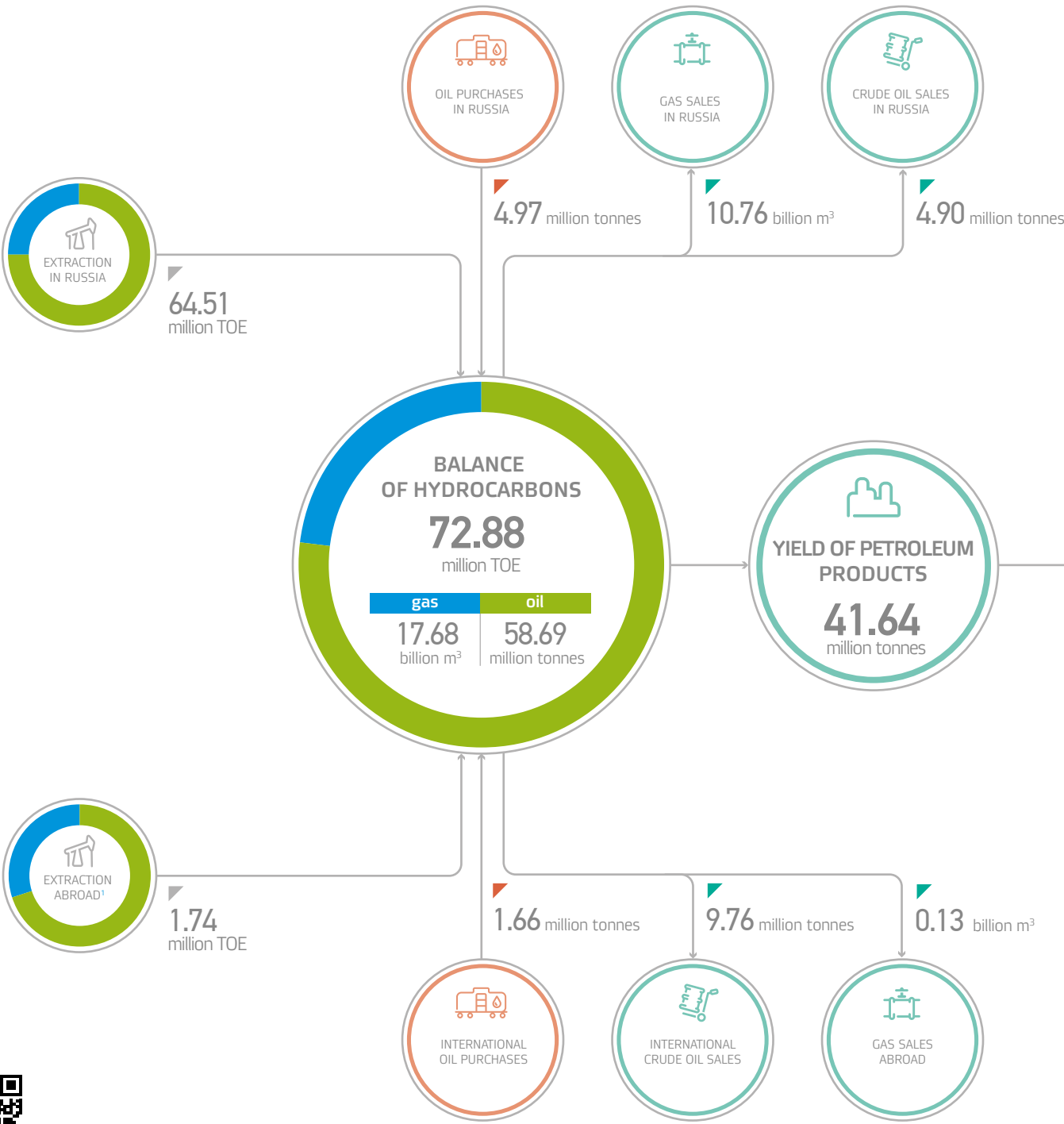
Gazprom Neft refines about 80% of the crude oil that it produces. The Company's largest refinery, the Omsk Refinery, is one of the most advanced in the country and one of the largest in the world. The Company's assets also include the Moscow and Yaroslavl refineries and the two-plant refining complex operated by Serbian company NIS. In addition, the Company has a stake in the operations of the Mozyr Refinery in Belarus.

The Company sells petroleum products in Russia and the CIS countries through its sales subsidiaries engaged in wholesale and retail sales of petroleum products through filling stations. The Company also has a number of other business segments, including the sale of aviation fuel, ship bunkering, and the production and sale of lubricants, bitumen materials, and petrochemical products. The Company's filling station network comprises 1,810 filling stations operating in Russia, the CIS, and Europe.

1,810 filling stations
made up the Company's network in Russia, the CIS, and Europe in 2014

MAJOR CHANGES TO THE COMPANY'S STRUCTURE IN 2014

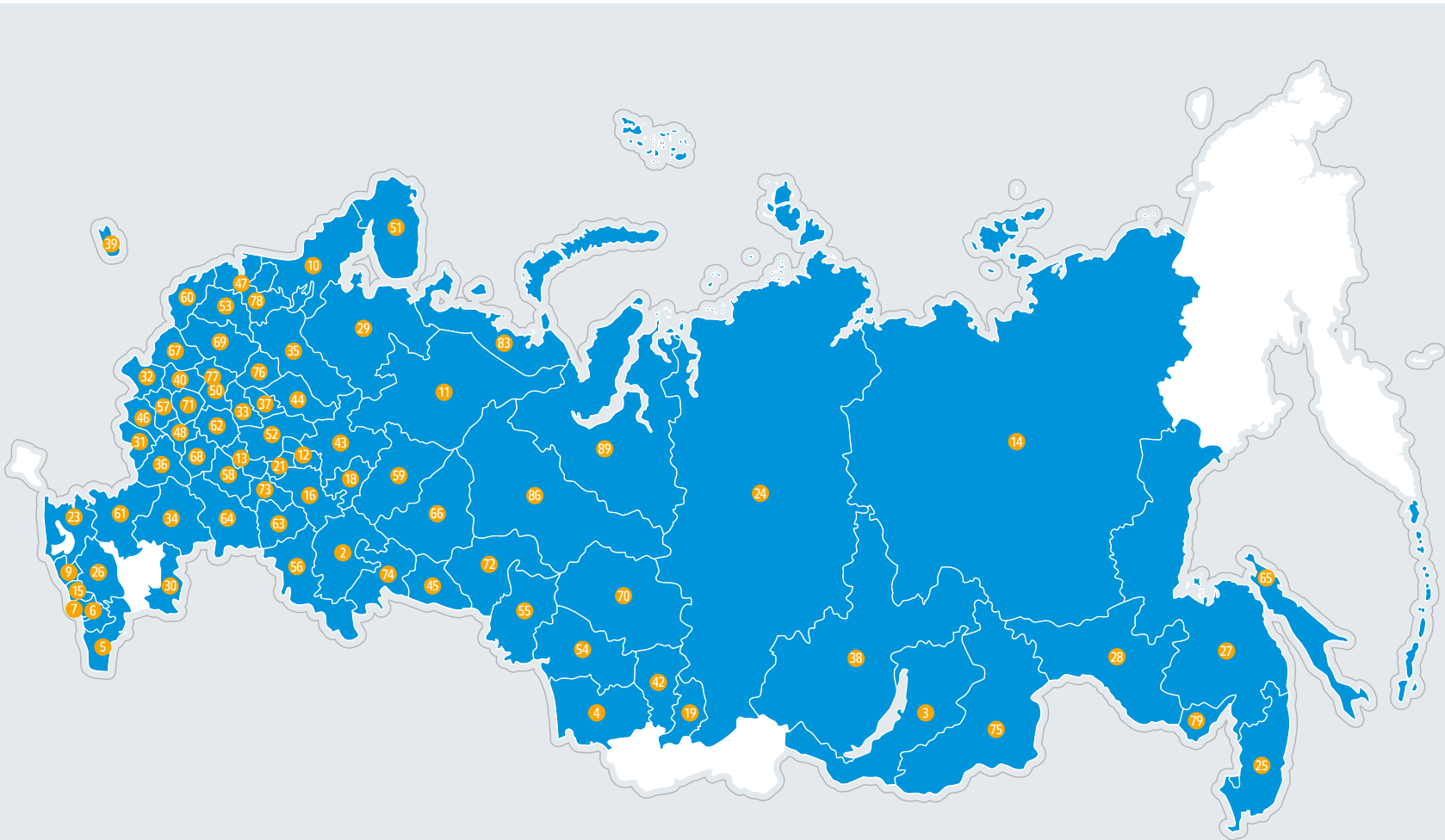
- Gazprom Neft assumed trust management of a 50% holding in Northgas. The holding is controlled by Gazprom Group.
- An effective 9.1% stake in Northgas (North Urengoy field) was acquired.
- Gazprom Neft Shelf (the operator of the Prirazlomnoye field) became a 100% subsidiary of Gazprom Neft.
- A final agreement was reached with Novatek on 50/50 shared ownership of SeverEnergia.
- Specialist operator Gazpromneft – Bitumen Materials began operations.
- A deal was concluded to acquire a 50% share on a parity basis with SIBUR Holding in Poliom's production assets for refining propylene from the propane-propylene fraction.



Additional information about our business model can be found in the online version of the Report

¹ Excluding Nis a.d. Novi Sad.
² Adjusted to account for 0.5 million tonnes of the Company's own consumption/changes in surplus.
³ Sales through Gazprom Neft sales divisions in Russia and at NIS a.d. Novi Sad.

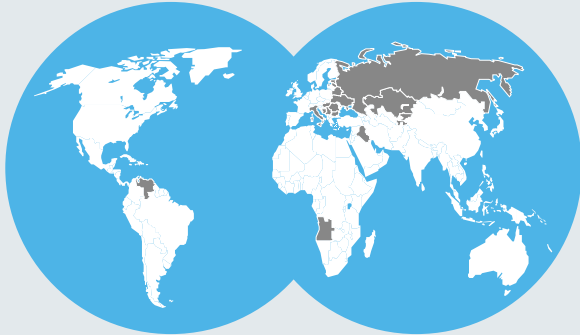
16 GEOGRAPHICAL REACH



The online version of the Report contains additional information about the distribution by region of:

- new projects
- exploration projects
- production projects
- downstream assets
- average staff head count

GAZPROM NEFT IN THE WORLD



Angola	Latvia
Bulgaria	Republic of Belarus
Bosnia and Herzegovina	Romania
Hungary	Serbia
Venezuela	Tajikistan
Iraq	Ukraine
Italy	Estonia
Kazakhstan	
Kyrgyzstan	

Code	Region	Production	Subsurface management	Gazprom Neft Marine Bunker	Gazprom Neft-Aero	Refining	Lubricants	Bituminous materials	Retail sales	Wholesale sales
4	Altai Territory								•	•
28	Amur Region				•					•
29	Arkhangelsk Region			•						•
30	Astrakhan Region			•	•					
31	Belgorod Region									•
32	Bryansk Region				•					•
33	Vladimir Region									•
34	Volgograd Region			•						•
35	Vologda Region			•						•
36	Voronezh Region				•					•
79	Jewish Autonomous Region									•
75	Zabaykalsky Territory				•					•
37	Ivanovo Region								•	•
6	Republic of Ingushetia									•
38	Irkutsk Region		•	•						•
7	Kabardino-Balkar Republic									•
39	Kaliningrad Region			•	•					•
40	Kaluga Region								•	•
42	Kemerovo Region				•				•	•
43	Kirov Region									•
44	Kostroma Region									•
23	Krasnodar Territory			•	•				•	•
24	Krasnoyarsk Territory	•	•		•				•	•
45	Kurgan Region								•	•
46	Kursk Region				•					•
47	Leningrad Region			•	•				•	•
48	Lipetsk Region				•					•
13	Republic of Mordovia									•
77	Moscow				•	•			•	•
50	Moscow Region				•		•	•	•	•
51	Murmansk Region			•	•					•
83	Nenets Autonomous District		•							
52	Nizhny Novgorod Region			•					•	•
53	Novgorod Region								•	•
54	Novosibirsk Region			•	•				•	•
55	Omsk Region	•	•		•	•	•	•	•	•
56	Orenburg Region	•	•		•					•
57	Oryol Region									•
58	Penza Region									•
59	Perm Territory									•
25	Primorsk Territory			•						•
60	Pskov Region				•				•	•
2	Republic of Bashkortostan									•
3	Republic of Buryatia									•
5	Republic of Dagestan									•
9	Republic of Karachayevo-Cherkessia									•
10	Republic of Karelia								•	•

Code	Region	Production	Subsurface management	Gazprom Neft Marine Bunker	Gazprom Neft-Aero	Refining	Lubricants	Bituminous materials	Retail sales	Wholesale sales
11	Komi Republic									•
12	Republic of Mari El									•
14	Republic of Sakha (Yakutia)		•							•
15	Republic of North Ossetia–Alania									•
16	Republic of Tatarstan			•						•
19	Republic of Khakassia									•
61	Rostov Region			•	•					•
62	Ryazan Region				•			•	•	•
63	Samara Region			•						•
78	St. Petersburg			•	•				•	•
64	Saratov Region				•					•
65	Sakhalin Region			•						•
66	Sverdlovsk Region				•				•	•
67	Smolensk Region								•	•
26	Stavropol Territory									•
68	Tambov Region				•					•
69	Tver Region				•				•	•
70	Tomsk Region	•	•	•	•				•	•
71	Tula Region									•
72	Tyumen Region	•	•						•	•
18	Udmurt Republic									•
73	Ulyanovsk Region				•					•
27	Khabarovsk Territory			•	•					•
86	Khanty-Mansiysk Autonomous District – Yugra	•	•						•	•
74	Chelyabinsk Region				•				•	•
21	Republic of Chuvashia									•
89	Yamalo-Nenets Autonomous District	•	•						•	•
76	Yaroslavl Region			•		•	•	•	•	•
International										
	Angola	•								
	Bulgaria ¹									•
	Bosnia and Herzegovina ¹									•
	Hungary ¹									•
	Venezuela		•							
	Iraq	•	•							
	Italy						•			
	Kazakhstan							•	•	
	Kyrgyzstan				•					•
	Latvia			•						
	Republic of Belarus					•				•
	Romania ¹			•						•
	Serbia	•				•	•	•	•	•
	Tajikistan									•
	Ukraine									•
	Estonia			•						

¹ Countries where NIS a.d. Novi Sad concessions are located.

ECONOMIC PERFORMANCE

This reporting year was a challenging one for the entire oil and gas industry. The significant decline in global hydrocarbon prices had a major impact on the sector's development. Gazprom Neft was able to meet the challenges of the changing macroeconomic environment and demonstrated steady growth in production figures: the Company secured an increase in reserves, production, and refining throughput, and also increased premium sales volumes. These results confirmed that the Company's chosen strategy, with a focus on stable growth and efficiency, was the right one. In 2015, Gazprom Neft will maintain its production growth rate and the high degree of efficiency in refinery operations, achieving the goals set out in the Company's 2025 Development Strategy.

OPERATIONAL RESULTS

During the reporting year, Gazprom Neft produced a total of 66.25 million TOE.

In 2014, Gazprom Neft began deliveries of new Arctic oil grades to European consumers: ARCO from the Prirazlomnoye field and Novy Port from the Novoportovskoye field on the Yamal Peninsula.

Commercial production began at the Badra field in Iraq. This is the Company's largest foreign production project. The development of projects in Russia and internationally has allowed Gazprom Neft to achieve production growth of over 6%. At the end of 2014, Gazprom Neft's had 2.55 billion TOE in proven and probable reserves, an increase of more than 11% compared with 2013.

INNOVATIONS IN PRODUCTION

One of the Company's major focuses in 2014 was the introduction of new technologies to mature fields.

New technologies led to production growth at assets which have been in operation for decades. These results were achieved by increasing the proportion of high-technology wells. Today, the Company holds a leading position in Russia's oil and gas sector in this area.

2.55 billion TOE ↑ 11%
volume of Gazprom Neft's proven
and probable reserves in 2014

6.41%
increase in production
by Gazprom Neft in 2014

MODERNIZATION OF OIL REFINING ASSETS

The Company's refining throughput increased by 1.99% for the year, amounting to 43.48 million tonnes.

Following completion of a quality programme and transition to the production of Euro 5-standard fuels, in 2014 Gazprom Neft launched the second phase of its oil refinery modernization programme to increase refining depth and the output of light petroleum products.

GROWTH OF SALES CHANNELS

The Company continued to upgrade its tank farms, and actively developed premium sales channels for its petroleum products. In 2014, sales in high-margin market segments increased by 7.5%.

Last year, the Company took a major step in the development of its bitumen business by creating a specialized operator: Gazpromneft – Bitumen Materials. In 2014, Gazprom Neft acquired the largest asset for the production of polymer-modified bitumen in Russia, Ryazan Petrochemical Experimental Plant, and began the production of new generation G-Way Styrelf bitumens at the Moscow Refinery in partnership with France's Total. This has positioned Gazprom Neft as a market leader in modern bitumen materials.

FINANCIAL PERFORMANCE

Gazprom Neft paid out 25% of the Company's net profit in interim dividends to its shareholders, according to IFRS. During the reporting year, the Company maintained its leading position in the industry for efficiency, and was the top Russian oil company in terms of return on invested capital.

An increase of 1.7% in adjusted EBITDA was constrained by the negative impact of a temporary export duty lag. The negative impact of the exchange rate resulting from the revaluation of loans reduced the profits attributable to Gazprom Neft shareholders for the reporting year by 31.4%.

43.48 million
tonnes ↑ 1.99%
refining throughput in 2014

7.5%
increase in sales in high-margin
market segments in 2014

1st place
among Russian oil companies in
terms of return on invested capital
in 2014

KEY PERFORMANCE INDICATORS

Key operating indicators

	2010	2011	2012	2013	2014	Change 2014/2013, %
Proven hydrocarbon reserves (PRMS-SPE), million TOE ¹	1,023	1,130	1,200	1,343	1,443	7.45
Hydrocarbon reserve replacement ratio (1P), %	110	291	222	336	254	−82.00 p.p.
Refining/production ratio, %	76	81	85	84	84	−
Gazprom Neft Group commercial hydrocarbon production, million TOE	52.81	57.25	59.71	62.26	66.25	6.41
Oil refining, million tonnes	37.90	40.49	43.34	42.63	43.48	1.99
at own refineries, million tonnes	30.75	33.10	33.76	34.06	34.66	1.76
at contracted refineries, million tonnes	7.15	7.39	9.58	8.57	8.82	2.92
Oil exports, million TOE	18.96	16.07	16.62	12.34	9.63	−21.96
Sales of petroleum products, million tonnes	37.20	41.50	44.03	45.74	48.30	5.60
Exports of petroleum products, million tonnes	14.05	14.68	16.48	16.82	17.73	5.41
Number of operational filling stations (owned, leased, and franchised)	1,596	1,670	1,609	1,747	1,810	3.55
Average sales of petroleum products per filling station, ² tonnes/day	10.3	14.2	17.6	19.0	20.0	5.26

Key financial indicators

	2010	2011	2012	2013	2014	Change 2014/2013, %
Sales, RUB millions	999,498	1,291,596	1,519,450	1,504,037	1,690,557	12.40
Sales revenue, RUB millions	793,871	1,029,803	1,232,649	1,267,603	1,408,238	11.09
Adjusted EBITDA, RUB millions	220,812	300,077	323,106	336,752	342,614	1.74
Net income relating to Gazprom Neft, RUB millions	95,692	160,362	176,296	177,917	122,093	−31.38
Capital investments, RUB millions	100,247	29,157	169,213	208,611	271,330	30.07
Paid dividends, RUB millions	21,051	34,611	44,094	44,473	21,905 ⁴	−
Share price at year-end (MICEX), RUB	128.27	148.18	142.52	146.77	143.00	−2.57
Dividend per share, RUB	4.44	7.30	9.30	9.38	4.62 ⁴	−
Adjusted EBITDA per barrel produced, RUB/BOE	566.99	711.70	735.97	736.20	701.93	−4.65
Return on equity (ROE), %	17.91	24.99	23.03	19.99	11.90	−8.09 p.p.

Tax payments to the consolidated budget of the Russian Federation³

	2010	2011	2012	2013	2014	Change 2014/2013, %
Fiscal payments, RUB millions, including:	317,302	482,628	523,467	489,136	560,085	14.50
Federal budget	104,199	195,859	234,247	245,175	278,197	13.47
Regional budget	26,044	45,350	32,605	37,718	36,209	−4.00
Extra-budgetary funds	2,157	4,379	5,898	7,208	9,489	31.65
Export duties	184,902	237,041	250,717	199,035	236,190	18.67

¹ Excluding NIS a.d. Novi Sad.
² Calculation for filling stations in Russia.
³ Consolidated data for Gazprom Neft and Russian subsidiaries, excluding joint ventures and proportionally consolidated entities.
⁴ For the first half of 2014.

The Report may contain inaccuracies relating to share, percentage, and totals due to the rounding of calculated values.
The data presented in the Annual Report may differ slightly from previously published data due to rounding differences.

CRUDE OIL AND GAS EXPLORATION AND PRODUCTION

Total production by Gazprom Neft increased by 6.41% in 2014, to 66.25 million TOE. The rise in production volumes was achieved through the acquisition of new production assets in 2011–2012 (Gazprom Neft Orenburg, High Technology Centre, Yuzhuralgaz, and Zhivoy Istok), through highly effective well interventions in West Siberian fields, and through increasing the ownership share in SeverEnergia.

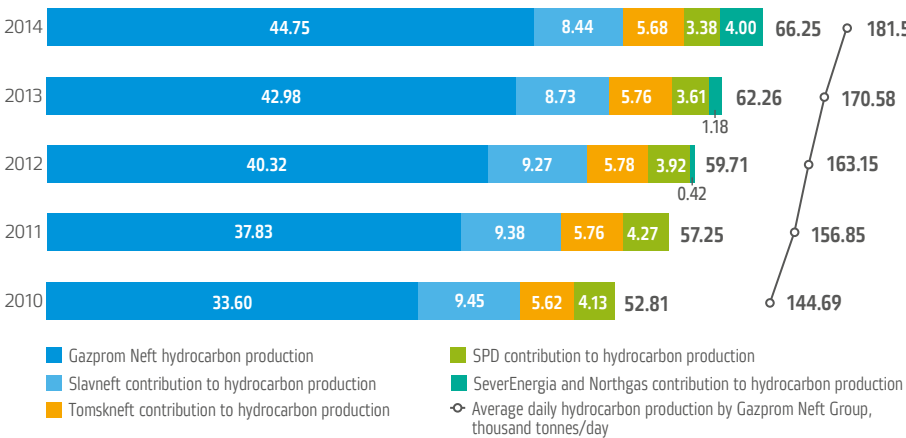
Gazprom Neft is the only oil company in Russia which has been able to increase production volumes at mature fields in Western Siberia. Production increased in 2014 due to the implementation of a high-tech oil and gas reservoir development programme (Gazprom Neft-Noyabrskneftegas, Gazprom Neft-Khantos) and the commencement of the development of 15 million tonnes of hard-to-recover reserves.

In 2014, the Company consolidated its position in the Russian northern seas to the north of the Yamalo-Nenets Autonomous District. In April, a new grade of oil, ARCO, was shipped from the Prirazlomnoye field, Russia's first drilling project on the Arctic shelf. An exploratory well was drilled in the Dolginskoye field, located on the Arctic shelf of the Pechora Sea. A study of the well has also been completed. This is the first time such a considerable amount of work has been completed during the short ice-free season, and it sets a record for the industry. Preparations continue for the commercial development of the major fields to the north of the Yamalo-Nenets Autonomous District: the Messoyakha group and Novoportovskoye. The first season of shipping oil by sea from the Novoportovskoye field is complete.

In January 2015, Gazprom Neft obtained its first shale oil inflows at the South Priobskoye field in the Khanty-Mansiysk Autonomous District – Yugra. The Company began commercial shipments of oil at the Badra field in Iraq, and delivered against its commitments to the Government of Iraq to produce no less than 15,000 barrels per day for 90 days.

The Company is actively developing its gas operations based on the commercialization of its reserves of associated and natural gas extracted from oil fields, and increasing the value of this gas. Total gas production/utilization by the Gazprom Neft Group in 2014 (including share in production by joint ventures) was 17.68 billion m³. The overall level of APG utilization (including by joint ventures) amounted to 81.4% in 2014, compared with 79.9% in 2013.

Hydrocarbon production, million TOE



Source: Company data

254% reserve replacement ratio according to PRMS 1P category (proven reserves)

17.68 billion m³ combined gas production/utilization by the Gazprom Neft Group (including share in production by joint ventures) in 2014

66.25 million TOE hydrocarbon production by Gazprom Neft Group in 2014.

REFINING

In 2014, Gazprom Neft maintained its position as one of the leading Russian oil companies in terms of refining throughput.

Refining throughput increased this year by 1.99% to 43.48 million tonnes. Following completion of a quality programme and transition to the production of Euro 5-standard fuels, in 2014 Gazprom Neft launched the second phase of its oil refinery modernization program to increase the refining depth and the output of light petroleum products. Gazprom Neft's largest refining asset, the Omsk Refinery, retained its absolute superiority in the industry in 2014 by refining 21.28 million tonnes of petroleum feedstock.

43.48 million tonnes ↑1.99% refining throughput in 2014

41.64 million tonnes ↑2.69% commercial oil products in 2014

MAIN PRODUCTS PRODUCED BY GAZPROM NEFT:

- automotive fuel
- diesel fuel
- jet fuel
- boiler fuel (mazut)
- bitumen materials
- marine fuel
- automotive oils
- paraffin and wax products
- aromatic hydrocarbons
- liquefied petroleum gases
- catalysts

Refining assets

	Omsk Refinery	Moscow Refinery	NIS	Slavneft YANOS	Mozyr Refinery
Capacity, million tonnes	21.57	12.15	7.31	15.00 ²	12.03
Refining, ¹ million tonnes	21.28	10.76	2.61	7.65 ²	1.17 ³
Commercial output, ¹ millions tonnes	20.20	10.27	2.85	7.24	1.08
Refining depth, %	93.02	71.77	84.17	63.31	73.60
Output of light petroleum products, %	67.32	53.57	74.87	53.92	60.00
Events	Work on constructing a terminal to discharge, store and pump stable gas condensate for refining was completed.	The CDU/VDU-6 (crude distillation unit/vacuum distillation unit) facility was reconstructed, along with a hydrogen unit and a sulphur unit with a sulphur granulation facility.	A planned repair of the main refinery processing units was completed.	The reconstruction of the petrol pool facilities was completed. The diesel fuel hydrotreatment unit, which uses a deparaffinization process, was reconstructed.	Phase 1 of the project to upgrade existing equipment used in the gas oil hydrotreatment process was completed.

¹ Refining and output of petroleum products are shown in the Gazprom Neft share.

² Gazprom Neft's share of refining at Slavneft YANOS amounts to 50%.

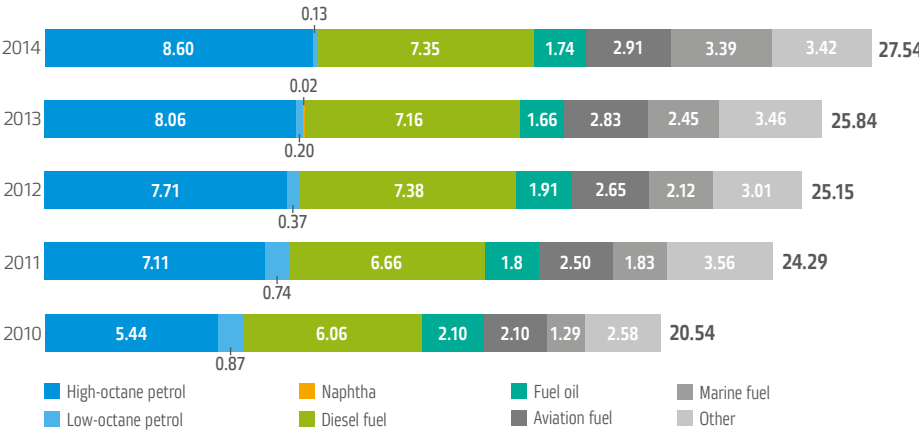
³ Refining throughput at the Mozyr Refinery is determined by Gazprom Neft's supply schedule, approved by the Russian Ministry of Energy, as well as by the distribution of supplied oil between Gazprom Neft's own refining and sales to the Mozyr Refinery in accordance with an intergovernmental agreement between Russia and Belarus.

SALES OF OIL AND PETROLEUM PRODUCTS

Gazprom Neft sells oil and petroleum products on a wholesale basis in Russia and abroad. Sales subsidiaries are responsible for small-scale wholesale and retail sales, including via the Company's network of filling stations. In 2014, the Company actively scaled up its petroleum products sales business and continued to build a strong brand. In the future, the Company's priority will be organic growth based on improving operating efficiency.

As of the end of 2014, the Company's petroleum product supply businesses operated 49 owned and leased tank farms. A total of 7.2 million tonnes of petroleum products were sold through small-scale wholesale channels in 2014. Large wholesale petroleum product sales reached 0.8 million tonnes in 2014.

Sales of petroleum products on the domestic market, million tonnes

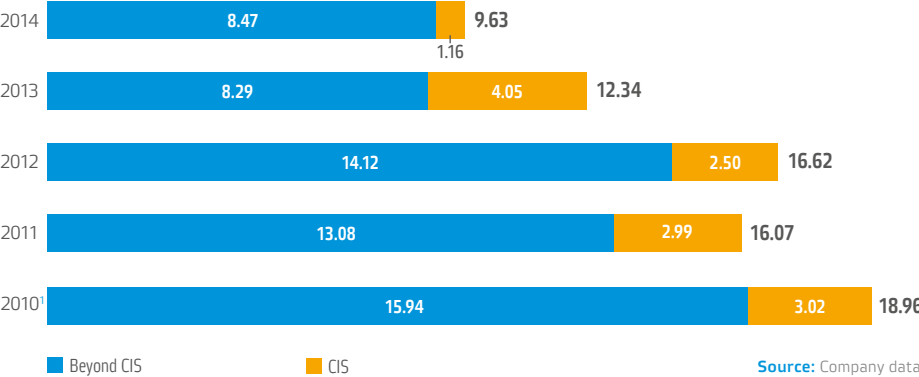


Source: Company data

OIL EXPORTS

During the reporting year, Gazprom Neft exported 9.63 million tonnes of oil in absolute terms, 21.96% less than in 2013. This is due to the growth of the Company's own oil refining in Russia, the halt of oil sales to Kazakhstan, and a rise in sales of oil from the Orenburgskoye field on the domestic market.

Petroleum product export trends within and beyond the CIS, 2010–2014, million tonnes



Source: Company data

27.54 million tonnes

petroleum product sales on the domestic market in 2014

0.8 million tonnes

petroleum products sold through large-scale wholesale channels in 2014

7.2 million tonnes

petroleum products sold through small-scale wholesale channels in 2014

9.63 million tonnes

export deliveries in real terms in 2014

¹ Including SeverEnergiya.

RETAIL SALES

Gazprom Neft’s network of filling stations operates in 28 regions of Russia, as well as in the countries of the CIS and Eastern Europe. At the end of 2014, it comprised 1,810 filling stations, including 1,389 in Russia and the CIS. With one of the most extensive sales networks in Russia, Gazprom Neft further consolidated its position in the automotive fuel retail market in 2014, increasing its share in regional markets to 23.7%.

The Company’s filling stations sold 9.91 million tonnes of petroleum products in 2014 (9% more than 2013 sales). Average daily sales per filling station in the Russian Federation in 2014 were 20.0 tonnes, 5.26% higher than in 2013.

During the reporting period, Gazprom Neft continued to focus on sales of premium branded fuel at its filling stations. In 2014, the Company sold 509,000 tonnes of premium G-Drive 95 fuel and 57,000 tonnes of premium G-Drive 98 fuel.

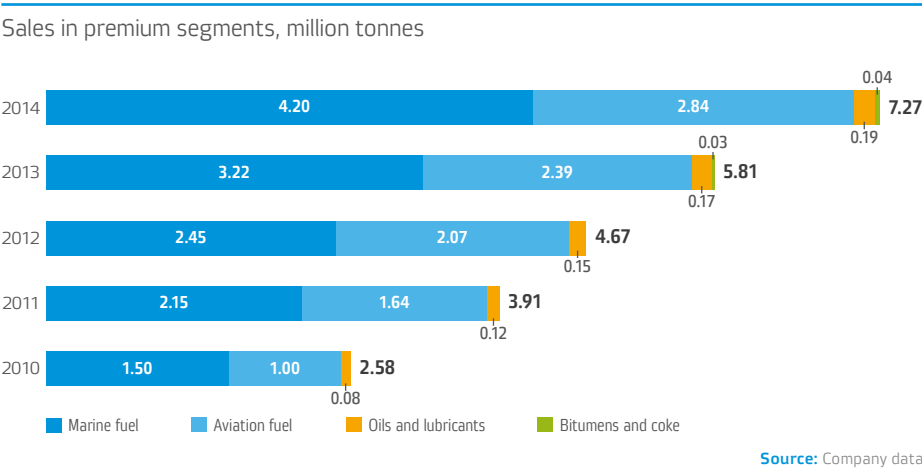
The company is continuing to rebrand its network of filling stations. Having its own national brand with a high level of market awareness and confidence in product quality helps the Company to achieve one of its strategic goals: to become a leading player in Russia and the CIS by 2025, in terms of retail sales volume and the productivity of its network of filling stations. In 2014, 578 filling stations were rebranded.

PREMIUM BUSINESS SEGMENTS

In order to improve performance in petroleum product sales, Gazprom Neft has a number of separate business divisions for the sale of jet fuel, lubricants, bitumen materials, petrochemicals, and ship bunkering.

Individual strategic development plans have been developed by the Company for each segment. The prime objectives for these business units are increasing sales efficiency, expanding geographical reach, and increasing premium market share.

Total sales in premium segments in 2014 amounted to 25.78 million tonnes. The main growth areas are bunkering and sales of motor fuels, jet fuel, and lubricants. Sales of jet fuel increased due to an increase in the number of airports in Russia and abroad where the Company operates. Marine fuel sales volumes increased due to growth in the bunkering market in the Far East and the Black Sea, and the expansion of the Company’s customer base at the Baltic ports.



SALES GROWTH

Gazprom Neft is placing particular emphasis on expanding sales of natural gas vehicle fuel, mainly liquefied petroleum gas (LPG) and compressed natural gas (CNG). These fuels can reduce the environmental impact of transport and make it more economical to use. These are particularly relevant concerns for municipal and commercial transport operators in large cities. This opens up opportunities for large-scale use of this type of fuel. A total of 10,000 tonnes of CNG and 98,000 tonnes of LPG (a total of 6% more than in 2013) were sold in 2014.

25.78 million tonnes sales via premium channels in 2014

TOTAL SALES BY PRODUCT BUSINESS UNITS IN 2014, MILLION TONNES:

3.72 ↑11.04% Aviation fuel

4.42 ↑46.36% Marine fuel

1.75 ↓0.57% Bitumens

0.48 ↓2.04% Oils and lubricants

1.24 ↑5.98% Petrochemicals

SHIP BUNKERING

The Company’s Gazprom Neft Marine Bunker subsidiary handles sales of light and dark grades of marine fuel for sea- and river-going vessels. The Company currently has the broadest geographical reach of any bunkering operator in Russia: 20 marine and 13 river ports, as well as a developed terminal network, give the Company one of its strategic competitive advantages. The Company is a leader in the Russian bunkering market, with an 18.6% share.

CONTRIBUTION TO THE WINTER OLYMPIC GAMES IN SOCHI

Gazprom Neft Marine Bunker supplied bunker fuel to cruise liners housing client groups, spectators, and staff during the 22nd Olympic Winter Games and 11th Paralympic Winter Games in 2014 in Sochi.



AIRCRAFT REFUELLING

Gazprom Neft-Aero, a Gazprom Neft subsidiary, is engaged in small-scale wholesale and retail sales of jet fuel, as well as the provision of services for aircraft fuel and lubricant supply. Gazprom Neft-Aero is a leading aviation fuel retailer in Russia. It has the largest sales network among Russian vertically integrated oil companies, with 40 of its own refuelling facilities in Russia and the CIS. Since 2008, Gazprom Neft-Aero has been a strategic partner of the International Air Transport Association (IATA) for the supply of aviation fuel. Gazprom Neft is the sole supplier of aviation fuel at 28 aerodromes owned by the Russian Ministry of Defence.

PRODUCTION AND SALES OF OILS AND LUBRICANTS

Gazprom Neft Lubricants sells its products in Russia and abroad through the network of Gazprom Neft filling stations, and also supplies retailers, online stores, maintenance centres, and car manufacturing assembly lines. The Company owns production assets in Western Siberia (Omsk), European Russia (Yaroslavl), Moscow Region (Fryazino), as well as in Western Europe (Bari, Italy) and Serbia (Novy Sad).

The Company’s integrated management system is certified in compliance with ISO 9001:2008, 14001:2004, and OHSAS 18001:2007. In 2014, the Company completed the certification process for ISO/TS 16949 (requirements for suppliers of components for car manufacturing assembly lines). Gazprom Neft Lubricants’ sales in 2014 amounted to 475,000 tonnes. The 3% drop compared with 2013 was due to scheduled repairs at Omsk Lubricants Plant and YANOS.

NEW PRODUCTS

In 2014, Omsk Lubricants Plant commissioned an automatic oil mixing station with a capacity of 180,000 tonnes per year. It also launched a new lubricants production site (5,000 tonnes per year). The new production plant is the largest in Russia in terms of total mixing and packaging capacity.



ANDREY VASILYEV
CEO,
GAZPROM NEFT MARINE BUNKER

“Since 2015, new ECA (Emission Control Area) requirements have come into force prescribing the use of more environmentally friendly fuels with a sulphur content not exceeding 0.1%. This has caused an increase in demand for low-sulphur fuels. In this regard, we are focusing on the development of a new market segment for bunkering LNG, and by 2025 we plan to have gained a firm foothold in this area.”

20% growth in jet fuel retail sales in 2014



ANATOLY CHERNER
GAZPROM NEFT DEPUTY CEO,
DOWNSTREAM

“The introduction of this new, cutting-edge production technique at the Omsk Lubricants Plant will enable Gazprom Neft to produce high-tech motor oils in Russia that are just as good as their Western equivalents, and to provide Russian consumers with top-quality products. At this new Russian site, we have applied all the experience that we have accumulated through managing our assets in other countries. The next major project that is planned at the Omsk Lubricants Plant for 2018 is the start of production of basic oils with a high degree of purity. This will mean that we will no longer need to import raw materials in order to produce high-quality oils, and this will strengthen our position among competitors in Russia and the CIS.”

BITUMINOUS MATERIALS

Gazprom Neft is one of the largest manufacturers and suppliers of bitumen products. Sales of bitumen materials in 2014 reached 1.75 million tonnes. Gazprom Neft increased sales of premium bitumen products by 16,000 tonnes to 42,000 tonnes. In order to strengthen its leading position on the bitumen materials market during the reporting year, the Company established a subsidiary to manage its bitumen business: Gazpromneft – Bitumen Materials, which will bring together all business management functions for the Company's bitumen operations.

The new company's main role is to implement Gazprom Neft's long-term bitumen business strategy, which aims to improve asset management efficiency, achieve a leading position in Russia in terms of the application of cutting-edge technology, and develop promising business areas.

During the reporting year, the Moscow Refinery began trial operations at Russia's first facility for the production of a new generation of polymer-modified bitumens (PMBs), to be marketed under the G-Way Styrelf brand name. The plant, constructed by a joint venture between Gazprom Neft and France's Total, is designed to produce 60,000 tonnes of PMBs and 7,000 tonnes of bitumen emulsions per year.

The integration of Ryazan Experimental Petrochemicals Plant, which was acquired in 2013 (during the reporting year it was renamed Gazprom Neft – Ryazan Bitumen Binders Plant) has enabled Gazprom Neft to assume a leading position on the Russian market for modern bitumen materials. Today, the Ryazan Bitumen Binders Plant is the largest site in Russia for the production of polymer-modified bitumen binders and bitumen emulsions, and is a future-orientated enterprise equipped with the latest facilities. The plant has the capacity to produce up to 300 tonnes of polymer-modified bitumen binders and bitumen emulsions per day and up to 60,000 tonnes per year.

30%
share of Russian bitumen market
in 2014

42,000 tonnes
↑61.5%
sales of premium bitumen products
in 2014

PETROCHEMICALS

Gazprom Neft is Russia's largest producer of a range of basic petrochemical products: aromatic hydrocarbons (benzene, paraxylene, orthoxylene, toluene) and the propane-propylene fraction (propylene liquefied petroleum gas). The Company's share of Russia's total consumption of aromatic hydrocarbons in 2014 was 17%, while its share of exports was 32%.

The target niches of the Company's petrochemical business are basic products and derivatives. In order to generate additional revenue from refining products from its own raw materials (oil and gas refining), Gazprom Neft plans to increase the degree of refining of basic petrochemical products by upgrading its existing refinery capacities and implementing major investment projects to build large-scale production facilities.

Sales of aromatic hydrocarbons produced by the Company in 2014 reached 391,000 tonnes, of which 302,000 tonnes were sold on the domestic market.

COOPERATION
AGREEMENTS

- In October 2014, Rosavtodor, SIBUR, and Gazprom Neft signed a cooperation agreement at the Road International Exhibition and Forum. In December, the companies adopted an action plan for 2015–2016 under the agreement to promote the use of modern materials in the road industry and improve the quality and longevity of Russian roads.
- On 2 July 2014, Gazprom Neft and the Moscow Government signed a cooperation agreement to provide innovative bitumen materials for road construction in the capital.

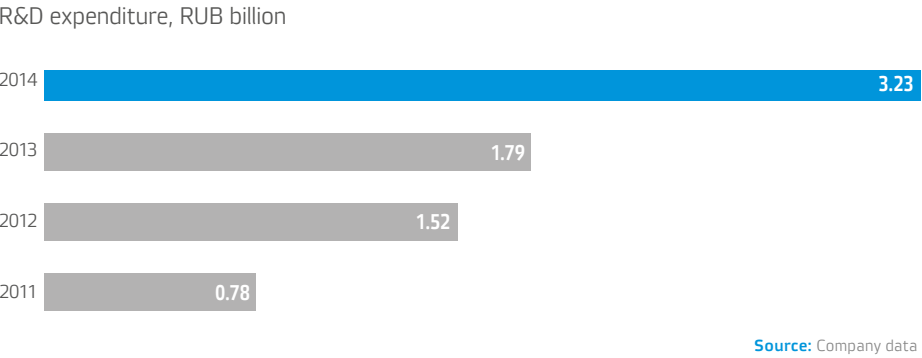
1.24 million tonnes
basic petrochemical products
produced in 2014

INNOVATION

Gazprom Neft considers innovation to be a valuable tool in improving the Company's efficiency and technological capacity, which is essential if it is to achieve its strategic goals in both the upstream and downstream sectors.

In 2013, the Gazprom Neft Board of Directors approved the Company's 2020 Innovative Development Programme, including information on the primary areas for innovative development, plans for cooperation with third parties, and key performance indicators corresponding to the indicators in the Innovative Development Programme of the Company's major shareholder, Gazprom.

The primary aims of the programme are: effective field exploration and development in difficult geological and climatic conditions; economically profitable and energy-efficient production from depleted fields, and enhancing refining and petrochemistry.



INNOVATIONS IN HYDROCARBON PRODUCTION

In 2014, Gazprom Neft finalized its technological strategy for exploration and production. To ensure the effective implementation of the strategy in each core upstream business unit, staff have been identified to take charge of the technological development of each particular area.

EXPLOITING NON-TRADITIONAL RESERVES

In 2014, Gazprom Neft-Khantos completed the drilling of the first horizontal well for exploring unconventional reserves in the Palyanovskaya zone of the Krasnoleninskoye field, and carried out hydraulic fracturing of the reservoir. This is Gazprom Neft's first such operation in deposits with unconventional hydrocarbon reserves.

RUB 3.23 billion
↑80.77%
Gazprom Neft Group's R&D
expenditure in 2014

PRIORITY AREAS
FOR INNOVATION
IN EXPLORATION AND
PRODUCTION:

- increasing oil recovery in depleted fields
- developing assets electronically
- developing unconventional reserves
- developing fields on the Arctic shelf

ALKALINE-SURFACTANT-POLYMER (ASP) FLOODING

ASP has the potential to increase oil yield by a process of chemically flooding a reservoir with a ternary mixture (consisting of anionic surfactant polymers, soda, and polymer). The oil recovery rate can be increased by pumping a combination of chemicals into the well. It is expected that ASP flooding will be widely used in the fields of Western Siberia, and the oil extraction ratio can be improved by 8–25%.

In 2014, wells were drilled as part of a pilot project to apply chemical flooding using a ternary ASP mixture (soda, surfactant, and polymer) in the Salym group of fields. Equipment for pumping the mixture into the formation was also delivered. Pilot pumping is planned for the second half of 2015. At the end of the pilot stage, the effectiveness of the technology will be analysed and the feasibility of its implementation on an industrial scale will be assessed.

DRILLING OF SUPER-LONG HORIZONTAL WELLS

This technology makes it possible to significantly increase the oil recovery rate, which is especially relevant for mature fields. In 2014, the first Russian oil well with a horizontal shaft of more than 1,500 m and a total length of about 4,200 m was drilled on the Yamal Peninsula.

INTRODUCTION OF WIRELESS SEISMIC SURVEY TECHNOLOGIES IN RUSSIA

In 2014, the Company implemented the first seismic survey project in Russia using innovative wireless seismic technology. The technology makes it possible to halve the required amount of deforestation compared with conventional seismic survey technologies. The pilot project demonstrated that by using the new method, approximately 200 hectares of forest – or roughly 60,000 trees – are saved per 400 km².

IMPLEMENTATION OF THE GEOMATE INFORMATION SYSTEM

During the reporting year, the Company introduced its proprietary GeoMate information system using advanced technology to analyse geological and production data. The system takes into account the impact of more than 200 geological parameters and consolidates about 80% of all data available from the analysis of geological and geophysical information. Access to a single information environment enables employees in different departments at Gazprom Neft to promptly examine all the available parameters for modelling fields and identifying and detailing potential zones and reservoirs. Comprehensive analysis of this information helps geologists, geophysicists, petrophysicists, and specialists in other areas to develop integrated solutions in field prospecting and development, drawing on a wide range of data. The creation of in-house software frees the Company from dependence on similar imported products.



VADIM YAKOVLEV
GAZPROM NEFT FIRST DEPUTY CEO

"Gazprom Neft's strategic plans include the development of a new production site in Eastern Siberia. A distinctive feature of the entire region is that so far it has been poorly geologically surveyed. Therefore, the new, accurate data that we are obtaining through the application and combination of various advanced exploration methods will help create the most effective model for the development of these fields, and in a few years we will be able to start commercial oil production."

ELECTRICAL PROSPECTING

In 2014, Gazprom Neft completed electrical prospecting of an area of 600 km² in the Tympuchikansky and Vakunaysky blocks in Eastern Siberia. The completed project represents the most extensive research in the world undertaken using electrical prospecting, namely the near-field transient electromagnetic (TEM) method. A record number of physical TEM sensors (more than 7,600) were used, and the volume of data obtained as well as the duration of the work (from December 2013) were also unprecedented. Through the observations, a significant amount of new geological information about the Tympuchikansky and Vakunaysky sites has been obtained. The findings of the study in combination with seismic data make it possible to create a more accurate picture of the geological structure of the sites.

INNOVATIONS IN OIL REFINING AND PETROCHEMISTRY

In 2014, the Company's refineries implemented projects to manufacture new types of products and reduce the environmental impact of production.

DEVELOPMENT AND USE OF PROPRIETARY REFINING CATALYST TECHNOLOGIES

In 2014, the Moscow Refinery switched to using the M grade cracking catalyst developed and manufactured at the Omsk Refinery, thereby replacing the imported catalyst that had been previously used. Currently, all of the catalytic cracking facilities at the Moscow and Omsk refineries use catalysts produced by Gazprom Neft.

Baseline data (from years of research in collaboration with leading scientific institutions) is being collated for the Construction of the Catalyst Production Facility at Omsk Refinery feasibility study. The planned production facility is capable of meeting all the Company's needs for high-performance catalysts in line with its key oil refining processes, freeing the Company from critical dependence on foreign suppliers.

As part of research and development of proprietary technologies and innovative products, the Company has designed: an oligomerization catalyst producing a higher yield of the target product (petrol component) than even the best analogues; a catalyst for hydrotreatment of petrol obtained by catalytic cracking, which is able to yield a high-octane component for Euro-5 fuel; a high-performance catalyst (hydrogenative and ring opening) for refining secondary distillates into quality diesel fuel; an isodewaxing catalyst for the production of Arctic diesel fuel; and a catalytic cracking catalyst producing a high yield of olefins (a valuable petrochemical feedstock).

In 2014, the Company obtained seven Russian Federation patents for inventions resulting from its own developments, and registered seven patent applications for inventions.

PRODUCTION OF POLYMER-MODIFIED BITUMEN

Gazprom Neft–Total PMB (a joint venture between Gazprom Neft and France's Total) began production of polymer-modified bitumen under the brand name G-Way Styrelf. This is a new-generation product that has no analogues on the Russian polymer-bitumen binder market. Consumers can now purchase a polymer-modified bitumen that has none of the drawbacks that are commonly found in other Russian products: G-Way Styrelf does not flake during transport, and has properties that change very little during prolonged storage.

CRYOGENIC TECHNOLOGY FOR PRODUCING NITROGEN

Gazprom Neft's Moscow and Omsk refineries have completely switched to a cryogenic technology for producing the nitrogen used in oil refining for technological needs. This technology reduced carbon dioxide emissions by 32% at the Omsk Refinery and by 28% at the Moscow Refinery. Previously, natural gas had to be burned in order to obtain nitrogen, creating carbon dioxide as a byproduct. The new eco-friendly method separates nitrogen from the air at ultra-low temperatures. The purity of the gas is close to 100%. This makes it possible to expand the scope of its use, especially in processes which have higher requirements in terms of the quality of the gas.

95% reduction in sulphur oxide emissions at the Moscow Refinery as a result of improved equipment efficiency

7 Russian Federation patents awarded for inventions resulting from the Company's own developments in 2014

32% reduction in carbon dioxide emissions at the Omsk Refinery as a result of the transition to cryogenic technology for producing nitrogen

30 INNOVATIONS IN ENVIRONMENTAL POLICY

In 2014, Gazprom Neft-Noyabrskneftegas launched an innovative facility for the thermal destruction of oil sludge at the Vyngapurovskoye field. The sludge can now be processed without waste.

The sludge is decomposed at a high temperature in an oxygen-free environment into its component parts: oil, water, and mechanical impurities (clay, sand, and metal oxides). The oil produced during the process is completely ready for transport and sale. The resulting water can be used without any additional purification. The mechanical impurities extracted include cleaned subsoil which can be used as a building material in road construction or as backfill in the foundations of well pads. Associated petroleum gas (APG), which is separated during sludge processing, is used to power the facility. Processing is carried out without releasing the products of combustion into the atmosphere.

COOPERATION WITH UNIVERSITIES, RESEARCH ORGANIZATIONS AND DEVELOPMENT INSTITUTIONS

Gazpromneft Research Centre has joined the comprehensive federal programme to study the Bazhenov Formation as an industrial partner. The programme is intended to further assess the formation’s characteristics and to select technologies for future exploitation. The project will be carried out at the Engineering Centre of the Moscow Institute of Physics and Technology (MIPT), which won a competition held by the Russian Ministry of Education and Science to select academic developments of national significance under its Priority Research Initiatives for the Development of the Russian Science and Technology Sector, 2014–2020 programme.

The research project, which will last until the end of 2016, should see the creation of geological, hydrodynamic, and geomechanical 3D models of deposits, the preparation of a database of key model parameters, and the drafting of guidelines for reserve and development evaluation technologies. In addition to MIPT, the following entities will take part in the project: the Department of Geology of Moscow State University, Gubkin Russian State University of Oil and Gas, and the Skolkovo Institute of Science and Technology. As an industrial partner, Gazprom Neft will provide experts to assess the results, in addition to co-financing the programme to the amount of 10% of the subsidy.

In 2014, Gazprom Neft signed a general partnership agreement with the Fund for Infrastructure and Educational Programmes. The agreement is aimed at solving the technological challenges that Gazprom Neft encounters in the exploration and development of oil and gas fields, as well as in the production and sale of petroleum products, through the use of nanotechnologies and nanomaterials. During the reporting year, the Company also signed a cooperation agreement with Krylov State Research Centre. Under the agreement, the companies will collaborate in the research and development of offshore facilities for the integrated development of fields on the Russian continental shelf.

Gazprom Neft is carrying out R&D into oil refining processes and catalysts together with the following leading Russian scientific organizations: Topchiev Institute of Petrochemical Synthesis of the Russian Academy of Sciences, the All-Russian Scientific Research Institute of Oil Refining, NPP Neftehim, and others. The Company signed a strategic partnership agreement for the development of effective technologies and catalysts for oil refining processes with the Borekov Institute of Catalysis of the Siberian Branch of the Russian Academy of Sciences, and the Institute for Problems of Hydrocarbon Refining of the Siberian Branch of the Russian Academy of Sciences.

RUB 120 million
total expenditure on R&D
collaboration with partner
universities in 2013–2015

TECHNOLOGY PLATFORMS

The Company is actively engaged in creating and supporting industry-specific technology platforms. In particular, Gazprom Neft is involved in the work of the technological platform Technologies of Hydrocarbon Production and Use platform, and is one of the initiators behind the Deep Refining of Hydrocarbon Resources platform. The aim is to ensure that the Russian oil refining industry complies with the best international practices for refining depth and the development of technologies for the processing of natural gas and the heavy parts of light and medium oils.

2015 GOALS

Given the changed macroeconomic conditions, the Company will focus on improving the efficiency of its business processes. The Company’s main objectives for 2015 are to maintain high rates of production growth and refinery efficiency, to further develop premium sales channels, and to enhance the Company’s technological capacity.

PRODUCTION AT MATURE FIELDS

- Commissioning three new fields with total initial recoverable reserves of 14.5 million tonnes (Yuzhno-Pudinsky licence block as well as the Vostochno-Myginskoye and the Valyntoyskoye fields).
- Maintaining a rate of production growth greater than 2014 levels.
- Increasing production efficiency and rapidly responding to changes in the macro environment.

OMSK REFINERY

- Finalizing preliminary project documentation and beginning construction of the following facilities:
 - deep oil refining facility
 - electric desalting unit (atmospheric-vacuum type)
 - delayed coking unit

MOSCOW REFINERY

- Starting work on the EPC contract for an integrated oil refining facility.
- Starting construction of biological treatment plants.

IMPLEMENTATION OF MAJOR PROJECTS

- Completing installation and preparation of the Novy Port terminal for year-round oil deliveries.
- Commissioning the Yaro-Yakhinskaya gas processing plant (with a capacity of 7 billion m³ per year) and the Urengoyetskaya gas processing plant (with a capacity of 14 billion m³ per year) across the full processing cycle.
- Continuing development drilling and increasing production at the Prirazlomnoye and Badra fields.

REFINING

- Enhancing the Company’s refining technology on the basis of proprietary research and development projects, including with the creation of a test bed for a unique solid-acid alkylation process, the design of an experimental facility for processing heavy waste products, etc.
- Determining the feasibility of establishing a modern facility in Omsk for the production of oil refining catalysts.

PREMIUM SALES CHANNELS

- Continuing the development of the filling station network: purchase of 21, construction of 12, and rebranding of three stations (not including in Europe).
- Continuing development of:
 - aviation fuel – network of refuelling stations
 - bunkering – network of terminals and the Company’s own fleet
 - oils and lubricants – modernization of production and diversification of range
 - bitumens – reaching target markets

SUSTAINABLE DEVELOPMENT STRATEGY

The principles of sustainable growth and social responsibility are integrated into Gazprom Neft's business strategy. In setting its long-term goals, Gazprom Neft seeks to balance its business interests with those of society, and high growth rates with preserving the natural environment.



STRATEGIC OUTLOOK

**100 million
tonnes per year**
hydrocarbon production
by 2020

**40 million
tonnes**
refining throughput in Russia
by 2025

STRATEGIC OUTLOOK



By 2020 the Company will have built six new refineries and upgraded three existing ones. The production and environmental features of the new facilities will meet the standards of the world's best refineries.

SUSTAINABLE GROWTH AND SOCIAL RESPONSIBILITY PRIORITIES

Gazprom Neft is developing an integrated approach to managing its impact on socio-economic and natural environments, and is implementing modern management systems. The Company's environmental and industrial safety management system meets the requirements of the OHSAS 18001:2007 and ISO 14001:2004 international standards. Gazprom Neft is introducing an ISO 50001:2011 compliant energy management system in stages. Since 2013, the Company has managed its social activities through its comprehensive Home Towns social investment programme.

STRATEGIC OUTLOOK

Gazprom Neft's 2025 Development Strategy, adopted in 2013, defines medium- and long-term goals for this period and sets objectives for their achievement.

- In 2015, the Novoportovskoye field will go into commercial production.

- In 2016, the Company will begin pilot drilling of commercial wells in order to bring the Vostochno-Messoyahskoye field into full-scale production.

- In 2018, Omsk Lubricants Plant will start producing highly pure basic oils.

- By 2020, Gazprom Neft plans to increase hydrocarbon production to 100 million tonnes per year. The Company will maintain that level through to 2025, with at least 10% of total production coming from overseas projects.

- By 2020, the improvement in production methods will ensure maximum efficiency in the development of promising assets and rational use of the potential of existing assets, including hard-to-recover reserves.

- In the period leading up to 2020, the Company will implement a programme to increase refining depth. As part of this programme, six new refineries will be built and three existing ones will be upgraded. The new facilities will be on a par with the best refineries in the world (including in terms of environmental performance).

- By 2025, oil refining in Russia will reach 40 million tonnes, with refining depth at 95%, and light petroleum product output at 80%.

- The Company will continue to expand its network of filling stations and other high-margin channels for sales of petroleum products. By 2025, Gazprom Neft intends to increase total sales of motor fuels in Russia and the CIS to 24.7 million tonnes. The retail network in Russia and the CIS will be expanded to 1,880 filling stations.

- In the coming years, the staff succession plan will expand to cover all the Company's subsidiaries, and a comprehensive programme to improve the effectiveness of cooperation with educational institutions will also be developed.



100 million tonnes per year

hydrocarbon production by 2020



10%

of total hydrocarbon production will come from overseas projects by 2020



40 million tonnes

refining throughput in Russia by 2025

- In 2015–2016, Gazprom Neft will implement a dedicated programme to rehabilitate contaminated lands, drilling sludge pits and treating oil-contaminated waste, with a focus on legacy sludge pits.

- In 2015–2016, the Company will continue to upgrade its production facilities, reducing the stress on the environment.

- In 2015, the Company will implement a ‘30 steps’ strategy aimed at increasing the level of industrial and environmental safety in contractor workplaces.

- In 2015–2017, the Company will continue to implement the energy management system (EMS). The EMS will be implemented and certified for compliance with the ISO 50001:2011 international standard at Gazprom Neft-Lubricants and Gazprom Neft-Moscow Refinery. In 2015–2017, the Company plans to implement programmes to improve the energy efficiency of oil production and to reduce energy losses in Gazprom Neft’s electrical networks.

- The Company will continue to cooperate with regions to create a comfortable urban environment, develop infrastructure for children's and grassroots sports activities, support educational projects, and preserve the national and cultural traditions of the indigenous peoples of northern Russia. The Company will implement its regional policy based on both the Home Towns programme, which defines a systematic approach and common standards for social investment in the regions, and the annual social investment programmes of subsidiaries and affiliates approved by Corporate Headquarters.

- In 2015, the Company will conduct a social initiative grant competition in the five regions where it operates: Omsk, Tomsk, and Orenburg regions and Yamalo-Nenets and Khanty-Mansiysk autonomous districts. The grant fund will total over RUB 20 million.

- In 2015, the Company will develop a corporate volunteering strategy at Gazprom Neft.



80%

of output will consist of light petroleum products by 2025



1,880 filling stations

in Russia and the CIS by 2025



RUB 20 million

in social initiatives grants in 2015

36 **SUSTAINABLE GROWTH AND SOCIAL RESPONSIBILITY PRIORITIES**

Gazprom Neft consistently integrates the principles of sustainable growth and social responsibility¹ into its business model. The Company believes that adhering to these principles is one of the key factors for long-term sustainability and competitiveness.

Gazprom Neft focuses the development and implementation of its business strategy on the systemic and balanced management of the production, environmental, and social aspects of its operations. The Company aims to secure the dynamic growth and enhanced efficiency of its core business while consistently improving the efficiency of social investment in the Company's staff and in local communities and reducing the specific burden on ecosystems.

Gazprom Neft takes an integrated approach to the management of its impact on socio-economic and natural environments, applying modern environmental and social management systems that comply with international standards.

The Company regularly analyses the impact of its activities on the environment and society, and carefully evaluates the potential social and environmental impacts of new projects. Gazprom Neft maintains an active dialogue with all stakeholders and endeavours to take their expectations into account when making management decisions.

The Company's sustainable development and social responsibility priorities are defined by its mission and strategic goals. These priorities represent a system of interrelated areas within Gazprom Neft's unified strategy.

¹ The Company shares the definition of sustainable development which has been adopted by the international business community and is set out in ISO 26000:2010 Guidance on Social Responsibility (Russian version – GOST R ISO 2600:2012) as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

GAZPROM NEFT'S STRATEGIC PRIORITIES FOR SUSTAINABLE GROWTH:

- to improve the operational efficiency of core business
- to develop human resources in order to meet the challenges of growth in the industry
- to strengthen occupational health and safety
- to support local communities in the regions where the Company operates
- to minimize environmental impact
- to increase energy efficiency and optimize use of energy resources
- to achieve a consistent reduction in numbers of industrial injuries, occupational diseases, accidents, and negative environmental impacts
- to ensure safe production

SUSTAINABLE DEVELOPMENT PRIORITY SYSTEM



IMPLEMENTING THE SUSTAINABLE DEVELOPMENT STRATEGY

The Company's sustainable development goals are determined by the nature and scale of its core business, the challenges of the current market situation, and industry development issues.

The Company implemented its sustainable development strategy in 2014 in accordance with its mid-term goals for 2014–2016, as defined in the long-term strategy. The reporting year saw the fulfillment of major projects started in previous years which ensure long-term development in all the Company's business areas. The implementation of environmental and social programmes continued. The results for this period are shown in detail in the relevant sections of this Report.

SUSTAINABILITY MANAGEMENT AND STAKEHOLDER ENGAGEMENT

Good corporate governance is vital to the Company's sustainable development. Gazprom Neft is building a system of corporate governance that meets international standards, and is introducing the latest risk management systems and effective tools for engaging with all stakeholders.



GAZPROM NEFT GOVERNING BODIES

65 meetings

of the Board of Directors held in 2014. Meeting agendas considered a number of important sustainable development issues

22 meetings

of the Gazprom Neft Management Board held in 2014

STAKEHOLDER ENGAGEMENT

10,000
Gazprom Neft employees

took part in the annual social and psychological study. This study was an important tool for communication between the Company and staff in 2014.

RISK MANAGEMENT

In 2014, the Company's risk assessment process was integrated with business planning and project management. A methodological framework for analysing project risks was also introduced and sessions were held to identify the risks associated with the management of large Company projects. As a result, it is now possible to create project plans that strike a balance between goals set and degrees of uncertainty (risk).

CORPORATE GOVERNANCE

The creation of Gazprom Neft’s sustainable development strategy and the monitoring of its implementation are assured by the Company’s corporate governance system.

The principles that guide Gazprom Neft in managing sustainable development are documented in the Company’s corporate guidelines, including the Code of Corporate Conduct and the Corporate Code. These principles are consistent with the ISO 26000 Guidance on Social Responsibility international standard.¹

Gazprom Neft’s corporate governance system complies with the applicable Russian legislation, the Company’s Articles of Association, and internal regulations. Gazprom Neft is also guided by best international practice in this area.

Gazprom Neft’s corporate governance system is founded on underlying principles that aim to preserve and develop the Company’s assets, increase market value, maintain financial stability and sustainable development, and respect the rights and interests of shareholders and other stakeholders.

The Company operates the Gazprom Neft Code of Corporate Conduct, which defines a set of principles, standards, and rules in accordance with which the Company governs and monitors itself. This system regulates relations between shareholders, the Board of Directors, the Company’s executive bodies, and other participants in corporate relations. The Corporate Code of Conduct aims to ensure the effective protection of the rights and interests of shareholders, the transparency of management decision-making, and the professional and ethical responsibility of members of the management and supervisory bodies towards the Company, employees, and contractors.

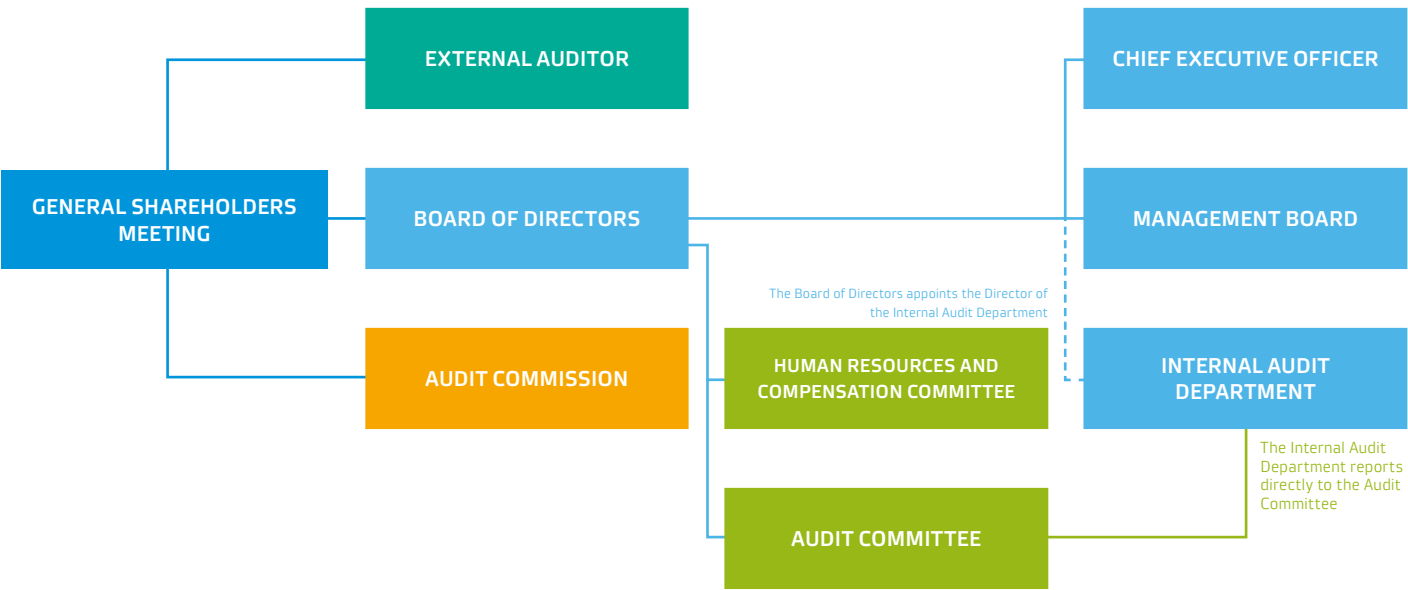
ISO 26000 SOCIAL RESPONSIBILITY PRINCIPLES:

- accountability
- transparency
- ethical behaviour
- respect for stakeholder interests
- respect for the rule of law
- respect for international norms of behaviour
- respect for human rights



Text of the Gazprom Neft Corporate Code of Conduct

Structure of Gazprom Neft’s management and supervisory bodies



GAZPROM NEFT’S MANAGEMENT BODIES

THE GENERAL SHAREHOLDERS MEETING IS the highest management body. It is responsible for the most important corporate issues, such as the approval of annual reports and annual accounting (financial) statements, distribution of profits, and amendments to the Articles of Association. The General Shareholders Meeting elects the Board of Directors in accordance with the Articles of Association.

In 2014, one Annual General Shareholders Meeting and one Extraordinary General Shareholders Meeting were convened.

THE BOARD OF DIRECTORS exercises strategic and general management of the Company’s business. The Board of Directors is responsible for determining the Company’s development priorities, establishing the main operational directions of the business. The Board of Directors supervises and ensures the efficient operation of the Company’s executive bodies. Board members have all the necessary skills and experience to meet these challenges.² The performance of the Board of Directors, taking into account its actual contribution to the Company’s results, is evaluated on an annual basis.

In accordance with the Gazprom Neft Articles of Association adopted by the Extraordinary General Shareholders Meeting on 12 November 2013, 13 people must be elected to the Board of Directors. The Board of Directors of Gazprom Neft comprises members of the Gazprom Management Committee and two independent directors. Twelve of the 13 directors on the Board are non-executive directors. The Board of Directors is headed by the Chairman of Gazprom’s Management Committee, Alexey Miller.

In 2014, the Board of Directors convened 65 meetings, which addressed a number of important sustainable development issues. The Board approved the Company’s Investment Programme and Cost Optimization Programme for 2015, considered the results of the 2013 Innovation Development Programme, approved a new version of the Dividend Policy Regulations, and recommended compensation for members of the Board of Directors and the Audit Commission on the basis of performance in 2013. The Board of Directors is constantly involved in setting social and environmental policy and covering social investment issues, including the sponsorship of sports clubs in the regions where Gazprom Neft operates: St. Petersburg’s Zenit FC and SKA Ice Hockey Club, and Omsk’s Avangard Ice Hockey Club.

THE MANAGEMENT BOARD is a collegial executive body that manages the Company’s ongoing operations. As of 31 December 2014, the Management Board of Gazprom Neft consisted of 10 members.³

THE CHIEF EXECUTIVE OFFICER is a sole executive who also acts as the Chairman of the Management Board. The Company’s Chief Executive Officer is Alexander Dyukov. The Gazprom Neft Articles of Association and the Regulations regarding the CEO and the Management Board govern the functioning of the executive bodies. The CEO and the Management Board are accountable to the Board of Directors and the General Shareholders Meeting.

65 meetings
of the Board of Directors held
in 2014

¹ Gazprom Neft’s evaluation of its business in accordance with ISO 26000, carried out in 2013, showed that the Company’s understanding of the principles of sustainable development and social responsibility comply with this international standard in terms of terminology and general principles at the level of both corporate management documents and documents formalizing relationships with key stakeholders.

² For a list of the members of the Board of Directors, their biographies and specific skills, as well as the number of meetings at which each member was present, refer to Gazprom Neft’s Annual Report 2014.

³ For a list of the members of the Management Board, their biographies and specific skills, refer to Gazprom Neft’s Annual Report 2014.

THE INTERNAL AUDIT DEPARTMENT supervises the Company's financial and business activities. The Department's functions include conducting internal audits, organizing an integrated risk management system, and implementing fraud prevention measures. The Internal Audit Department coordinates its work with an external auditor at all stages of the audit cycle.

THE AUDIT COMMISSION IS a supervisory body that exercises control over the Company's financial and business activities. It is elected by the General Shareholders Meeting. The Audit Commission is responsible for inspecting and reviewing the Company's financial situation, ensuring the functioning of internal control and risk management systems, and verifying the legality of business operations.

THE EXTERNAL AUDITOR IS the supervisory body that conducts the annual audit of financial statements in accordance with Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS). The auditor is approved by the General Shareholders Meeting at the suggestion of the Company's Board of Directors.

The Company implements mechanisms to avoid possible conflicts of interest in its highest management bodies.¹

COMMITTEES OF THE BOARD OF DIRECTORS

Committees are elected by the Board of Directors and act in accordance with the Articles of Association and internal regulations.

AUDIT COMMITTEE 	HUMAN RESOURCES AND COMPENSATION COMMITTEE 
The Audit Committee assists the Board of Directors in exercising control over the Company's financial and business activities by evaluating the effectiveness of internal control systems. The Audit Committee also monitors the risk management system.	The Human Resources and Compensation Committee is responsible for the preliminary analysis and preparation of recommendations for the Board of Directors on human resource policies and compensation for members of the management bodies and the Audit Commission.

REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

Gazprom Neft employs an objective, structured reward programme for senior management, with the amount of compensation linked to short-term objectives, including in sustainable development.²

In addition to bonuses tied to short-term results, the Company implements a system of incentives based on its market capitalization trends over a three-year period.

¹ For further information regarding compliance with the Corporate Code of Conduct, refer to Gazprom Neft's Annual Report 2014.
² For information on the amount of remuneration paid to the members of the Company's Board of Directors and Management Board, refer to Gazprom Neft's Annual Report 2014.

DISCLOSURE

Gazprom Neft is committed to maintaining a high level of transparency. The Company publishes IFRS-compliant financial statements, management reports, and sustainable development reports. Since 2008, the drafting process has been synchronized, and these reports are published simultaneously.

These documents can also be found on the Company's official website (<http://www.gazprom-neft.com/>) and in the special investors section of the site (<http://ir.gazprom-neft.com/>). The website also contains the latest company news, financial and operational indicators, reports and the documents regulating Gazprom Neft's management and control bodies, such as: the Articles of Association, Regulation on the General Shareholders Meeting, Regulation on the Board of Directors, Regulation on the Management Board, Regulation on the CEO, and Regulation on the Audit Commission. Adhering to the principle of equal access to information for all stakeholders, Gazprom Neft publishes information on its official website in both Russian and English.

The Company actively engages shareholders and develops relations with the investment community while ensuring a high level of transparency. The mechanisms that enable Gazprom Neft shareholders to influence the actions of the Company's management bodies are documented in the Company's Corporate Code of Conduct. Information about compliance with the Corporate Code of Conduct can be found in the Company's Annual Report 2014.

 Results of self-evaluation of quality of corporate governance

Component	Evaluation				
	Number of questions	Component weight in overall evaluation, %	Actual score	Maximum score	Level of compliance, %
I. Shareholder rights	22	14	65	79	82
II. Board of Directors	56	37	115.5	202	57
III. Executive management	5	7	25	38	66
IV. Transparency and disclosure	15	25	109	135	81
V. Risk management, internal control and internal audit	16	11	52	63	83
VI. Corporate social responsibility, business ethics	6	6	23	31	74
Total	120	100	389.5	548	71

Source: Company data



Additional information on IFRS financial statements, management reports and sustainable development reports can be found in the special investor section of the website.

RISK MANAGEMENT

Risk management is one of the essential components of sustainability management. The Company has a Risk Management Policy that defines risk management goals, objectives and principles to improve the Company's guarantee of reliability over the short and long terms.

RISK MANAGEMENT AIMS AND OBJECTIVES

The Company's goal is to improve management decisions by analysing the risks associated with such decisions and ensuring maximum efficiency of risk management activities when implementing these decisions.

RISK MANAGEMENT SYSTEM

The Company has developed and implemented a uniform approach to the risk management process, which is fully set out in the Integrated Risk Management System (IRMS) corporate standard. Gazprom Neft's IRMS is a continuous and systematic process for identifying, assessing, and managing risk. As of the end of 2014, the IRMS covered all of Gazprom Neft's significant assets. A further expansion of the system is planned as new projects are launched or operating assets are acquired.¹

During the reporting year, the Company's risk assessment process was integrated with business planning and project management. The Company's business plans for 2013–2015 reassessed existing assessments and descriptions of risk factors at the subsidiary level in view of changing conditions and new plans. Information about the most significant risks at subsidiaries and affiliates and measures to mitigate them were included in the relevant business plans. In addition, during the reporting year, the Company implemented a methodology for the analysis of project risks that was developed in 2013. At the same time, risk sessions aimed at identifying risks associated with the management of large Company projects were held. As a result, it is now possible to create project plans that strike a balance between goals set and degrees of uncertainty (risk).

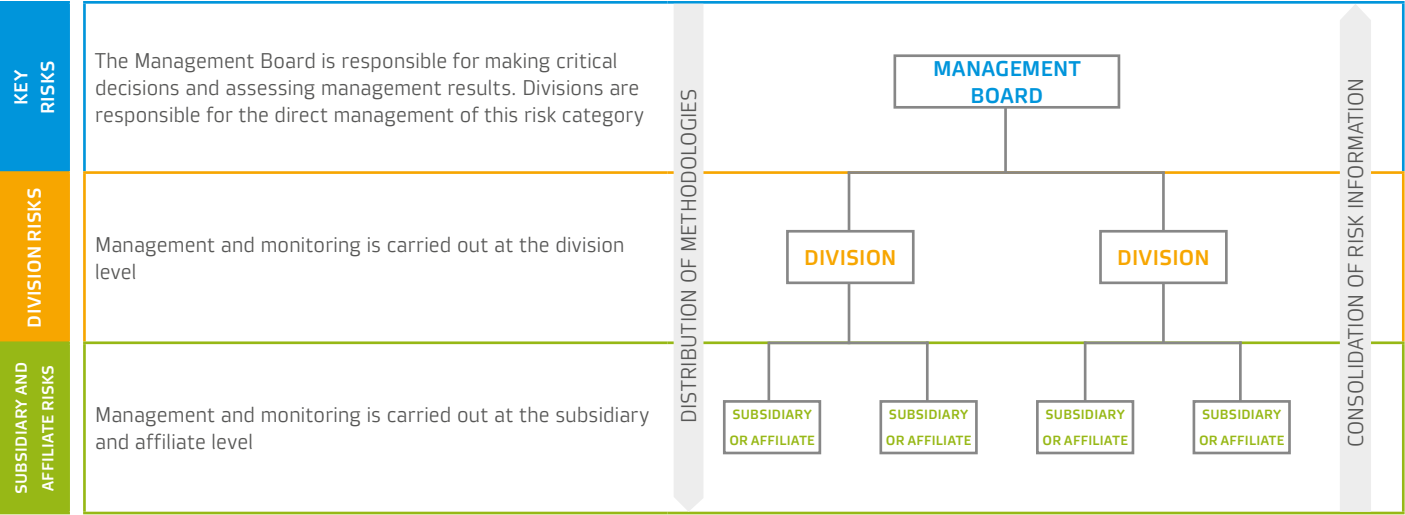
The risk management system encompasses social and environmental risks in addition to financial and operational risks. It also includes risks associated with human resources and industrial and environmental safety.

For a complete risk map, refer to p. 125 of the Annual Report 2014.

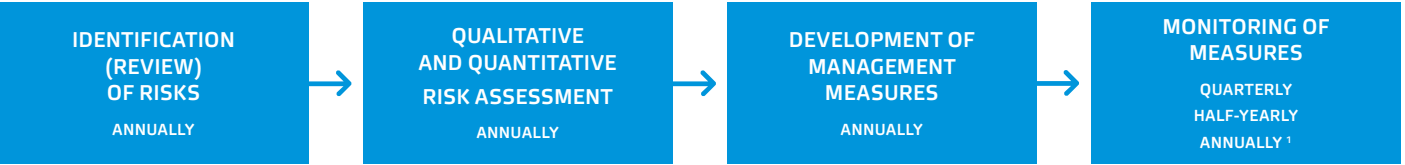
- RISK MANAGEMENT CHALLENGES:**
- promoting a culture of risk management at the Company so that managers and employees can achieve a common understanding of the basic principles and approaches to risk management
 - creating and implementing a systematic approach to the identification and assessment of risks that are inherent to the Company's operations as a whole, as well as to individual business areas
 - fostering the exchange of information about risks between the Company's structural units and the joint development of risk management measures
 - providing systematic information about risks to the Company's management bodies

¹ For further information regarding compliance with the Corporate Code of Conduct, refer to Gazprom Neft's Annual Report 2014.

Levels of financial risk and distribution of authority and responsibility within the IRMS



Schematic diagram of the IRMS process at Gazprom Neft Group



¹ Depending on the severity of the risks.

The Company attaches great importance to maintaining a high level of business ethics and conscientious business practices. In 2014, Gazprom Neft adopted an Anti-Fraud and Corruption Policy, which establishes standards of conduct for all Company employees when dealing with officials and all other private individuals. As part of this Policy, the Company is planning to assess the role of corruption risk in the Company's risk management system, design a corporate policy, devise a communications strategy, and provide the required staff training.

RISK MANAGEMENT SEMINAR FOR ARCTIC SHELF PROJECTS

During the reporting year, Gazprom Neft, in conjunction with Det Norske Veritas, one of the leading technical consultancy firms in the oil and gas industry, organized a risk management seminar for Arctic shelf projects. The seminar was one in a series of training sessions for employees involving leading Russian and

international specialists. Participants reviewed the risks and problematic aspects of drilling in Arctic waters, as well as issues concerning compliance with occupational safety, security, and environmental protection regulations.

Managing social and environmental risks

Risk description	Risk management measures
RISKS RELATED TO HUMAN RESOURCES	
The Group's business depends on essential, highly qualified staff. A lack of qualified personnel, particularly in engineering and technology, may increase the risks associated with staff shortages. The Group's success largely depends on the efforts and abilities of essential employees, including qualified technical personnel, as well as on the Group's ability to attract and retain such staff. Competition for staff in Russia and abroad may be exacerbated by the limited number of qualified professionals on the labour market. An inability to attract new qualified personnel and/or maintain current staffing levels could have an adverse effect on the Group's appeal as an employer. The demand for qualified staff and the costs associated with employing such staff are expected to continue to grow, reflecting the strong interest in these employees from other industries and public projects.	The Group offers competitive remuneration, including a salary, performance-based bonuses, and a social benefits package. The Company is developing and operating a talent pool and employee training and development programmes aimed at meeting the Company's needs for qualified staff both now and in the future. The Group is improving its recruitment procedures and taking measures to reduce staff turnover and encourage staff to realize their potential.
RISKS RELATED TO INDUSTRIAL SAFETY	
The Group is exposed to risks relating to the safety of its employees and their operations. The Group's main business could be adversely affected by many factors, including equipment damage and failure, labour disputes, natural disasters, political disputes, and terrorist attacks. Any of these risks could have a materially adverse effect on the Group's business, financial situation, and operating results.	As part of risk prevention, the Group strives to provide a safe working environment for its employees, seeking to avoid injury or death, as well as actions brought against the Group or damage to its business reputation. The Company constantly monitors safety threats, and pays particular attention to complying with safety equipment regulations.
ENVIRONMENTAL RISKS	
Gazprom Neft's operations carry an inherent risk of environmental damage or pollution, which may lead to civil liability and require action to mitigate such damage. The Company is fully aware of its responsibility to the public for creating safe working conditions and protecting the natural environment. Gazprom Neft constantly monitors its operations to ensure compliance with applicable environmental standards, and implements environmental protection programmes. In the future, the costs associated with environmental compliance and obligations may increase.	Gazprom Neft's environmental protection policy is aimed at ensuring compliance with applicable environmental legislation by investing significant funds in environmental measures, including the use of technologies that minimize environmental impact. As a result, there has been a significant reduction in the likelihood of risks associated with environmental pollution. The Group also monitors changes in environmental legislation in the various countries in which it operates.

STAKEHOLDER ENGAGEMENT

Gazprom Neft maintains a continuous dialogue with all stakeholders, and considers this to be one of the main tools for implementing its sustainable development strategy. The Company pays particular attention to stakeholder interests which correspond not only with its own objectives and obligations, but also with the interests of society as a whole. Gazprom Neft aims to develop a balanced approach to stakeholder engagement that seeks to harmonize the interests of all stakeholders and achieve sustainable development goals. In conducting this dialogue, the Company strives to ensure maximum transparency of the information that it provides.

Gazprom Neft identifies a number of critical stakeholder groups, whose interests are most noticeably linked with its activities and who are able to exert the most significant impact on the Company's ability to implement its strategic goals:

- shareholders and investors
- government authorities
- staff
- business partners, suppliers, and customers
- local communities

The main stakeholder engagement priorities are reflected in the following corporate documents: the Corporate Code of Conduct, the Corporate Code, and documents regulating individual business areas.

The scope of issues addressed in the dialogue depends on the Company's continual analysis of the internal and external social environment, and reflects the Company's strategic roadmap and the priorities of stakeholders.

The Company takes steps to involve stakeholders in project implementation. This makes it possible to adjust the development of projects in accordance with stakeholder expectations and to identify and eliminate existing risks in good time.

KEY STAKEHOLDER ENGAGEMENT MECHANISMS:

- interaction formalized through business contracts, agreements and cooperation arrangements
- system of corporate communications channels
- regular employee and customer surveys
- public opinion studies within the Company and the regions where it operates
- negotiations and meetings
- public hearings
- joint working groups
- hotlines for employees and customers
- investor presentations
- membership of public and expert associations
- conferences
- dialogue as part of the Sustainability Report drafting process

48Key areas and directions of stakeholder engagement

Stakeholders	Areas of engagement	Directions of engagement
SHAREHOLDERS AND INVESTORS	Increasing the value and investment attractiveness of the Company	- Improving the quality of corporate governance - Strengthening the Company's brand and reputation
STAFF	Labour productivity, product quality, occupational health and safety, environmental protection, respect for human rights, development and implementation of social programmes targeted at staff and local communities	- Working to increase occupational safety - Creating the necessary conditions for the professional growth and social wellbeing of employees - Improving material and non-material incentive schemes - Providing social support for employees and veterans - Staffing of major projects and related opportunities for professional growth - Developing a dialogue with trade unions - Establishing an effective corporate culture
RUSSIAN GOVERNMENT AUTHORITIES	Meeting the challenges of sustainable development in the industry and the regions where the Company operates	- Helping to draft legislation - Making responsible and efficient use of human and natural resources - Promoting the socio-economic development of the regions - Introducing innovations
REGIONAL AND MUNICIPAL AUTHORITIES	The Company's regional policy, meeting the challenges of regional socio-economic development	Supporting regional development projects as part of the Home Towns social investment programme
BUSINESS PARTNERS, SUPPLIERS, AND CUSTOMERS	Compliance with contractual obligations, ensuring uninterrupted deliveries, better product quality, improved occupational and environmental safety	- Implementing programmes aimed at improving the quality of products and services - Developing long-term, mutually beneficial relationships - Including contractors in the corporate industrial and environmental safety standards - Implementing anti-corruption procedures
LOCAL COMMUNITIES IN REGIONS WHERE THE COMPANY OPERATES	The Company's regional policy, programmes to support local communities	- Improving the efficiency of the Company's social programmes - Implementing the Home Towns social investment programme - Implementing environmental protection measures - Conducting public hearings and consultations, volunteering and charitable activities
PUBLIC ORGANIZATIONS	The Company's regional policy, environmental protection	- Engaging through the Home Towns social investment programme, including by holding social initiative grants competitions - Working together to meet the challenges of environmental protection

SHAREHOLDERS AND INVESTORS

PRINCIPLES OF COOPERATION: responsible fulfilment of obligations; adherence to business ethics; transparency and access to information needed to make investment decisions.

According to Gazprom Neft's Articles of Association, the Company's authorized capital consists of 4,741,299,639 ordinary shares. As of the end of 2014, Gazprom Neft had no preferred shares. Gazprom is the major shareholder in Gazprom Neft. It directly and indirectly owns 95.68% of the Company's total ordinary shares. The remaining common shares (4.32%) are distributed among minority shareholders – individuals and legal entities. As of 31 December 2014, 8,844 accounts were registered in the shareholder register, including 13 legal entities, 8,826 individuals, one beneficial owner, and four nominees.

The procedures governing the preparation and holding of General Shareholders Meetings¹ ensure that all shareholders can review all necessary information, freely register to participate in the General Shareholders Meeting, and vote. The procedure for holding the General Shareholders Meetings promotes equal opportunities for all shareholders to express their opinions and ask questions (including to members of the Company's Management Board).

The Company supports securities trading on the Moscow Stock Exchange through the regular disclosure of information and the release of documents in accordance with the requirements of the Exchange.

Mechanisms for engaging with investors:

- investor conference calls with the Company's managers
- quarterly publication of the Management Analysis of Financial Position and Operating Results as an attachment to the Gazprom Neft financial statements prepared in accordance with IFRS
- publication of Databook and Datafeed statistical handbooks, with a detailed analysis of the Company's activity
- regular meetings with investors and shareholders
- participation in all major investment and broker organization conferences
- annual Investor Day with Gazprom Neft's senior management, where analysts and investors from investment companies may have all their questions answered directly by the Company's management
- visits to industrial and production sites. In 2014, Gazprom Neft shareholders and investors visited the Novoportovskoye field and the Moscow Refinery



IN 2014, THE COMPANY WAS HONOURED WITH SEVERAL INVESTOR RELATIONS AWARDS:

- Gazprom Neft's investor relations website received a Silver Award in the Stevie Awards, a major international ranking of corporate communications, for Best Investor Relations Site
- The Company's Annual Report received six awards at prestigious national and international annual report competitions



4,741,299,639

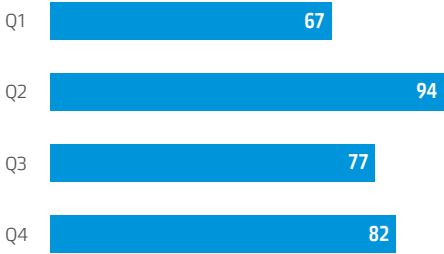
ordinary shares – Gazprom Neft's authorized capital as of the end of 2014



6 awards

won by the Company's Annual Report at prestigious national and international annual report competitions in 2014

Number of participants in conference calls in 2014, people per quarter



Source: Company data

¹ For detailed information about the General Shareholders Meetings, refer to the Company's Annual Report 2014.

COMPANY EMPLOYEES

PRINCIPLES OF COOPERATION: respect for the individual and the rights of employees (including non-discrimination), the right to freedom of association and collective bargaining in compliance with the current legislation, transparency of HR policy, economic justification and fairness in performance evaluation, and openness to dialogue.

The Company's interaction with employees is governed by internal regulations, collective agreements, and the Corporate Code.

In following the principles of social partnership, the Company actively interacts with trade union organizations representing the interests of workers.

Gazprom Neft's internal communications system is the main tool for dialogue with employees. The Company works constantly to ensure it functions with maximum efficiency.

Some of the important channels of the internal communications system include:

- corporate media covering Gazprom Neft events across the full range of the business
- corporate events held to award employees with corporate and industry prizes and to engage employees in the internal life of the Company. Employees receive information about the Company's development plans and opportunities for professional and career growth
- meetings between work teams and managers at Gazprom Neft enterprises, focused on the current agenda of the business and cooperation issues
- cultural and sporting events

Feedback tools play an important role in Gazprom Neft's internal communications system. These can be used by any employee to pose questions to a particular core business unit or the Company's management, and to put forward their ideas or proposals. Corresponding regulations govern the functioning of the feedback tools. The regulations ensure compliance with deadlines for considering and answering employee questions, and they also ensure that the answers reach the widest possible audience through the Company's corporate media.

The Company conducts regular social and psychological studies at Gazprom Neft enterprises. These studies are used to identify any existing problems in the workforce and to develop measures to solve them.

Feedback tools play an important role in Gazprom Neft's internal communications system. These can be used by any employee to pose questions to a particular core business unit or the Company's management, and to put forward their ideas or proposals.

GOVERNMENT AUTHORITIES

PRINCIPLES OF COOPERATION: compliance with the law; responsible payment of taxes and use of human and natural resources; partnership to promote industrial and regional competitiveness.

Gazprom Neft works with government authorities at the federal and regional levels.

The Company's cooperation with regional authorities is built around regional development issues and aims to:

- create a favourable financial, economic, and legal environment for Gazprom Neft's activities in the regions
- improve quality of life and create a comfortable social environment for the local community, including Company employees and their families
- create a system of environmental safety measures and take action to reduce the industrial impact on the environment and people
- develop stakeholder engagement in the regions
- ensure disclosure of information about the Company's operations to all stakeholders

Social and economic cooperation agreements are an important mechanism for interaction with regional and local authorities. In 2014, Gazprom Neft entered into new social and economic partnership agreements with the governments of Yamalo-Nenets Autonomous District and Omsk, Orenburg, and Tyumen regions.

The Company regularly informs the regional authorities of its development plans via notifications and dialogue with stakeholders. In 2014, representatives of the Orenburg and Muravlenko city governments took part in round tables organized by the Company to discuss HR policy and Gazprom Neft's social initiatives in these regions with stakeholders.

Gazprom Neft is actively involved in the development and improvement of regional laws in order to increase the investment appeal of regions and improve the social and economic environment. Company experts are involved in the work of the Legislative Assembly of the Yamalo-Nenets Autonomous District, the Tyumen Regional Duma, and other bodies.

The Company's cooperation with federal and regional authorities is aimed at improving the regulatory framework and creating a favourable investment climate in Russia. Company experts regularly monitor current legislative activities and analyse bills. Together with regional parliaments, the Company takes part in appraisals of federal legislation relating to the sector.

The Company strictly complies with all laws regarding political activity. It does not participate in political movements or organizations, and it does not interfere with the political activities of its employees.

COOPERATION AGREEMENT

In 2014, Gazprom Neft and the Moscow Government signed a cooperation agreement for the supply of innovative bitumen materials for road construction projects in the capital. Under the agreement, Gazprom Neft will produce bitumen materials which are perfect for use in the construction of roads carrying high volumes of traffic. The Company will also supply materials on special terms for building experimental road sections to test bitumen. One of the important areas of cooperation will be the joint development and implementation by the parties of industry standards and regulations governing the use of modern materials in road construction.

SUPPLIERS

PRINCIPLES OF COOPERATION: observance of business ethics; mutual responsibility; transparency and competitiveness in partner selection; common approach to achieving production objectives and product quality management.

The Company has a unified system for preparing, organizing, and conducting regulated procedures for selecting contractors to supply materials and equipment, and provide work and services to meet the needs of the Company and its subsidiaries and affiliates. Suppliers are selected purely on the basis of the procedures for selecting contractors.

The approaches used ensure:

- maximum efficiency and effectiveness of procurements
- an optimal level of competition between potential bidders
- an objective, well-founded, and impartial process for selecting the winning bidders
- reasonable openness in the tender procedures

The Company's procurement policy is designed for working mainly with the manufacturers of goods and providers of work and services, and with the official representatives of those suppliers.

The competitive selection process for contractors who supply materials and equipment and provide work and services for businesses within Gazprom Neft Group involves a comparative assessment of multiple bids in accordance with the requirements and standards of the Company's internal regulations.

One of the most important selection criteria for suppliers and contractors is compliance with the Company's health, safety, and the environment, occupational safety, and civil defence (HSE, OS, and CD) requirements.

The Company has implemented a standard in this area, the Procedure for Managing Contractors and Cooperative Arrangements in the Field of HSE, OS, and CD. All contractors who provide services to the Company sign an HSE, OS, and CD agreement that stipulates mandatory compliance with the Company's industrial and environmental safety standards.

Gazprom Neft procures an average of 95% of its annual essential material and equipment needs from the domestic market.

TECHNOLOGICAL PARTNERSHIPS AND IMPORT SUBSTITUTION DEPARTMENT

Gazprom Neft has established a Technological Partnerships and Import Substitution Department. The new unit's core objectives are to systematically monitor the Russian products and materials market in order to identify opportunities to replace imported products with Russian substitutes. In order to stimulate the import substitution process and achieve technological independence, the Company plans to work closely with manufacturers to develop new products and materials which Gazprom Neft will use in its business. It is expected that the result of these technological partnerships will be the localization of R&D projects essential to the oil industry, as well as the production of various goods capable of competing effectively with foreign counterparts in Russian and foreign markets.

95%
Gazprom Neft's average annual procurement of its essential material and equipment needs from the domestic market

IMPORT SUBSTITUTION PROGRAMME

Gazprom Neft is actively involved in import substitution programmes in various sectors of the business. In 2014, the Company made the decision to support domestic producers, all other things being equal. A list of alternative vendors who can meet Gazprom Neft's requirements has been drafted and working groups have been set up to analyse the capabilities of both Russian and alternative markets. The Company has signed several strategic agreements with Russian companies for the key materials and equipment that are the most capital intensive. One of these areas is R&D into equipment for offshore projects.

CUSTOMERS

PRINCIPLES OF COOPERATION: observance of business ethics; reliable and stable supply; continuous improvement of service.

The Company has a system in place for responding to customer dissatisfaction with the quality of products or services. Gazprom Neft's mechanism for resolving these complaints is based on the corporate document: Guidelines for Handling Nonconformities when Selling Oil Products, LPG, and Associated Goods & Services at Filling Stations. Gazprom Neft regularly reviews customer requirements and satisfaction levels.

The Company implements programmes aimed at increasing the quality and environmental safety of products in accordance with international standards, and it communicates responsible marketing information to customers.

Conferences are important mechanisms used by the Company to communicate with customers and distributors. In 2014, Gazprom Neft-Lubricants organized its fourth international conference for distributors. The aim of this annual event is to review results, set goals for the future, and acquaint participants with the Company's marketing activities. The 2014 conference brought together more than 200 representatives of independent Russian and international companies that sell oil and lubricants under the following Company brands: G-Energy, G-Profi, and Gazprom Neft. In addition, during the reporting year the Company organized its fifth conference for distributors located in Kazakhstan, Tajikistan, Mongolia, Uzbekistan, and Kyrgyzstan.

Gazprom Neft regularly organizes off-site conferences and familiarization trips for customers, where potential and existing clients can see the production process, study the products in detail, and discuss topical issues.

In 2014, the Company held an off-site conference for Gazprom Neft's Bitumens Department in Rome. Representatives from Gazprom Neft-Lubricants, the Russian Federal Road Agency and the directors of the country's major road-building organizations, including the Alliance of Road Builders and Suppliers and the Road Construction Centre. The event was held to mark the launch of G-Way Styrelf premium bitumen, made using Total technology at the Moscow Refinery. During the meeting, customers were informed of the properties of the Company's bitumen materials and lubricants, and visited Total's polymer-bitumen binder production site and the lubricants plant.

Also in 2014, a delegation from the Middle East and Africa paid a fact-finding visit to the Company's main production site in Russia: the Omsk Lubricants Plant. Members of the delegation included representatives from the exclusive distributor Saskim Petrol, as well as strategic clients from Iraq and Egypt. The visit led to an agreement to introduce new products to meet the growing demand in the Middle Eastern and African markets.



ALEXANDER TRUKHAN
CEO, GAZPROM NEFT-LUBRICANTS

"The conference provided us with an opportunity to get feedback from professionals. This is necessary to ensure that special products and service programmes are more accurately designed."

AWARDS

The Company won a number of awards for customer relations during the reporting year. In 2014, Gazprom Neft-Aero won Aeroflot's Vzletnaia Polosa [Runway] award, for the best supplier of aviation fuel.

In 2014, Gazprom Neft Marine Bunker won an award 'For Valuable Contribution' from the Royal Caribbean International cruise supplier conference. The award recognized Gazprom Neft for the high quality of its fuel and excellent service.

In addition, Gazprom Neft won the annual Russian Railways Partner Awards in the Best Supplier of Materials and Equipment category for 2014.

LOCAL COMMUNITIES

PRINCIPLES OF COOPERATION: partnership in addressing pressing social, economic, and environmental issues; ensuring the transparency of the Company's business and decisions; developing an active dialogue; considering the interests of indigenous peoples.

The Company conducts an active dialogue with local communities, focused on environmental protection issues, solving regional development challenges, and preserving cultural traditions. Gazprom Neft believes that constructive cooperation with local authorities and the public is an important factor in developing the social potential of the regions and the creation of a favourable social environment for the implementation of the Company's strategy.

The Company carries out its regional activities based on its regional policy priorities. The Company chooses where to invest social funds based on dialogue with all stakeholders and monitoring of social wellbeing, which includes using data from the Company's own and independent studies.

The Company implements all social and charitable projects through the Home Towns social investment programme adopted in 2012. Gazprom Neft seeks to engage stakeholders in the implementation of this programme, seeing the social engagement of local communities as a basic condition for the sustainable regional development. An important mechanism for engaging local communities under this programme is the social initiatives grant competition introduced in 2013. Grant competitions were held in Yamalo-Nenets Autonomous District, Khanty-Mansiysk Autonomous District-Yugra, and Tomsk, Omsk, and Orenburg regions during the reporting year.

The Company actively engages stakeholders in dialogue. During the reporting year, the Company conducted round tables with representatives of local communities in two of the regions where it operates.¹

The Company believes that public hearings are an essential mechanism for the development and implementation of industrial projects. In 2014, the Company held a series of public hearings, including in the Tazovsky (Yamalo-Nenets Autonomous) District regarding a project to move the boundaries of the Messo-Yakhinsky Nature Reserve. Exploration work could not be carried out in the Vostochno-Messoyakhsky area as its boundaries crossed those of the nature reserve, and the project aimed to solve this problem. As a result of multilateral dialogue between the Company, the regional administration, the Yamalo-Nenets Autonomous District environmental protection service, and public organizations, the boundaries of the reserve were moved to not only allow the oil company to explore the subsoil and meet its licence obligations to the state, but also to meet the nature reserve's main objective: to protect the Messoyakha riverbed.

STAKEHOLDERS IN REGIONS WHERE THE COMPANY OPERATES:

- local authorities
- public organizations
- educational, medical, and cultural institutions
- Company employees
- local residents
- indigenous peoples of northern Russia

MECHANISMS FOR COOPERATING WITH NORTHERN PEOPLES



Gazprom Neft businesses operate in areas inhabited by the indigenous peoples of northern Russia. The Company places special emphasis on striking a balance between implementing its strategic plans and safeguarding the interests of indigenous peoples. When planning its activities, the Company develops and discusses with representatives of the indigenous peoples ways to minimize the impact of its industrial activities on their traditional way of life. Gazprom Neft is implementing programmes to support the traditional lifestyles of the indigenous peoples of the north and preserve the unique Yamal culture, while helping them to adapt to the modern economic and social environment.

As a result of the project, the reserve will expand from 91,000 to 114,000 hectares, and the Messoyakha River will be protected and accessible for traditional natural resource use only. When counting votes, the opinions of both participants in public hearings in the regional administrative centre and residents of inter-settlement territories were taken into account. A survey of the nomadic population was conducted on the eve of the hearings by the regional branch of the Yamal Potemkam [Yamal for Our Descendants] Association of Indigenous Peoples. Following the voting and hearings, the project to move the boundaries of the nature reserve was approved.

To 114,000 hectares expansion of the Messo-Yakhinskoye Nature Reserve as a result of the Company's project

PUBLIC ORGANIZATIONS

PRINCIPLES OF COOPERATION: partnership in solving the challenges of environmental protection and regional development; disclosure of information and transparency.

The Company works actively with public organizations, hiring representatives of these organizations as experts when implementing environmental and social projects.

Gazprom Neft encourages public organizations to participate in its social investment programme. The Company's social initiatives grant competition aims to involve this group of stakeholders in solving social and economic challenges, and in developing the professional competencies of local public organizations.

In 2014, the Company actively developed cooperation with public organizations to protect the Arctic environment. During the reporting year, Gazprom Neft signed a collaboration agreement with the Association of Polar Explorers. This cooperation aims to develop and implement environmental protection programmes in polar regions. The Company contributed to preparations for the scientific expedition of the Association of Russian Polar Explorers and the Expedition Organization Fund of the Expeditionary Centre of the Russian Geographical Society based at Camp Barneo in the Arctic.

¹ Detailed information on the dialogues can be found in the Regional Policies and Development of Local Communities chapter of this Report.

CORPORATE CULTURE

Gazprom Neft considers its corporate culture to be an essential factor in achieving the Company's strategic objectives. In line with its Development Strategy, the Company is developing a corporate culture that seeks to help employees achieve excellence, based on Gazprom Neft's mission and values.

The main elements in the development of this corporate culture include the management by objectives (MBO) system, the creation of internal economic competition, management by walking around,¹ top-down communication of values (from senior managers to subordinates) and the personal involvement of the Management Board in disseminating values, bottom-up promotion of initiatives, and the establishment of a feedback system.

An important factor in the creation of a results-based culture is the Matrix Programme. The programme, which is being implemented in Gazprom Neft's Upstream Division, aims to increase efficiency in order to achieve the Company's strategic goals by clearly setting out the powers and responsibilities of functional managers and company directors.

Proper communication at all levels of management is critical to the successful implementation of these changes. Target principles of behaviour and obligations to ensure compliance are enshrined in a declaration that was developed by the Top 100 Upstream managers. The principles include: synergy from working as a team, trust and transparency, discipline in complying with obligations, communications, and feedback.

In 2014, the Company began to introduce an organizational coaching system. The pilot project was launched at the Company's Corporate Headquarters. The project aims to provide coaching training (non-directive management and mentoring of employees) to managers at three levels: mentoring new employees, developing their own team, and coaching employees with high potential to fill the talent pool. Like the transformation of corporate culture, the coaching system is intended to enhance management efficiency and employee performance in accordance with the Company's strategic goals.

The Company places great emphasis on transmitting corporate values and accepted models of business conduct to new specialists. Employees who began working at the Company in 2014 are part of the Welcome programme, designed to engage specialists and help them to adapt effectively to working in the Company. The mentor, whose mission is to help employees understand the structure of the Company and to establish appropriate communications within the team, plays a critical role in this programme. The project will be launched at all Company subsidiaries over the next few years. In addition, a virtual tour of the Company (an interactive game that allows participants to learn about Gazprom Neft's business processes) and the Stremitsya k bolshemu [Aiming for More] video game, which helps players understand the Company's business and corporate values, have been created for new employees.

¹ Management by walking around (MBWA) involves managers regularly communicating with employees at their workplaces.

GAZPROM NEFT'S CORPORATE VALUES:

- integrity
- leadership
- mutual respect and trust
- winning mentality
- responsible owner's mentality



SERGEY DOKTOR
CEO, GAZPROM NEFT-KHANTOS

"Among other things, the Matrix Programme allows employees to act as a united team and negotiate with each other. We have much to change in our behavior, approaches, attitudes to each other, and communications with the Company. We must be clear that if even just one of us is not able to adapt to the new system, this will slow down the whole process."



IGOR MIRONOV
DEPUTY CEO FOR PRODUCTION AND TECHNOLOGIES, GAZPROMNEFT - BITUMEN MATERIALS

"The benefits of helping new employees to adapt are obvious: specialists become team members and achieve the required level of efficiency faster. Employees make fewer mistakes in their work and managers learn new competencies from the mentoring process, in addition to the other benefits."

CORPORATE COMMUNICATIONS

INTERNAL CORPORATE COMMUNICATIONS

Internal communication channels ensure the development of Gazprom Neft's corporate culture and the creation of an open communications space, providing employees at all levels with opportunities to show initiative and engage in dialogue.

The strategy for developing the internal corporate communications system adopted by the Company in 2010 aims to develop and localize communications tools, provide qualitative and substantive content for corporate media, and foster internal communications channels while taking into account the Company's strategic priorities and the information needs of its audience, ultimately impacting employee behaviour.

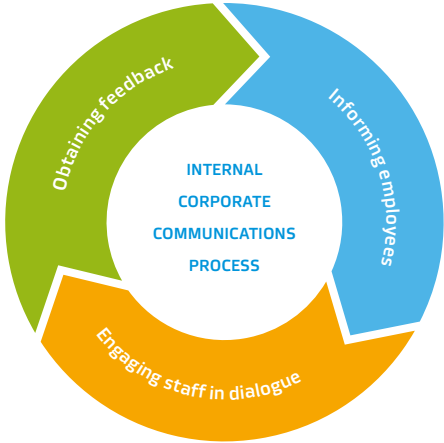
The Company's internal communications tools include a corporate media system (Gazprom Neft company intranet portals, Siberian Oil corporate magazine, the Neftegazeta periodical and versions issued by subsidiaries, and corporate radio stations at Gazprom Neft-Aero and Omsk Refinery), meetings between managers and teams, TV panel systems, and discussion platforms (forums, conferences, and round tables). The Corporate Forum is a flagship event within the internal communications system. It is attended by representatives from across all of Gazprom Neft's companies and employee groups.

As a result of the introduction of a functional management model in 2014, there is a need for horizontal communications between employees in different enterprises performing similar roles. For this purpose, electronic communications platforms have been established within the existing corporate intranet portal, together with ways for users to post and moderate content.

Particular attention is paid to engaging employees in creating content to be posted on corporate media channels. To this end, the Company makes active use of interactive tools, such as discussions, competitions, and encouraging employees to write articles.

Every employee has the opportunity to convey their views to managers or to suggest ideas on how to increase productivity. For this, the Company uses tools such as a hotline and 'Ask your Manager' and 'I have an idea' sections on the intranet portal. There are also information kiosks for collecting feedback from employees who do not have access to a computer.

One of the main feedback tools is the annual corporate social and psychological study, covering all of the Company's assets. More than 10,000 Gazprom Neft employees took part in the study in 2014. By answering questions and participating in interviews and focus groups, employees are invited to express their views on a whole range of issues that affect core areas of their work, from workplace management and evaluations of the incentives system to opportunities for development and the effectiveness of social programmes. Separate indexes are compiled to show employee engagement. The data obtained from the study are used as the basis for staff management and communications planning, as well as to support management decisions.



10,000 employees took part in the annual corporate social and psychological study in 2014

EXTERNAL COMMUNICATIONS

The Company's main external communications objectives are to strengthen dialogue with external audiences, promote the Gazprom Neft brand, and provide information about its activities in the regions. The Company uses a wide range of tools and channels to communicate with external audiences.

The Gazprom Neft Group websites, combined in a single, integrated system that gives increased access to information about the Group's activities to all interested parties, are the Company's most important communications tool.

In 2014, the Gazprom Neft website published 148 official reports and 17 interviews given by Company managers to major Russian and international business and socio-political media outlets. Throughout the year, senior managers held regular press conferences and briefings where they were able to field questions from journalists about Gazprom Neft's business, development plans, and operational results.

The main news items of the past year included: the development of major Company projects in new regions; the start of the second stage of refinery modernization, aimed at increasing refining depth and light product output, and the implementation of environmental programmes at Gazprom Neft enterprises. There was wide media coverage of the launch of Russia's first new-generation G-Way Styrelf polymer-modified bitumen plant at the Moscow Refinery.

There was a particular focus on information about the project to develop the Prirazlomnoye field in the Pechora Sea. Russian President Vladimir Putin gave the order for the first oil shipment from the Prirazlomnaya offshore ice-resistant rig in April 2014. A documentary about the Prirazlomnaya rig was shown on TV channel Russia 24. A special project was also launched with Kommersant newspaper Nasha Arktika [Our Arctic], dedicated to Gazprom Neft's work on the Russian Arctic shelf. Leading Russian and international news agencies participated in a press tour of Prirazlomnaya.

In order to provide a better understanding of Gazprom Neft's projects, the Company gave journalists an opportunity to attend further press tours at other facilities, such as Omsk Lubricants Plant and the Company's new bitumen production facility in Shymkent (Kazakhstan).

26% increase in traffic to the Gazprom Neft website in 2014

IN 2014, THE GAZPROM NEFT WEBSITE PUBLISHED:

148 official reports

17 interviews with Company managers

In 2014, Gazprom Neft updated the design and structure of its corporate site, www.gazprom-neft.com. The comprehensive update took account of the best practices of international companies. The functional capabilities of the site, as well as its design and navigation between pages and sections have all been significantly enhanced. One of the main innovations is a new section with information on all of the Company's products and services. In 2014, traffic to Gazprom Neft's website increased by 26% compared with the previous year.



The Gazprom Neft corporate website
www.gazprom-neft.com

DEVELOPING REPORTING ON SUSTAINABLE DEVELOPMENT

Gazprom Neft's publication of an annual Sustainable Development Report is an essential component of its stakeholder engagement. The disclosure of information concerning the social and environmental aspects of the Company's business in conjunction with financial and economic information, and information about the Company's management, provides an integrated view of the Company's current and future development.

In 2007, the Company prepared and published its first Sustainable Development Report. Since 2008, it has synchronized the drafting of its Sustainable Development Report and the corporate Annual Report through a joint working group. Since 2010, the Company has used the international Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) to prepare this Report. During the reporting year, the Company began shifting to the new version of this standard, GRI-G4. Specifically, this version places stricter requirements on the determination of substantive topics and particular emphasis on promoting the principle of social responsibility in the supply chain.

Since 2012, the Company's reports have undergone independent public certification by the Non-Financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs



More information about the Non-Financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs and public assurance regulation

STAKEHOLDER ENGAGEMENT



Gazprom Neft's sustainability reports have received high praise from stakeholders. The Company's leadership in sustainability reporting was recognized in 2013 by a diploma awarded by the Moscow Stock Exchange, and in 2014 when Gazprom Neft won the Russian Union of Industrialists and Entrepreneurs' Leaders of Russian Business: Trends and Responsibility competition in the High Quality Sustainability Reporting category.

DEVELOPMENT OF WORKFORCE CAPACITY

The Company's employees are its main asset and are essential to the achievement of its strategic goals. Gazprom Neft offers staff a competitive salary and social package, along with opportunities for career and professional development. The Company constantly seeks to improve its staff development and social support programmes.

EMPLOYEE REMUNERATION AND SOCIAL SUPPORT

RUB 84,775

↑ 26%

average monthly salary
of Company employees
in 2014

RUB 60.6 billion

↑ 26%

spent on human resources
in 2014

EMPLOYEE DEMOGRAPHICS

AVERAGE HEADCOUNT AT
GAZPROM NEFT GROUP BY GENDER IN 2014

22,504
women

35,218
men

The average number
of employees in 2014
increased by 2.8%
compared with the previous
year due to the addition of
new assets and the growth
of the business.

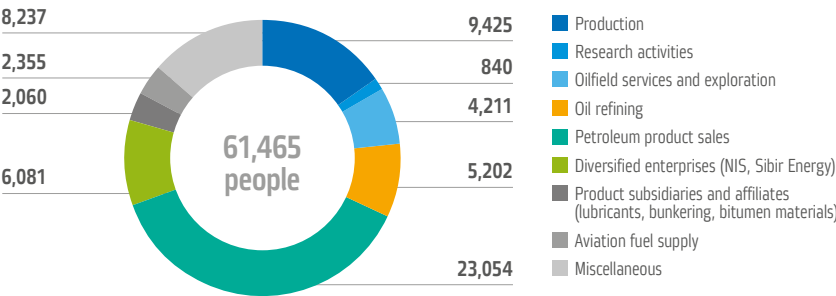
LEARNING AND DEVELOPMENT



The Company has operated a Corporate Management Academy since 2013. The Academy's mission is to develop the managerial and leadership skills of managers. In 2014, the Academy developed and launched a new module: the Gazprom Neft Bachelor of Management. This programme aims to develop the managerial and leadership skills of high-potential employees.

At year-end 2014, Gazprom Neft Group employed over 61,000 people across its enterprises. Sixty percent of staff are on-site workers and 40% are managers, specialists, and office staff.

Staff structure by main area of activity as of 31.12.2014, people



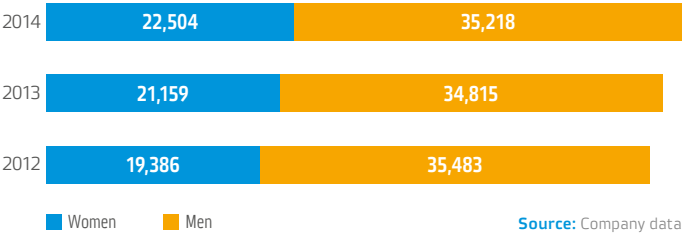
Source: Company data

The average number of employees in 2014 increased by 2.8% compared with the previous year due to the addition of new assets and the growth of the business.

In 2014, the Group added a number of companies: Gazpromneft - Bitumen Materials, including a plant in Kazakhstan; Gazprom Neft Shelf, which supports the operation and development of the Prirazlomnaya oil rig; and Gazprom Neft Marine Bunker offices in Romania and Estonia.

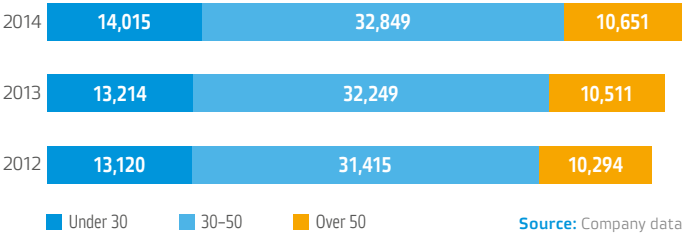
The staff turnover rate decreased by 3.3% compared with 2013 due to the completion of sales unit restructuring during the reporting year. As part of the restructuring, large-scale organizational changes were implemented, including the incorporation and liquidation of regional companies, geographical relocation of employees, and the reallocation of functions and activities among enterprises. These measures contributed to an increase in staff dismissals, leading to a 3.5% increase in turnover in 2013. In 2014, the restructuring process and related staff reductions were completed, and consequently the turnover rate fell again.

Average headcount by gender, people



Source: Company data

Average headcount by age, people

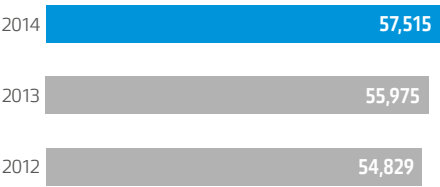


Source: Company data

LARGE CLUSTERS OF COMPANY STAFF:

- Yamalo-Nenets and Khanty-Mansiysk autonomous districts (major oil production assets) – about 19%
- St. Petersburg and Leningrad Region (management company and a number of subsidiaries responsible for sales of petroleum products) – about 20%
- Omsk Region (Omsk Refinery, Omsk Lubricants Plant and a number of enterprises responsible for supply, logistics, and sales) – about 14%
- CIS countries (sales companies and sales representatives) – about 8%
- Serbia (multi-functional company NIS) – about 11%

Average headcount, people



Source: Company data

HUMAN RESOURCES MANAGEMENT AND POLICY

The Company's HR management policy is based on the Constitution of the Russian Federation, the Labour Code of the Russian Federation, and other regulations. The basic principles of the Company's human resources policy and its position on human rights are outlined in the Gazprom Neft Corporate Code. These principles include respect and partnership, performance and results, leadership and dynamic development, initiative and responsibility.

Gazprom Neft's HR management strategy is drafted in accordance with the Company's business strategy, taking into account sustainable development goals and objectives and the expectations of stakeholders.

In 2013, the Company's HR strategy was updated to comply with the new Gazprom Neft 2025 Development Strategy. The most important aspects of the HR strategy are:

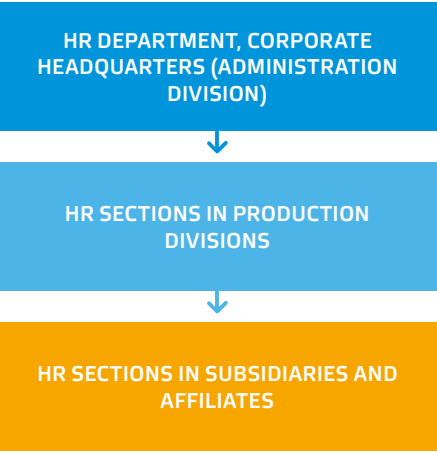
- systematic selection and rotation of staff
- talent management, skills development, and training
- development of incentive programmes and creation of a culture of engagement
- improved labour productivity and organizational efficiency
- enhanced HR management performance

One of the priority areas of the Company's HR policy is to increase employee productivity. The Company has a performance management system based on a set of indicators for different levels of management and individual targets for each employee. Staff assessment is an important component of the system. Regular assessments have been conducted at Corporate Headquarters as part of the annual review process since 2012, and the Company's subsidiaries and affiliates have carried out evaluations since 2013. Employee performance is assessed on an annual basis according to two criteria: meeting objectives and specialist potential. The assessment results are used for career planning and to identify employees for the talent pool. The results also influence salary reviews and annual bonuses.

During the reporting year, there was a particular focus on talent pool planning and the development of professional skills in order to create a highly professional team capable of achieving the Company's strategic goals in changing social and economic conditions.

In 2013, the Company began to implement a functional management model. This requires the active participation of managers in key corporate and production functions in developing staff throughout Gazprom Neft. The initiative helps support the business in such areas as staff recruitment and rotation, skills development, and dissemination of best practices and technologies within the Company.

Gazprom Neft HR organizational structure



RESPECT FOR HUMAN RIGHTS AT GAZPROM NEFT MEANS:

- ensuring equality of opportunity
- preventing discrimination on the basis of nationality, gender, origin, age, or any other criteria
- refusing to use child or forced labour
- taking HR decisions based on qualifications and professional skills, as well as business requirements
- seeking to fill vacant positions with internal candidates, thereby providing more opportunities for career and professional growth
- recognizing the right of workers to establish and join trade unions and a commitment to non-interference with the activities of trade unions
- monitoring compliance with labour laws and the Company's obligations under collective agreements

64

EMPLOYEE REMUNERATION AND SOCIAL SUPPORT

Gazprom Neft's comprehensive remuneration system is closely tied to the Company's strategic goals and business objectives. Gazprom Neft's value proposition¹ to its employees comprises a set of material, professional, and social benefits. The Company is constantly improving its employee incentive and social support system, which is designed to attract the best candidates for long-term employment.

SALARY

The Company offers salaries which are in line with average wage levels within the industry.

Salaries at enterprises are determined according to a grade system. Grades are assigned on the basis of the level of required professional knowledge and experience, communications skills, the complexity of the job, and the level of responsibility and management.

Employee salaries are reviewed annually, subject to individual performance. Employee performance is assessed using the management by objectives system adopted by the Company. Gazprom Neft has introduced an annual performance assessment system based on professional, ethical, and management criteria. The assessment results are used for career planning purposes and when deciding whether an employee should be included in the talent pool. The results also influence the employee's salary review and the amount of their annual bonus.

The average monthly salary of Company employees in 2014 was RUB 84,775, 26% higher than in 2013, and 2.6 times higher than the average salary in the Russian Federation.²

The Company's HR expenses in 2014 amounted to RUB 60.6 billion, an increase of 26% compared with 2013.

 HR expenses, RUB millions

	2010	2011	2012	2013	2014
Payroll fund	39,025	42,403	39,364	45,040	58,510
Social benefits paid	1,855	2,875	2,896	3,186	2,097
Total	40,880	45,278	42,260	48,226	60,607

Source: Company data

▀

RUB 84,775 ↑26%

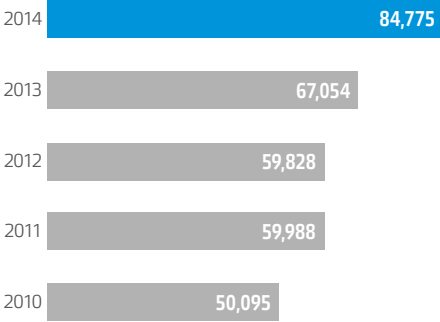
average monthly salary of Company employees in 2014

▀

RUB 60.6 billion ↑26%

spent on human resources in 2014

Average monthly salary at the Company, RUB



Source: Company data

¹ The value proposition is a set of material and non-material incentives offered by the employer in exchange for knowledge, skills, and experience.

² The average salary in the Russian Federation is given in accordance with Federal State Statistics Service (Rosstat) official data for the period. The Company's methods for calculating average salary are in line with those used by Rosstat.

SOCIAL BENEFITS

Social benefits paid to employees include compensation and benefits set by law and paid by the Company as part of its Unified Social Benefits System.

In 2014, the Company introduced a system of unified social benefits for all subsidiaries and affiliates. The system is designed to bring together the approaches used to pay benefits, and to increase the most popular benefits by reducing less significant ones. The list includes obligatory basic benefits and additional optional benefits.

Basic benefits at Gazprom Neft enterprises include:

- voluntary medical insurance (including doctor's visits and, if necessary, treatment in leading Russian clinics) and accident insurance
- a payment in excess of the maximum disability benefit set out in Russian legislation
- monthly financial assistance to employees who take time off to care for a child
- leave for family reasons and other benefits

Social benefits paid in 2014 averaged RUB 36,500 per employee.

▀

RUB 36,500

social benefits paid per employee in 2014

▀

ADDITIONAL BENEFITS:

- paid health resorts for employees, health club subscriptions, corporate discounts on sports club memberships
- different forms of material assistance for family reasons
- housing programmes
- private pension payments and other benefits

 Social package expenses and benefits, RUB thousands

	2010	2011	2012	2013	2014
Free and subsidized meals	573,546	509,864	493,052	522,774	526,988
Voluntary medical insurance	535,239	438,862	529,623	650,709	719,561
Subsidized travel vouchers	128,924	101,722	109,761	115,705	166,522
Retired staff support programmes	91,018	113,610	143,907	119,900	137,885
Housing programme	103,179	118,413	124,132	121,329	181,038
Sports and cultural events	248,498	314,003	290,222	317,599	125,537
Total	1,680,404	1,596,474	1,690,697	1,848,016	1,857,531

Source: Company data

NON-MATERIAL INCENTIVES

The Company is constantly expanding its non-material incentives for employees.

Gazprom Neft has a long-held tradition of publicly recognizing staff achievements. Every year, the Company awards two kinds of honorary titles, which are its corporate marks of distinction: Honoured Gazprom Neft Worker and Gazprom Neft Veteran.

CORPORATE COMPETITIONS

During the reporting year, Gazprom Neft-Aero launched a new system of corporate competitions designed to improve the operational efficiency of enterprises and the professional skills of employees. Gazprom Neft's traditional competition, Best in Profession, has been adapted for the new system. Now, in addition to the internal professional skills competitions and team competitions held at each of the enterprises, subsidiaries and affiliates will be able to compete for the title of Best Enterprise of the Year at Gazprom Neft-Aero. The project aims to increase employee engagement, which has a direct effect on the level of service provided and, consequently, on achieving the Company's business objectives to expand its cooperation with government and civil airlines.

THE GAZPROM NEFT NON-MATERIAL INCENTIVE PROGRAMME INCLUDES:

- professional skills competitions
- healthy living activities and sports competitions (including the corporate winter and summer games)
- entertainment (including the corporate amateur comedy festival)
- corporate volunteering programme
- corporate communications sessions and forums

COOPERATION WITH TRADE UNIONS

Trade union organizations, which represent more than two-thirds of the Company's employees, are Gazprom Neft's partners in the development and implementation of social programmes that address issues affecting social and labour rights and employees' interests. Union leaders from major subsidiaries attend meetings of the heads of HR departments that deal with topical HR issues.

Social and labour relations between employees and the Company are specified in collective agreements. A standard agreement regulates the balance between the interests of the employer and those of employees in the event of the Company's reorganization or a reduction in the workforce and staff cuts.¹ A special section of the agreement stipulates the areas in which the following should be involved: work safety commissioners, members of occupational safety commissions (committees), and representatives of primary trade union organizations responsible for creating a safe working environment and preventing occupational accidents and diseases. The Company's trade union organizations actively engage with young professionals. Commissions established by trade union committees for working with young employees participate in matters affecting the interests of young workers, as well as in the development and implementation of programmes to help new young employees adapt to working life.

¹ The agreement specifies the minimum notice periods for informing the relevant employment agencies and the elected primary trade union organization representative: at least two months prior to the start of the measures concerned, and, if the decision to reduce the workforce or cut staff may result in widespread layoffs, at least three months prior to the start of the measures concerned.

LEARNING AND DEVELOPMENT

The Company uses common learning and development standards across all its enterprises. Corporate employee development programmes take account of the Company's strategic objectives and management and professional skills assessment results.

Staff training, 2010–2014

	2010	2011	2012	2013	2014
TOTAL NUMBER OF PEOPLE TRAINED	16,350	20,080	16,990	42,094	50,939
including:					
executives and specialists	10,490	13,870	11,090	25,177	27,381
workers	5,860	6,210	5,900	16,917	23,558
men	9,974	12,249	10,364	25,677	31,073
women	6,377	7,831	6,626	16,417	19,866
by type of training:					
advanced training	6,365	6,167	6,625	11,035	16,940
occupational and industrial safety training	9,985	13,913	10,365	31,059	33,999
by training venue:					
training centres (points, facilities)	4,993	6,957	5,183	15,530	17,000
external organizations	11,358	13,124	11,808	26,565	33,940
TOTAL DURATION OF TRAINING, HOURS	663,840	791,600	685,280	1,651,514	2,054,092
including:					
executives and specialists	335,680	443,840	354,880	805,664	876,192
workers	328,160	347,760	330,400	845,850	1,177,900
men	404,942	482,876	418,021	1,007,424	1,252,996
women	258,898	308,724	267,259	644,090	801,096

Source: Company data

RUB 580.5 million
↑8.5%
spent on employee training in 2014

50,939 employees
underwent training in 2014

68 PROFESSIONAL SKILLS DEVELOPMENT

Professional skills development is based on an assessment of employees’ professional knowledge in accordance with the strategic objectives of the production divisions. The proportion of vocational training increased in 2014 to 72% (in relation to managerial training).

During the reporting year, the Company continued to establish professional and technical skills models in various divisions. The Upstream Division assessed its professional skills in order to analyse vocational development trends. The Division evaluated more than 1,000 engineering and technical staff from Corporate Headquarters and 11 of the Division’s subsidiaries.

The Upstream Division revised its training plan to increase the share of vocational education and training, and it also increased the percentage of training conducted by internal instructors in comparison with 2013. In order to achieve this, the Division arranged an open selection programme to recruit expert candidates and train future internal instructors. As a result, 24 new programmes were put together and trainers recruited to teach them. During the reporting year, these trainers conducted 53 of the 122 technical training sessions held within the Upstream Division.

The Downstream Division continued to pursue professional skills development projects. A pilot test was carried out with workers at five divisions included in the Technical Skills Monitoring System as part of a project to develop a skills model for Gazprom Neft-Moscow Refinery divisions in 2014. Specialists working in key positions and members of the talent pool for these positions also underwent testing. As a result of the testing, development areas for the staff assessed were determined. As part of the creation of technical skills development programmes, the Company designed a professional training system for engineers and technical experts with IFP Training (French Institute of Petroleum).

During 2014, within the corporate functions, professional and vocational skills were modelled in five functional areas: HR, IT, corporate communications, industrial safety, and legal services. The methodology behind the professional skills model is based on tying the level of knowledge and skill requirements to the level of responsibility: as an employee's responsibility increases, their knowledge and skills progress from basic to professional and business knowledge accordingly. As a result, a profile is developed for each position within a function, where the development of each profiled competency is assessed on a scale from 1 to 5.

MANAGERIAL AND LEADERSHIP SKILLS DEVELOPMENT

The Company has operated a Corporate Management Academy since 2013. The Academy's mission is to develop the managerial and leadership skills of managers.

In 2014, the Academy developed and launched a new module: the Gazprom Neft Bachelor of Management. This programme aims to develop the managerial and leadership skills of high-potential employees. The pilot project has proved successful. The programme will therefore be included in the Academy's educational process and students will be enrolled on it. At the moment, the module-based Management Academy has five training levels: from line managers to senior managers.



ALEXANDER SHUSHAKOV
HEAD OF THE UPSTREAM
DIVISION OIL AND GAS
PRODUCTION DIRECTORATE,
GAZPROM NEFT

"There are many professionals in our company who have gained advanced experience not only in the Company, but also in the industry. The development of basic trainer skills will enable such employees to share their experience with colleagues and improve the potential of the Company as a whole. The knowledge, skills, and experience of each employee are our most valuable resource."

> 1,000 employees
underwent a professional skills evaluation to analyse vocational development trends at the Upstream Division in 2014

In 2014, the Company's Corporate Headquarters introduced an organizational coaching system, which supports the introduction of a functional model of management by developing managers' mentoring and non-directive management skills.¹ Over the course of the year, 196 managers participated in the project. Coaching units were also introduced into the Management Academy modules. In 2015, the Company plans to start teaching mentoring skills to management teams in subsidiaries and affiliates.

The beginning of 2014 saw the launch of the Accelerated Development Motivational Programme for high-potential employees. This is intended to support and develop the motivation of employees selected for the operational talent pool. Project-related skills are developed at the Project Management School, designed for all key Upstream Division staff. Lecturers from European business schools act as moderators for the school.

KNOWLEDGE MANAGEMENT AND DISTANCE LEARNING

Given the Company's rapid growth, distance learning and knowledge sharing technologies are becoming more and more significant. Distance learning makes it possible to optimize expenditure on employee development and to increase the accessibility of knowledge and the scope of staff training programmes. For this reason, Gazprom Neft actively developed this area in 2014, conducting an analysis of needs and best practices in the field of distance learning and knowledge management systems. Based on the results of this analysis, the Company decided to create a Knowledge Portal using WebTutor. The portal will become one of the essential tools in Gazprom Neft's Innovation and Knowledge Management System (IKMS), which will be established in 2015.

The purpose of creating this system is to improve cooperation and knowledge sharing between all Company employees, units, and subsidiaries and affiliates. The system makes it possible to bring together and share Gazprom Neft's considerable intellectual capital using the WebTutor platform, and increase the general level of use of the Company's internal intellectual resources. The focus of the IKMS will be management of the Company's main knowledge resources, inclusion in key business processes, the creation of expert communities, and social learning (learning from each other).

Professional distance learning has been most heavily developed in the Upstream Division. In 2014, the Company designed two e-learning courses and began work on another three for production staff self-study as part of the implementation of new production standards. The use of this form of learning makes it possible to introduce new standards, increase productivity, and optimize production processes in the shortest time possible. More than 600 Upstream Division specialists in all production regions have already completed the first two professional courses: Standard Procedure for the Protection of Downhole Equipment From Corrosion and Standard Procedure for the Preparation of Service Fluids and for Well Plugging. These innovative professional training tools are being created in collaboration with the Company's leading experts in the subject and training specialists.

During the reporting year, the Company began designing interactive e-learning courses for knowledge transfer and the development of Company functions. The Recruitment and Education and Development functions were the first to transfer their core knowledge into an e-learning format. Similar courses for other functions are currently in development. By the end of 2014, the Education and Development Portal had more than 40 interactive e-learning courses available to Gazprom Neft employees.

196 managers
participated in the organizational coaching project in 2014



ELENA SURMEYKO
HEAD OF RECRUITMENT
SECTION, HR DEPARTMENT,
GAZPROM NEFT

"The Recruitment Guide e-course helps us to speed up the process of creating a uniform recruitment standard at the Company. The course helps specialists at subsidiaries to acquire additional knowledge of the methods and sources used to locate and recruit staff, as well as how to conduct interviews with candidates."

¹ Non-directive management is a form of non-authoritarian, supportive leadership aimed at encouraging staff to independently seek out and make decisions.

CREATING A TALENT POOL

The Company believes that creating and developing a high-quality talent pool is a task of strategic importance. Gazprom Neft is constantly refining its system for assessing and selecting high-potential employees and improving career planning to ensure that the Company has access to the maximum possible number of qualified staff in future.

In 2014, in order to identify these employees at all levels of the organization, the Company began to integrate its talent pool with performance and potential assessment and its goal management system.

The Company also continued to establish talent committees during 2014. These are collegial bodies that assess employee potential and support development and promotion. The committees consider specialists who are referred to them on the basis of their annual assessment. During the last 33 talent committee meetings, 750 key positions were identified and 1,091 members of the talent pool were approved. Individual development plans are being drafted and implemented for these specialists. Special emphasis is given to the robustness (number of candidates) and relevancy (proportion of appointments) of the talent pool. In 2015, a new talent pool methodology will be rolled out across a number of subsidiaries.

IN 2014, THE COMPANY CONTINUED TO OPERATE ITS TALENT COMMITTEES:

33 meetings held

750 key positions identified

1,091 talent pool candidates approved



LYUDMILA VORONINA
HEAD OF HR AND ORGANIZATIONAL DEVELOPMENT SECTION, DOWNSTREAM DIVISION

"One of the target indicators in the Downstream Division's staffing strategy is the percentage of key positions that are restaffed from the internal talent pool. The Talent Committee is a good tool for analysing the staffing capacity of each line of business, as well as for identifying specific high-potential employees in the division."



OLGA ZUYKOVA
HEAD OF THE HR DEPARTMENT AT GAZPROM NEFT

"By working systematically with the talent pool, it is possible to anticipate needs and train qualified staff in all areas of the Company's business and minimize staffing costs (reducing recruitment costs and the unproductive period of time spent on helping external staff to adapt, etc.). The promotion of high-potential employees from the talent pool increases the Company's productivity, ensures the continuity of expertise, and increases the Company's appeal as an employer by creating a transparent and motivating culture of equal career opportunities."

WORKING WITH GRADUATES AND YOUNG SPECIALISTS

The Company's work with graduates and young professionals is aimed at attracting the best graduates and offering them opportunities for professional growth and development with the Company. The Company's youth programmes are designed to support young professionals at all stages of their relationship with Gazprom Neft, from their first introduction to the Company to when they become members of the team.

How the Company works with graduates and young specialists



WORKING WITH UNIVERSITY AND SCHOOL STUDENTS AND GRADUATES

In 2014, the Company approved a new concept for cooperating with state educational institutions, providing a return on investment and work at the request of companies, reflecting their staff requirements. The new concept entails creating educational programmes in accordance with the Company's objectives and involving Gazprom Neft experts in the educational process.



VLADIMIR YUSHA
DEAN OF THE PETROCHEMICAL INSTITUTE, OMSK STATE TECHNICAL UNIVERSITY (OSTU)

During the reporting year, the Company continued its cooperation with universities and specialized secondary schools. Gazprom Neft's partner universities of many years standing include the National Mineral Resources University, the Gubkin Russian State University of Oil and Gas, Lomonosov Moscow State University, Moscow Institute of Physics and Technology (state university), Ufa State Petroleum Technological University, Tomsk Polytechnic University, and Omsk State Technical University. School and university students who cooperate with the Company have the opportunity to complete an internship at Gazprom Neft enterprises. Every year, more than 500 students undertake such internships. Based on their performance, students may receive a job offer from the Company.

One of the most important youth projects during the reporting year was the opening of an affiliated Gazprom Neft Faculty at Omsk State Technical University. In 2014, 40 students were enrolled on the course. The learning process will focus on practical sessions, which will take place at one of the most cutting-edge oil refineries in Russia: Gazprom Neft's Omsk Refinery.

"The creation of an affiliated Gazprom Neft Faculty will give OSTU students far more opportunities to participate in major innovative projects. The faculty is the result of years of collaboration between the university and Gazprom Neft: previously, the oil company supported the establishment of the Petrochemical Institute and the opening of modern laboratories and areas of study."

In October 2014, St. Petersburg hosted the final of the first student tournament in which contestants worked on case studies from the oil and gas industry. The competition was organized by Gazprom Neft, and 5,260 people from 35 cities in Russia and more than 100 universities took part. During the final, participants offered their own suggestions as to how the Company should grow its business in Southeast Asia or

how they would develop a 'smart' oil field. At the end of the competition, 12 students were invited to take up internships with Gazprom Neft, and all 40 finalists were offered opportunities to engage in various forms of cooperation with the Company, and the chance to join the Gazprom Neft team in the future.

72 **HELPING YOUNG PROFESSIONALS TO ADAPT AND DEVELOP**

In 2014, the Company's subsidiaries recruited more than 160 university graduates. There are more than 500 young employees at Gazprom Neft.

The Company operates the Three Milestones Programme – a three-year development programme for young specialists at production enterprises. It is designed to unlock professional and career potential, and includes activities to help employees adapt, enrichment training, and a mentoring system. The best graduates from the programme are recommended for inclusion in the talent pool. In 2014, the Company launched a new programme to develop the coaching skills of those mentoring young professionals.

The largest event in the Three Milestones Programme is the Corporate Gathering, which brings together the best young specialists from across the Company. Participants have the opportunity to prove themselves at the corporate level, network with new professional contacts and make friends, and deepen their knowledge of vertically integrated oil companies and Gazprom Neft specifically. In 2014, 102 young Company employees attended the event. Gazprom Neft's annual Young Professionals R&D and Technical Conference is yet another significant event devoted to the development of young specialists at subsidiaries and affiliates. The Conference's objectives are to develop the scientific potential and economic thinking of young people, spread innovation beyond individual businesses, develop presentation skills, and help employees learn how to defend their ideas. The 2014 Conference was the fourth of its kind. Participants defended their research projects before a jury consisting of managers from Corporate Headquarters and subsidiaries and representatives of the National Mineral Resources University.

EMPLOYER BRAND

The Company is working in a targeted fashion to manage its reputation as an employer by implementing a long-term HR strategy focused on attracting and retaining the best employees.

Gazprom Neft took third place in the Russian Employers 2014 ranking compiled by recruitment company HeadHunter, moving up two positions from 2013 and achieving its best result since its first appearance in the ranking (in 2011). In addition, the Company's project "Let's Do the Gemba Walk!"¹ was awarded third place in the Federation category at the HR Brand awards, and it also won a special The Client is Everything award for HR projects showing significant improvement in their customer focus.

"Let's Do the Gemba Walk!" involves managers and office staff in Gazprom Neft's retail divisions replacing frontline staff across the Company's own network of service stations for one day, refuelling vehicles and working as filling-station operatives, cashiers, and managers. At the end of their secondments, participants make proposals on ways to improve the business, the best of which are then implemented. The project has not only helped improve the quality of service at filling stations; it has also significantly increased business efficiency, standardized business processes, and improved the training system for new staff. Today, "Gemba" is part of a mandatory training programme, in which employees from the Company's different business divisions participate. More than 2,000 people have already taken part in the project and made 1,365 practical proposals, 20% of which have been implemented.



DARYA ZUDILINA
LEADING SPECIALIST, HR SECTION,
GAZPROM NEFT-KHANTOS, DEPUTY
CHAIR OF THE BOARD OF YOUNG
RESEARCH SPECIALISTS

"Through the Three Milestones Programme, a pool of expertise and human resources has been created to guarantee the Company's long-term staffing needs. My status as a young professional helped me, a university graduate who came to work for the Company, to successfully adapt to working here, improve my personal skills, and develop the required professional competencies. After three years at the Company I became a successful, highly qualified employee. Participation in scientific conferences and meetings allows young professionals to attract the attention of management and secure a promising future at the Company."



VICTORIYA KOLOMYTSEVA
CHIEF ENGINEER FOR THE TREATMENT
OF INDUSTRIAL WASTE, INDUSTRIAL
AND ENVIRONMENTAL HEALTH AND
OCCUPATIONAL SAFETY SECTION, DEPUTY
CHAIR OF THE BOARD OF YOUNG RESEARCH
SPECIALISTS, GAZPROM NEFT SHELF

"Our company's programmes to help young professionals adapt and develop are an ideal platform for enhancing the corporate and professional skills of young people and allowing them to realize their leadership and management ambitions and, as a result, to achieve their goals. The Corporate Gathering and Technical Conferences merit particular mention. They provide opportunities for young professionals to realize their innovative potential and to develop their leadership and public speaking skills. At the same time, the Three Milestones Programme allows employees to improve the skills they need at the appropriate time and to plan their future career growth at the Company."

¹ See Appendix 3. Definition of key terms and acronyms, p. 129.

2015 GOALS

The Company's main short-term goal is to develop the talent management and career planning system, including the staff rotation mechanism and the talent pool.

IN ORDER TO ACHIEVE THIS GOAL IN 2015 AND FUTURE YEARS, THE COMPANY PLANS TO:

- extend the talent pool development system at Corporate Headquarters to the Company's subsidiaries and affiliates
- create the concept for an internal training system at the Company
- develop and run training programmes to cultivate leadership and managerial skills aimed at improving the ability to communicate in negotiations and public presentations, developing feedback and business process management skills, and expanding knowledge of process optimization technologies
- design a unified Innovation and Knowledge Management System at Gazprom Neft on the basis of the Knowledge Portal. Create an active knowledge management community and start the process of establishing a knowledge-sharing culture at the Company. Increase the proportion of distance learning through the development of tools and the targeted promotion of an ever-expanding library of high-quality, popular e-learning courses
- extend the organized coaching system in place at Corporate Headquarters to the Company's subsidiaries and affiliates
- establish corporate masters programmes in Industrial and Civil Construction at Oil Production Sites and Economics of Construction Work at the Tyumen State University of Architecture and Civil Engineering, and in Mathematical Modelling of Oil Production Processes at St Petersburg State Polytechnic University
- launch a Gazpromneft Class at St. Petersburg's Lyceum No. 82
- implement measures to develop the Technical Skills Monitoring System in the Downstream Division
- develop and launch the Top Drive 2 modular programme for managers and executives at regional sales directorates and petroleum product suppliers. The programme aims to establish effective management and balanced business processes when implementing the Company's major organizational projects
- continue developing skills models for functional areas such as procurement, investment, budgeting and management accounting, and strategic planning

SAFE DEVELOPMENT: INDUSTRIAL AND ENVIRONMENTAL SAFETY, OCCUPATIONAL HEALTH AND SAFETY, ENERGY EFFICIENCY AND ENERGY CONSERVATION

The Company is committed to constantly improving industrial and environmental safety, occupational safety and employee health. Gazprom Neft follows the principle: "No economic, technical, or other considerations shall be taken into account at the expense of the safety of workers, the general community, or the environment."

REDUCING ADVERSE IMPACTS ON THE ENVIRONMENT AND MAKING EFFECTIVE USE OF RESOURCES

RUB 3,843.5 million

expenditure on environmental safety measures in 2014



A SAFETY CULTURE

12,708 employees

underwent occupational health and safety training in 2014

Gazprom Neft pays particular attention to training employees in industrial and environmental health and safety and to establishing a safety culture.

MOSCOW REFINERY: MODERNIZATION PROGRAMME ENVIRONMENTAL INDICATORS



Since 2009, Gazprom Neft-Moscow Refinery has been implementing a programme to upgrade its production facilities in order to improve the quality of petroleum products, increase refining depth, and improve industrial and environmental efficiency. Investments in environmental safety amounted to more than RUB 14 billion.

Gazprom Neft believes that increasing occupational safety and reducing the risks of adverse impacts on the environment are strategic objectives. The Company aims to become one of the leading oil companies in the world in terms of industrial and environmental safety and occupational safety, and is consistently improving its work in these fields. Gazprom Neft operates in accordance with the requirements of Russian law and international standards for health, safety, and the environment, occupational safety, and civil defence (HSE, OS, and CD).

The Company has had a corporate HSE, OS, and CD policy since 2008. The policy was revised in 2014, with the addition of a declaration that the Company's leadership team is responsible for the successful management of occupational risks that could affect the life and health of employees, property, and the environment.

Corporate HSE, OS, and CD standards are regularly updated in line with new legislation and structural changes at the Company. The 'System for Managing Health, Safety, and the Environment, Occupational Safety, and Civil Defence. General Provisions and Structure', and the 'Accidents. Operational Notifications, Investigations, Registrations, and Periodic Reporting' standards were updated in 2014.

Gazprom Neft's HSE, OS, and CD policy is fundamental to the operation and improvement of the HSE, OS, and CD management system, which complies with the requirements of OHSAS 18001:2007 and ISO 14001:2004 international standards and covers all Gazprom Neft production facilities.

The commencement of major projects to the north of the Yamalo-Nenets Autonomous District, the development of the Arctic shelf, access to new markets in Russia and abroad, and the modernization and development of the Company's own infrastructure present new risk management requirements in the area of HSE, OS, and CD. Due to the need to further enhance safety levels in 2014, Gazprom Neft began to reorganize its HSE, OS, and CD management system. The updated management structure complies with advanced approaches to management in this area, and has been implemented in the Upstream Division. It is still being established in the Downstream Division. The project will increase the level of industrial safety and allow for more effective monitoring of compliance with legal and corporate standards at subsidiaries and affiliates, as well as for the assessment of occupational risks associated with the Company's major projects.

A uniform integral indicator has been developed at Gazprom Neft to assess operations in terms of key HSE, OS, and CD indicators: accident and injury rates; implementation of programmes at subsidiaries to prevent injuries, fire, transport, and environmental accidents, and implementation of civil defence measures. The results of this assessment are taken into account in the annual review of the Company's subsidiaries. The Company conducts annual audits of the management systems at its subsidiaries and affiliates, and regularly carries out industrial environmental control and monitoring of environmental components.

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HSE, OS, AND CD PRIORITIES:

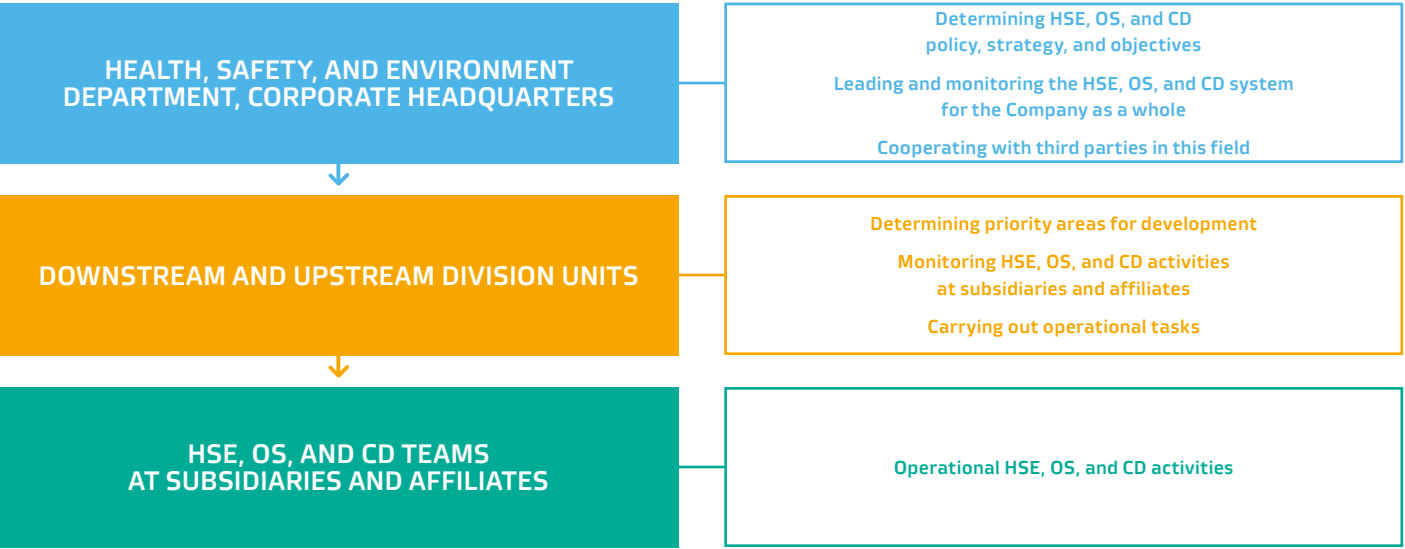
- consistently reducing the number of industrial injuries, work-related illnesses, accidents, and negative environmental impacts
- ensuring safe production conditions
- implementing best global practices in the field of HSE, OS, and CD



ALEXANDER DYUKOV
CHAIRMAN OF THE MANAGEMENT
BOARD, GAZPROM NEFT

"Every business has very clear performance indicators. However, behind all the financial and operating performance indicators there are people, and ensuring their safety is more important than any production concern. In developing an industrial safety system, we are guided by the same principles that we follow in our business processes, making efficiency our cornerstone priority. Gazprom Neft is a recognized efficiency leader in the Russian industry. Becoming a leader on safety issues is no less important a task and a priority for our development."

HSE, OS, and CD organizational structure



SUPPLY CHAIN RESPONSIBILITY

Corporate requirements in terms of HSE, OS, and CD standards are considered when selecting contractors. One of the important pre-qualification criteria for contractors is that they comply with Gazprom Neft HSE, OS, and CD requirements. This minimizes the risk of working with unscrupulous contractors. The Company pays particular attention to a contractor's industrial and environmental safety policy, whether it has an HSE, OS, and CD management system that focuses on risk management for the service they supply, and whether it has training programmes that take the specific industry into account. All contractors sign an HSE, OS, and CD agreement that stipulates mandatory compliance with the Company's industrial and environmental safety standards.

In 2014, the Upstream Division developed the Steps strategy to improve the efficiency of its work with contractors in the area of HSE, OS, and CD. The strategy aims to engage all professionals from associated directorates, subsidiaries, and contractor companies in resolving production safety issues. It covers all steps of the process from initiating contracts to the completion of service provision. As part of implementing the strategy across all Upstream Division subsidiaries and major projects, diagnostic audits of contractor cooperation procedures will be conducted, and specialized training will be organized for contract advisers, supervisors, and technical supervision specialists. By the end of 2015, the Upstream Division plans to have updated its procedural guidelines in this area. The project will ensure that the cooperation process with contractors is organized in accordance with the corporate HSE, OS, and CD policy and standards. The Company expects that the implementation of the Steps strategy will have a dramatic effect on accident statistics and reduce the number of incidents, most of which are currently attributed to contractor fault.

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A SAFETY CULTURE

Gazprom Neft pays particular attention to training employees in industrial and environmental health and safety and to establishing a safety culture based on individual responsibility, incentives, and the involvement of Company employees and contractor representatives in the process of improving safety. Company employees receive training in legal requirements and corporate and international standards in the field of HSE, OS, and CD.

In 2014, the Company developed and began to implement its Basic Safety Rules: updated corporate standards of safe behaviour with which all employees, from the production floor to management, are expected to comply.

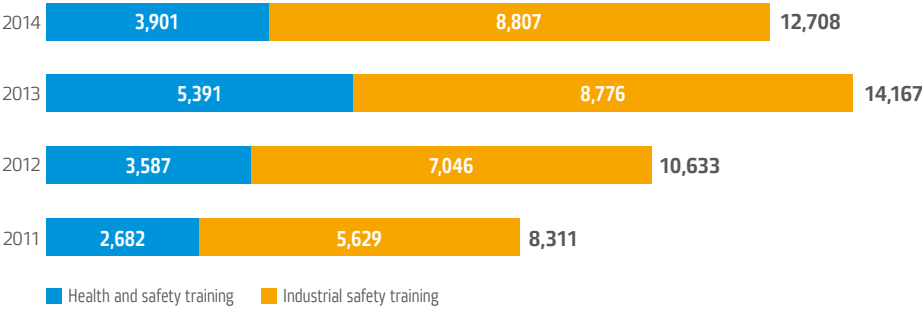
Gazprom Neft regularly shares experience in the area of HSE, OS, and CD, both within the Company and with external organizations. The Company hold industrial safety conferences every year. During the reporting year, the Downstream Division hosted its first industrial safety forum.

Gazprom Neft declared 2014 the Year of Environmental Culture and Industrial Safety. During the year, Gazprom Neft subsidiaries implemented measures to develop the HSE management system and improve the efficiency of hazard identification and occupational risk management processes. An Environmental Education Programme, aimed at improving employees’ skills, sense of responsibility, and motivation, was implemented.

All of the Company’s divisions held forums, meetings, conferences, and training sessions on industrial and environmental safety. The forums were attended by key managers from subsidiaries and Corporate Headquarters units responsible for implementing the HSE, OS, and CD policy.

One of the most significant events was the corporate Best Initiative in the Field of Occupational Safety competition, which was based on the results of operational activities at the Company’s subsidiaries in 2014. Ninety-six entries were received from employees at 22 subsidiaries and affiliates. Most of the initiatives were recommended for implementation at the subsidiaries.

Employees trained in industrial and occupational health and safety, people



Source: Company data



BEST PRACTICES

In 2014, Gazprom Neft and Shell held a meeting on best practices for cleaning up oil spills on the Arctic shelf. The companies discussed their experience of detecting and mapping oil spills in Arctic conditions, modelling the propagation paths of spills, the possibility of using mechanized oil collection methods in icy conditions, new design solutions for ships used to clean spills, etc. Following the meeting, the parties reached an agreement to continue mutually beneficial cooperation in this field.



96 entries

for 2014 corporate Best Initiative in the Field of Occupational Safety competition



12,708 employees

underwent occupational health and safety training in 2014

COOPERATION WITH THE STATE, PUBLIC ORGANIZATIONS, AND BUSINESS PARTNERS

Gazprom Neft is actively involved in improving existing environmental standards and developing new legislation as part of its cooperation with the legislative and executive authorities and the Company’s participation in the work of the Russian Union of Industrialists and Entrepreneurs. CEO Alexander Dyukov and Head of HSE Department Oleg Nikolaenko are members of the Russian Union of Industrialists and Entrepreneurs Committee on Industrial Safety.

In 2014, the Company signed social investment agreements with the authorities of Yamalo-Nenets Autonomous District and Omsk, Orenburg, and Tyumen regions. The agreements cover cooperation in the field of environmental safety and protection. The Company also signed a memorandum on joint activities with the Yamalo-Nenets Autonomous District to ensure the environmental safety of the region. Key areas of cooperation include ongoing environmental monitoring and control, the rational use and restoration of natural resources, and sharing experience on the application of best international practices to minimize environmental impact.

SEMINAR AT MOSCOW REFINERY



In May 2014, Moscow Refinery held the first seminar for environmental service managers and specialists from major oil companies, including Rosneft, Lukoil, Novatek, Bashneft, Zarubezhneft, RussNeft, Slavneft, Gazprom Neftekhim Salavat, and Gazprom Neft. Participants discussed issues relating to the elimination of legacy oil-contaminated waste, which are of importance to all companies in the industry. They shared their experiences and advanced technologies, and defined the areas in need of further development. At the seminar, best practices for the elimination of oil-contaminated waste and the remediation of industrial sites at Moscow Refinery were presented, along with alternative technologies for the elimination of significant underground hydrocarbon accumulations at NIS oil refining facilities.

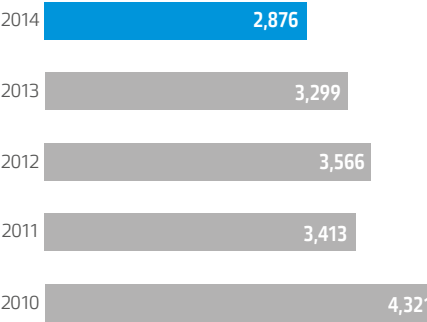
80 INDUSTRIAL AND OCCUPATIONAL HEALTH AND SAFETY

The main industrial safety risks faced by the Company are associated with traffic accidents, violations of rules for hazardous work, and violations of legal and safety regulations by contractors.

In order to minimize these risks, the Company has introduced a corporate qualitative risk assessment-based standard: Procedure for Identifying, Assessing, and Minimizing HSE, OS, and CD Risks. Injury prevention programmes, as well as transport and fire safety programmes, are developed at the Company's subsidiaries and affiliates in accordance with this standard and the corporate integrated risk management system.

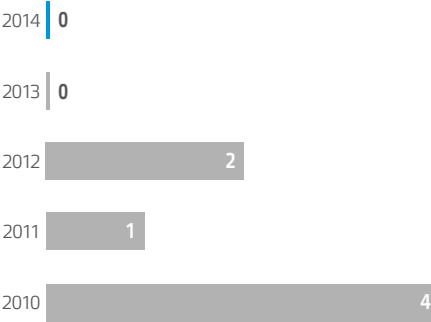
During the reporting year, the number of incidents at hazardous production facilities fell significantly compared with 2013. The increase in the rate of injuries is due to the inclusion in the reporting of indicators for new assets where HSE, OS, and CD management systems are still being introduced.

Number of incidents at hazardous facilities



Source: Company data

Number of accidents at hazardous facilities



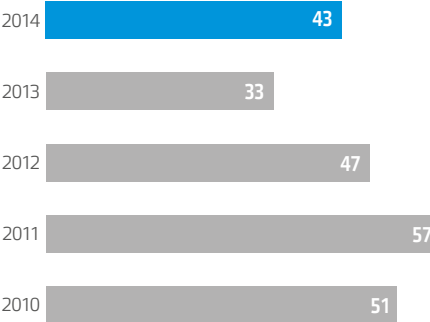
Source: Company data

In the event of an incident, the Company conducts an investigation and develops and implements corrective measures. Corporate Headquarters provides methodological assistance to subsidiaries for the investigation of incidents. Information on incidents is communicated to all subsidiaries, affiliates, and contractors engaged by the Company and its subsidiaries so that preventive actions can be put in place.

Overall, trends in the major industrial safety indicators reflect the effectiveness of the organizational and technical measures aimed at reducing accidents and ensuring transport and fire safety. At the same time, there was an increase in the number of incidents related to production processes, facilities, and equipment, and in the number of injuries involving temporary loss of the ability to work. In this regard, the Company plans to strengthen its prevention work in this area in 2015.

RUB 21.9 billion
↑76.61%
spent on HSE, OS, and CD in 2014
(excluding joint ventures and foreign assets)

Number of employees involved in accidents at work

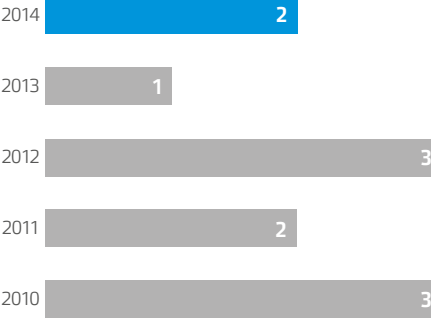


Source: Company data

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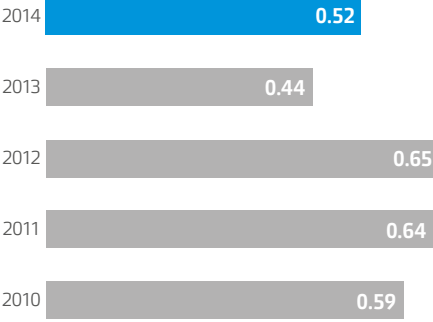
- PROGRAMMES TO IMPROVE INDUSTRIAL SAFETY, WORKING CONDITIONS, AND OCCUPATIONAL HEALTH AND SAFETY INCLUDE:
- emergency prevention and response
 - monitoring compliance with industrial safety requirements at subsidiaries and affiliates
 - comprehensive training of Company employees in HSE, OS, and CD
 - expert reviews of the safety of equipment and bringing production facilities into line with industrial safety rules and regulations
 - modernizing accident prevention systems
 - providing staff with safe working conditions and setting up workplaces that comply with state and corporate standards in this area
 - providing employees with personal protective equipment
 - guaranteeing the occupational health and safety of staff
 - studying and implementing advanced HSE, OS, and CD technologies

Number of industrial accident fatalities



Source: Company data

LTIFR rate



Source: Company data

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OCCUPATIONAL HEALTH

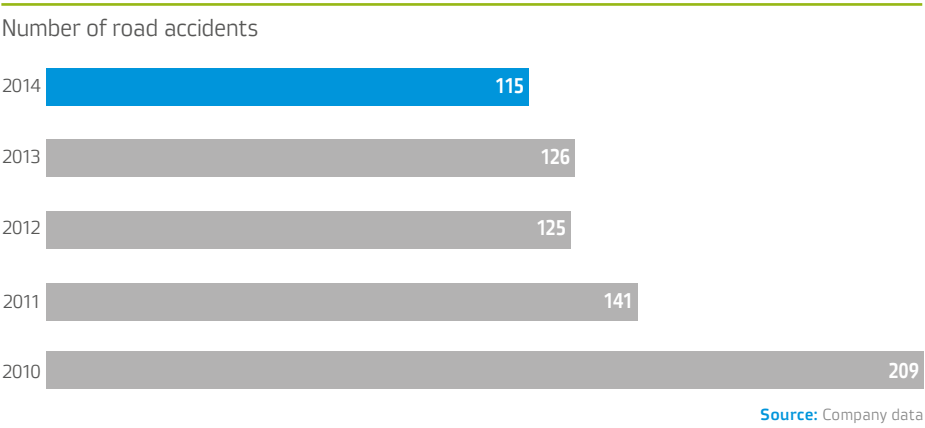
Gazprom Neft offers regular medical examinations for staff. The Company's subsidiaries and affiliates hold Health Days during which employees can have quick medical check-ups and any other required consultations.

In 2014, the Company developed and implemented a long-term strategy for preventing staff illness and early detection and treatment of cardiovascular disease, including fuller medical examinations for employees over the age of 40. The Company has provided first aid training since the end of 2013. Due to its efforts in the area of occupational health and safety, the Company has achieved a 14.2% reduction in the number of deaths related to poor health compared with 2013.

14.2%
reduction in number of deaths related to poor health as a result of the Company's occupational health and safety efforts in 2014

TRANSPORT AND FIRE SAFETY

The Company continued to implement its transport safety programmes in 2014, including through the development of regulations, conducting monthly safety campaigns, and training staff. As a result, there has been a 7.1% reduction in the number of road accidents, despite an increase of 9 million kilometres in the number of miles driven.



THE FOLLOWING MEASURES WERE CARRIED OUT TO STRENGTHEN FIRE SAFETY DURING THE REPORTING PERIOD:

- creation of fire safety programmes
- preparation of Company facilities for the fire season and monitoring during this period
- unscheduled fire safety inspections
- organization of training in extinguishing fires at the Company's refineries
- testing of new types of fire extinguishing systems



EMERGENCY READINESS

For the purposes of civil defence, the Company implements programmes to improve the resilience of its production facilities in the event of emergencies, and trains staff to be able to handle such situations, including in difficult climatic conditions.

Exercises and training on the localization and elimination of accidental oil spills are conducted regularly at the Company's hazardous production facilities. During the reporting year, this training was held at Gazpromneft-Muravlenko, Gazprom Neft Shipping, Gazprom Neft Terminal SPb, Gazprom Neft Aero Murmansk, and at the Levashovo branch of Gazprom Neft Aero. Special equipment for cleaning up spills on land and at sea was used during these exercises. The emergency commissions participating in the event included representatives from Russia's EMERCOM Agency, the supervisory agencies Rostransnadzor and Rosprirodnadzor, and the local authorities from the areas in which the Company's subsidiaries, affiliates, and branches operate.

7.1% reduction in number of road accidents as a result of the transport safety programme in 2014

Exercises and training on the localization and elimination of accidental oil spills are conducted regularly at the Company's hazardous production facilities.

REDUCING ADVERSE IMPACTS ON THE ENVIRONMENT AND MAKING EFFECTIVE USE OF RESOURCES

POLICY AND MANAGEMENT

One of the main business principles followed by Gazprom Neft and its subsidiaries is protection of the environment and natural resources. The Company aims to minimize the negative impact of its operations on the environment.

Gazprom Neft's commitments, goals, and priorities for the protection and restoration of the environment are reflected in the company-wide Industrial, Fire, Transport, Environmental, Occupational Health and Safety, and Civil Defence Policy.

The Company's internal documents on environmental safety establish a clear sequence of actions for employees in the various environmental conservation and restoration services. Company employees and contractors must comply with the policy and procedural guidelines.

The Company has in place an integrated environmental management system based on current environmental regulations, environmental management principles, and a process approach. In 2014, the system passed its annual certification audit, confirming its compliance with the ISO 14001:2004 international standard. The following subsidiaries also passed certification: Gazprom Neft-Omsk Refinery, Gazprom Neft-Moscow Refinery, Gazprom Neft-Sakhalin, Omsk Lubricants Plant (a branch of Gazprom Neft-Lubricants), and Gazprom Neft – Ryazan Bitumen Binders Plant. The following joint ventures were also successfully certified: Tomskneft, Slavneft-Megionneftegaz, Slavneft-Krasnoyarskneftegaz, and Slavneft YANOS.

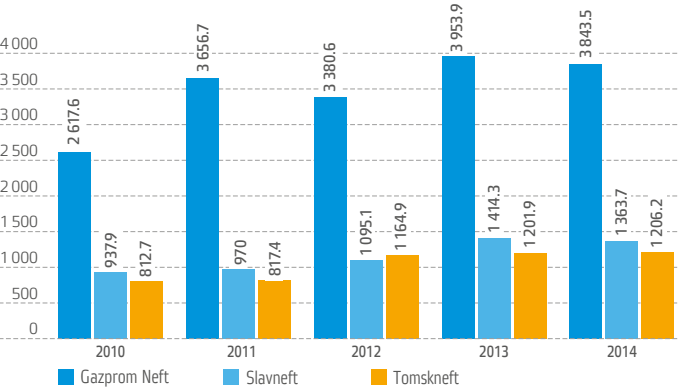
The Company is developing targeted environmental safety programmes in order to meet the commitments in the policy. Funding for these measures is distributed in accordance with the requirements of Russian legislation based on an environmental safety risk assessment and



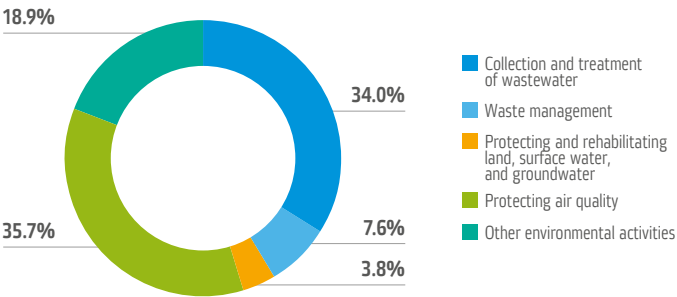
"Given stricter environmental regulations and the activities of environmental organizations, accumulated environmental problems carry big financial risks. Addressing the legacy environmental issues which have accumulated and developing modern technologies are important factors that contribute to the sustainable development of oil companies."

RUB 3,843.5 million expenditure on environmental safety measures in 2014

Expenditure on environmental safety, RUB millions



Breakdown of expenditure on environmental safety measures in 2014¹



¹ Not including capital construction costs, renovation, and major repair of fixed assets having a positive environmental effect.

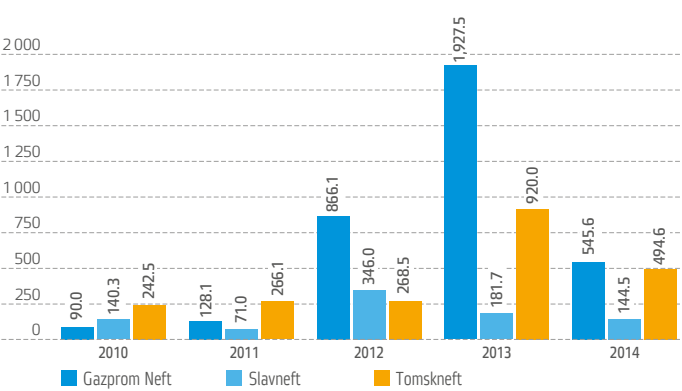
the need for remediation work. The Company places particular emphasis on regions with environmentally sensitive areas, and areas where there are high environmental risks. In these areas the Company conducts additional studies of the native flora and fauna, performs remediation measures, and conducts research into the rehabilitation of contaminated lands.

When the Company acquires new infrastructure assets, it carries out a comprehensive assessment of the condition of the assets and develops an environmental development strategy for the new project. During reconstruction of existing infrastructure, possible environmental risks are also taken into account. In developing new infrastructure and reconstructing existing facilities, the Company aims to avoid working in protected natural areas and UNESCO world heritage sites.

The Company conducts annual training sessions for subsidiary managers and specialists whose decisions have or may have a negative impact on the environment. In 2014, about 11,500 Company employees and managers participated in the training.

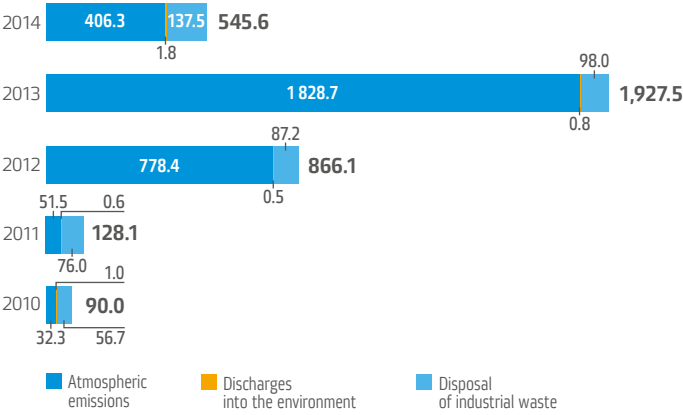
11,500 Company employees and managers underwent environmental safety training in 2014

Cost of adverse environmental impacts including companies in which Gazprom Neft has a stake, RUB millions



Source: Company data

Cost of adverse environmental impacts, RUB millions



Source: Company data.
Excluding costs for companies in which Gazprom Neft has a stake

CRYSTAL COMPASS AWARD



ANDREY VETOSHKIN
CO-CHAIRMAN OF THE CRYSTAL COMPASS AWARD ORGANIZING COMMITTEE

In 2014, the Prirazlomnaya platform won the national Crystal Compass award in the Best Environmental Project at an Industrial Enterprise category. The award was presented in recognition of Gazprom Neft Shelf’s attention to environmental and industrial safety at the Prirazlomnoye field. An expert council of prominent scientists, public figures, and members of the business community and Russian state bodies chose the winners in the field of national geography, the environment, and the preservation of the natural, historical, and cultural heritage of Russia.

"Our consideration of the Prirazlomnaya oil production project for the award demonstrates the Company's readiness to respond to the public, engage in discussions, and be open about the technological solutions and features of this unique Arctic facility, demonstrating its environmental safety."

MOSCOW REFINERY: MODERNIZATION PROGRAMME ENVIRONMENTAL INDICATORS

Since 2009, Gazprom Neft-Moscow Refinery has been implementing a programme to upgrade its production facilities in order to improve the quality of petroleum products, increase refining depth, and improve industrial and environmental efficiency. Investments in environmental safety amounted to more than RUB 14 billion. During this period, the Company constructed a large bitumen plant, closed mechanical treatment facilities, and reconstructed a sulphur production plant, leading to a reduction in atmospheric emissions. The Company has eliminated legacy oil-contaminated waste, dismantled old exposed treatment plants, and carried out land rehabilitation measures.

Investments in the modernization and reconstruction of the Moscow Refinery will total more than RUB 130 billion by 2020, of which RUB 21 billion will be directed at environmental protection measures. Major environmental projects include the renovation and construction of oil refining facilities, the processing of sulphur and alkaline wastewater and process condensate, biological treatment plants, and measures to reduce adverse impacts on the sanitary protection zone (equipping reservoirs with pontoons, installing a nitrogen 'breathing' system, constructing local sewage treatment plants, etc.).

PROTECTING THE ATMOSPHERE



The Moscow Refinery is implementing a programme to reduce atmospheric emissions. Measures undertaken in 2014 have helped to reduce total pollutant emissions by 12%. Thanks to the modernization programme, annual sulphur emissions have decreased by 20% since 2010. By 2020, the Moscow Refinery will have upgraded its process furnaces and switched completely to environmentally-friendly gaseous fuel. This will reduce sulphur oxide emissions by more than 95%.

The plant has a monitoring system that makes it possible to fully control air quality on the industrial site and in the enterprise's sanitary protection zone. Air quality studies conducted at eleven points within the sanitary protection zone and the plant area by the plant's own environmental laboratory. The air quality in the plant's working area and at the sources of pollutant emissions is also assessed by an independent accredited laboratory. A fixed automated control system consisting of two control points monitoring gas contamination also controls air quality in the sanitary protection zone.

The Company places special emphasis on keeping stakeholders informed of its environmental protection activities. In December 2014, the Moscow Refinery's official website launched the Ecoinform project, publishing daily updates on air quality and environmental conditions at the plant and within the sanitary protection zone. Ecoinform provides statistical data on six key indicators (carbon monoxide, C1-C10 hydrocarbons, sulphur dioxide, nitrogen dioxide, hydrogen sulphide, and benzene), and compares the current level of pollutants in the air with the maximum allowable concentrations.

> RUB 14 billion

invested in environmental safety
at Moscow Refinery



ALEXANDER SANNIKOV
HEAD OF THE OIL REFINING
DIRECTORATE

"Both the Moscow and Omsk refineries are now discharging water that is significantly cleaner than what is collected from natural sources. The large-scale programme to construct and renovate treatment facilities underway at the Moscow and Omsk refineries will enable us to recycle water that meets fishery standards."

WASTE MANAGEMENT



Biological treatment is used to process waste at the Moscow Refinery. The system is based on the use of biological preparations consisting of natural microorganisms that actively process hydrocarbons. Oil sludge is sent to a specially equipped site where it is detoxified. Waste is mixed with structuring agents (sawdust or peat) and then treated with biological preparations. Depending on the weather conditions, it can take up to two months to detoxify the sludge. Biological treatment turns sludge into a new product: class IV hazard ground soil. The new product can then be used for filling.

PROTECTING WATER RESOURCES



In 2014, the Moscow Refinery completed the first stage of a project to construct biological treatment facilities to purify water with 98–99% efficiency.

The new treatment facilities will include two-stage pressure flotation, a membrane bioreactor, carbon filtration unit, reverse osmosis unit, and a waste processing unit. The bioreactor will be completely enclosed and equipped with a powerful air cleaning system that eliminates odours.

The water purification project proposes the use of reverse osmosis, filtering biologically treated water through a membrane with pore sizes of 0.01–0.2 microns. This process ensures that virtually all suspended solids and microorganisms are captured. The technology will make it possible to reuse up to 75% of water, reducing the amount of waste water that the plant discharges into the centralized sewage system by a factor of three. The waste water treatment facilities will have a processing capacity of 1,400 m³/h. Construction is expected to begin in the third quarter of 2015.

Reducing pollutant emissions is one of Gazprom Neft’s major operating tasks. The Company develops and implements programmes to conserve the natural ambient atmosphere at facilities with high infrastructural load and is also developing measures to gradually reduce adverse impacts on air quality in areas with underdeveloped infrastructure.

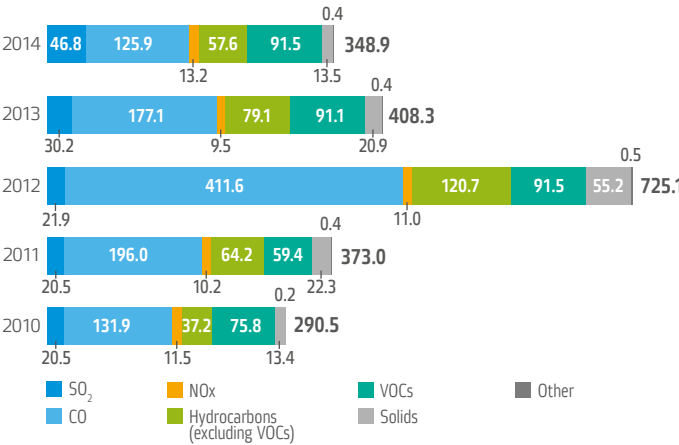
The air quality protection programme includes measures to inventory emission sources, develop project documentation, organize monitoring studies of air quality components at supervised facilities (stations), and upgrade equipment in order to reduce pollutant emissions.

The Company is consistently reducing the emission of pollutants into the air thanks to a programme to recover associated petroleum gas (APG) at production facilities and a programme to upgrade and reconstruct processing facilities at refineries. In 2014, total emissions were reduced by 14.55% compared with 2013, and by 51.88% compared with 2012.

In 2014, Gazprom Neft developed guidelines for the calculation of annual greenhouse gas emissions that take into account the specific features of the Company's activities. Greenhouse gas emissions during 2013–2014 were calculated for the Company's subsidiaries in accordance with the new methodology. A summary of this information can be found in the Annual Report.

The Company continued to implement programmes to increase APG utilization in 2014. APG utilization has been increased as a result of the flaring system upgrade and APG redirection.

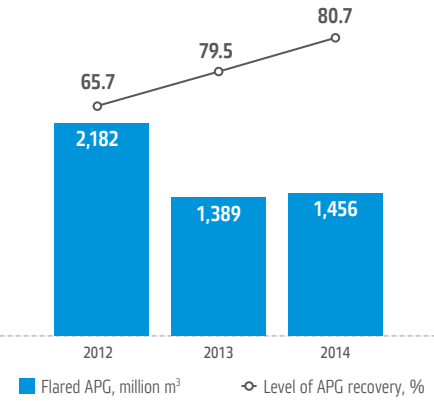
Total atmospheric emissions of harmful pollutants, thousand tonnes



Source: Company data. Excluding emissions at companies in which Gazprom Neft has a stake

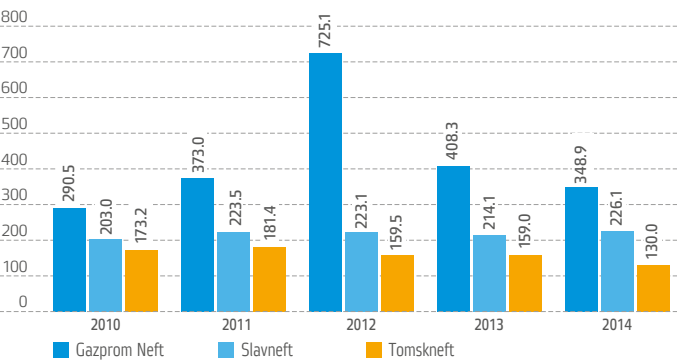
14.55% reduction in overall emissions compared with 2013

Volume of APG flaring and level of APG utilization



Source: Company data. Excluding APG utilization at companies in which Gazprom Neft has a stake

Total atmospheric emissions of harmful pollutants (including from joint ventures), thousand tonnes



Source: Company data

Consequently, total emissions of harmful pollutants into the atmosphere at production sites have been cut by 16.6% compared with 2013 (the volume of APG flaring increased by 4.8% in 2014 compared with 2013, due to an increase in oil production).

Major projects currently being implemented to improve APG utilization include the construction of a gas processing plant at the Yuzhno-Priobskaya compressor station, the construction of new compressor stations at the Yety-Purovskoye field and in Tomsk Region, and the development of transport capacity for delivering growing volumes of gas to Orenburg Gas Processing Plant. Through these and other investment projects, the Company plans to achieve a 90% APG utilization level after 2016.



VALERY KOLOTILIN
CEO, GAZPROMNEFT-MURAVLENKO

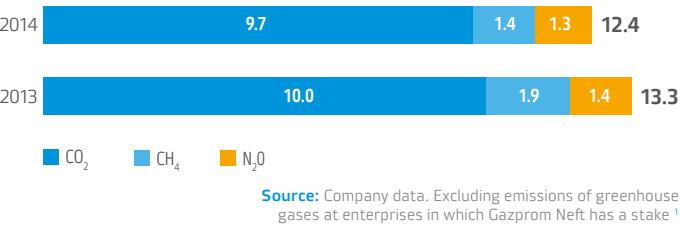
“Gazpromneft-Muravlenko sees increased APG utilization as one of its top priorities. These projects allow us, on the one hand, to use associated petroleum gas effectively, and on the other, to minimize anthropogenic environmental impact where possible.”

Total atmospheric emissions of harmful pollutants, broken down by Company area of activity, thousand tonnes

	2010	2011	2012	2013	2014
Production	266.2	342.0	664.8	344.2	286.9
Refining	21.4	27.4	53.3	54.5	47.4
Oilfield services	0.2	0.2	0.3	0.3	0.2
Supply of petroleum products	2.7	3.4	6.7	9.3	14.4
Total	290.5	373.0	725.1	408.3	348.9

Source: Company data

Greenhouse gases emissions into the atmosphere, million tonnes of CO₂ equivalent



Source: Company data. Excluding emissions of greenhouse gases at enterprises in which Gazprom Neft has a stake ¹

¹ Guidelines for calculating the annual greenhouse gas emissions have been developed specifically for the Company's subsidiaries, including all production processes where emissions are converted to greenhouse gas emissions. In 2015, the Russian Ministry of Natural Resources plans to develop guidelines for quantifying greenhouse gas emissions, according to which, if necessary, greenhouse gas emissions will be recalculated.

INCREASING THE EFFICIENCY OF APG UTILIZATION



In 2014, the average level of APG utilization at Gazpromneft-Muravlenko exceeded 95%. The Company has achieved this level primarily through implementing the Noyabrsk Integrated Project, the goal of which is to increase efficiency in utilizing APG extracted from the Gazpromneft-Muravlenko and Gazprom Neft-Noyabrskneftegas fields. Since 2010, Gazpromneft-Muravlenko has restored and built more than 130 kilometres of gas pipelines and commissioned five compressor stations at the Yety-Purovskoye, Vyngayakhinskoye, Umseyskoye, Severoyangtinskoye, and Kraynee fields under the project.

90 WATER MANAGEMENT

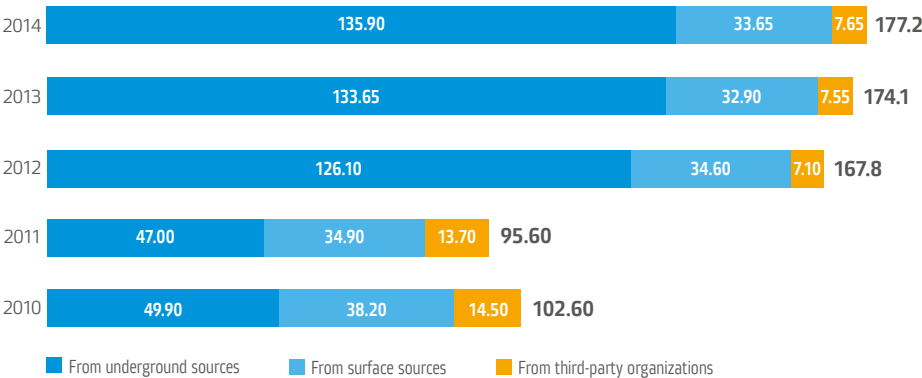
The Company operates in accordance with sustainable water use and conservation principles and the requirements of Russian environmental legislation. Gazprom Neft implements a set of measures aimed at reducing environmental risks in this area and improving the environmental condition of water bodies and coastal areas.

The Company upgrades water treatment plants, maintains and repairs wells, and performs laboratory and instrumental monitoring of water protection zones, surface waters, groundwater, and wastewater. It also evaluates the condition of surface water bed silt deposits. Production facilities conduct non-destructive testing and pipeline monitoring at water crossings and arrange for underwater surveys of the areas in order to enhance the reliability of water crossings.

The increase in the volume of water in water reuse systems is the result of increased oil production. The increase in the volume of water in water recycling systems is the result of an increase in oil refining volume. In this regard, the Company continues to work on increasing the volume of used water in water recycling and reuse systems. At the Omsk and Moscow refineries, projects to create enclosed treatment facilities have been launched. The new facilities make it possible to remove up to 99% of pollutants from the water. Up to 70% of the water can be returned to the production cycle, reducing the burden on municipal treatment facilities. The design of the treatment facilities at Omsk Refinery involves the creation of an aeration tank (a tank in which bacteria consume the residual hydrocarbons) and sedimentation tank. The Moscow Refinery will use a purification technology based on a membrane bioreactor.

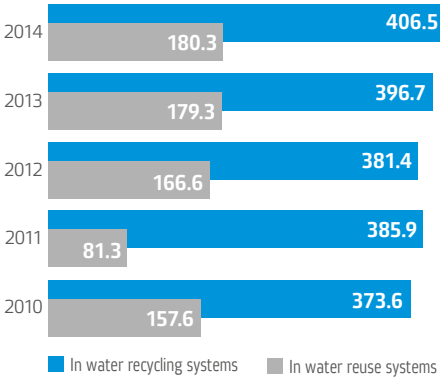
The Company mainly disposes of wastewater at filling stations. The network of filling stations is designed and constructed in accordance with the requirements and standards of environmental protection regulations. Filling stations have storm, industrial, and commercial water treatment facilities. The volume of wastewater increased in 2014 due to an increase in the number of filling stations.

Volume of water withdrawn from various sources, million m³



Source: Company data. Excluding the volume of water withdrawn at companies in which Gazprom Neft has a stake ¹

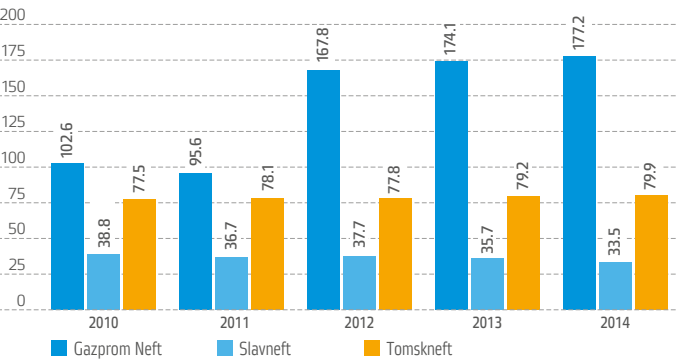
Volume of water consumption, million m³



Source: Company data. Excluding the volume of water consumed at companies in which Gazprom Neft has a stake

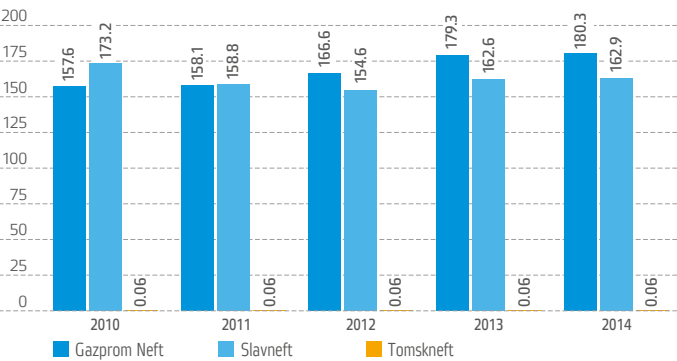
At the Omsk and Moscow refineries, projects to create enclosed treatment facilities have been launched. The new facilities make it possible to remove up to 99% of pollutants from the water. Up to 70% of the water can be returned to the production cycle, reducing the burden on municipal treatment facilities.

Volume of water withdrawn from various sources, million m³



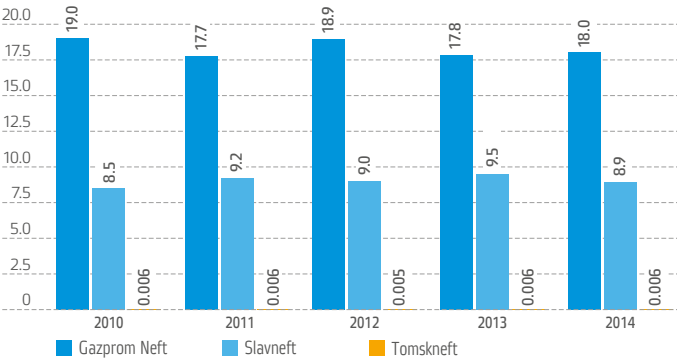
Source: Company data

Volume of water use in water reuse systems, million m³



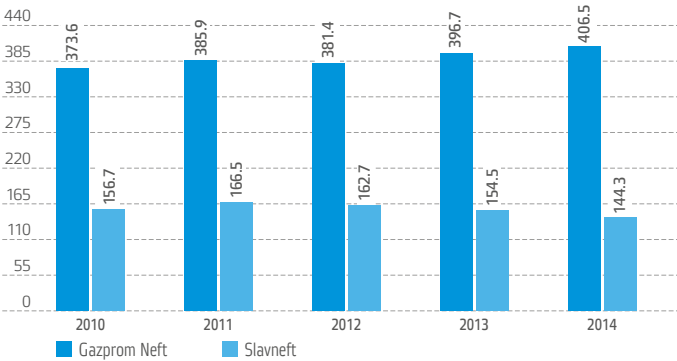
Source: Company data

Transfer of withdrawn water to other consumers without being used, million m³



Source: Company data

Volume of water use in water recycling systems, million m³



Source: Company data. Tomskneft does not have a water recycling system

Disposal and transfer of wastewater, thousand m³

	2010	2011	2012	2013	2014
TOTAL WASTEWATER DISPOSED	752	820	714	916	1,022
including contaminated water (untreated)	5	5	5	5	9
treated to regulatory level	252	369	426	639	660
transferred to other consumers (after use)	100	81	33	20	15

Source: Company data. Excluding companies in which Gazprom Neft has a stake

¹ The 2014 Report summarizes information about water withdrawal on the basis of 2-TP state statistical reporting (water resources policy). Information on water withdrawal in the 2013 Report was based on readings from water meters and calculated values that required additional adjustment, which explains the data discrepancy for 2013 in this Report and the Company's 2013 Annual Report.

WASTE MANAGEMENT

The Company implements its industrial and consumer waste management initiatives in accordance with Russian laws and regulations, regulatory and procedural guidelines, and international standards. The industrial waste management system optimizes waste streams, reduces environmental impact, and cuts costs.

The Company keeps initial records of waste and determines the associated properties and environmental hazard class. It certifies hazardous waste, and arranges ongoing monitoring of waste generation and management.

Gazprom Neft performs an inventory of waste storage and disposal facilities in order to determine their compliance with the requirements of regulatory documents and guidelines. When management decisions to create new waste disposal facilities are made, the environmental implications of such decisions are always taken into account. Where required by the laws of the Russian Federation, the Company performs an environmental impact assessment (EIA).¹

Gazprom Neft provides comprehensive services for its own industrial oil-contaminated waste landfills, where it also conducts monitoring of pollution sources. Company employees authorized to carry out waste management activities undergo special training for handling hazardous waste classes I–IV.

Waste volumes increased in 2014 due to increased oil production and refining.

 Waste generation by Company business area², thousand tonnes

	2010	2011	2012	2013	2014
Total waste generation	232.7	343.1	424.2	530.9	657.2
Production	167.2	274.4	237.8	380.4	493.2
Refining	47.4	42.8	156.2	96.0	99.3
Oilfield services	0.9	1.0	1.3	1.1	1.1
Supply of petroleum products	17.2	24.9	28.9	53.4	63.6

Source: Company data

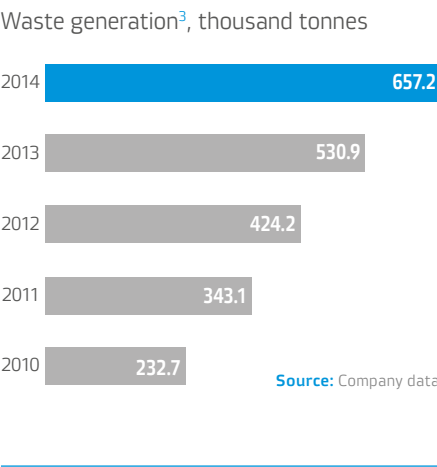
 Waste generation by hazardous class², thousand tonnes

	2010	2011	2012	2013	2014
Total waste generation	232.7	343.1	424.2	530.9	657.2
Class I hazard	0.009	0.008	0.032	0.030	0.025
Class II hazard	0.005	0.001	0.058	0.008	0.010
Class III hazard	53.6	48.1	154.1	81.7	93.0
Class IV hazard	154.6	248.0	221.4	398.7	486.2
Class V hazard	24.4	47.0	48.6	50.5	78.0

Source: Company data

STAKEHOLDER ENGAGEMENT

During the reporting year, public hearings were held in the Taz region of the Yamalo-Nenets Autonomous District, where a decision was made to construct a landfill for industrial and municipal solid waste in the Messoyakha group of fields. The project aims to ensure maximum safety of the Arctic environment. Water obtained in the course of disposing of liquid waste is to be purified and pumped back into the formation. The project envisages the reuse of wastewater. New materials that improve environmental safety under Arctic climate conditions will be used in the construction of the individual landfill sites. The landfill will be equipped with special wells to monitor the condition of the soil and natural water.



¹ An EIA is the assessment of a proposed activity's impact on the environment and associated social, economic, and other consequences. It is conducted by Company representatives, experts, and the public.
² The waste volume does not account for companies in which Gazprom Neft has a stake.
³ The total waste volume does not account for companies in which Gazprom Neft has a stake.

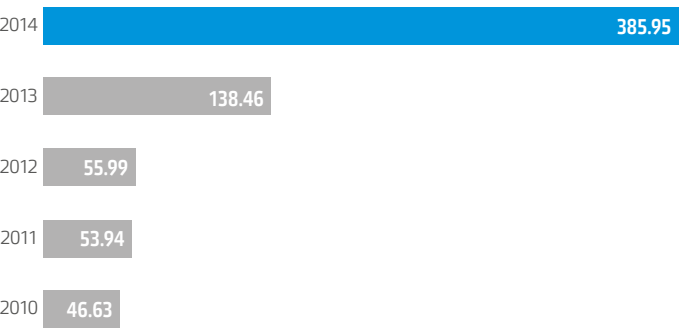
LAND USE AND SOIL REHABILITATION

The Company takes annual measures to conserve and restore land resources, taking account of climatic, hydrological, soil, and vegetation conditions in the regions in which it operates.

The Company is implementing a target programme for the rehabilitation of contaminated lands and sludge pits and the processing of oil-contaminated waste. It includes an inventory of these areas and an assessment of the level of soil contamination in order to select and implement the most effective rehabilitation techniques. During the rehabilitation process, dead forests are cleared, oil-contaminated waste is collected, and technical and biological rehabilitation work is carried out. The company conducts an annual assessment of the quality of its measures to naturally rehabilitate land, which includes chemical and analytical monitoring.

The measures taken to protect Gazprom Neft land also include projects to improve the reliability of pipelines. In order to transport the pumped medium into the external environment with no loss, Gazprom Neft has implemented a pipeline integrity system, developed and constantly updated in accordance with Russian legislation and regulations. The system creates a uniform process for planning, implementing, and monitoring projects carried out in the Company's pipeline networks. Projects include measures to diagnose, inhibit, and monitor the corrosion rate, conduct maintenance and repair work, and replace pipelines. This work is designed to prevent accidents and leaks. It is conducted in accordance with technical regulations, instructions, flow charts, and maps that are developed in accordance with original design parameters, possible operation modes, design features of structures, and government and industry regulatory and technical documents.

Oil-contaminated land rehabilitated, ha



Source: Company data. The total volume of rehabilitated land does not account for companies in which Gazprom Neft has a stake

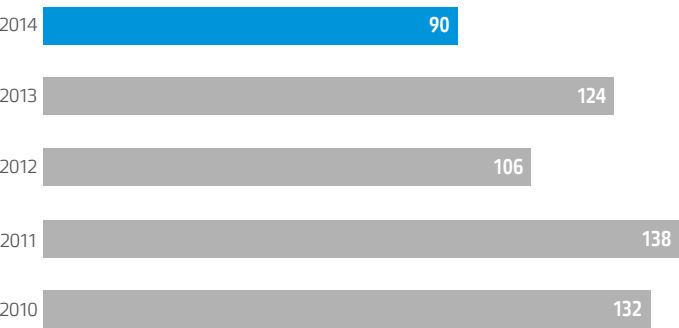


VADIM YAKOVLEV
FIRST DEPUTY CEO,
GAZPROM NEFT

"The development of fields in the Arctic region requires advanced technological solutions both in the organization of production and in ensuring the environmental safety of projects and reducing environmental impact. The joint research programme will allow participants to learn about best practices and gain industry expertise to continuously improve environmental safety systems in the Arctic."

In 2014, Gazprom Neft-Noyabrskneftegas rehabilitated the last 10 sludge pits that remained after drilling. In total, the company has eliminated over 300 legacy sludge pits in recent years.

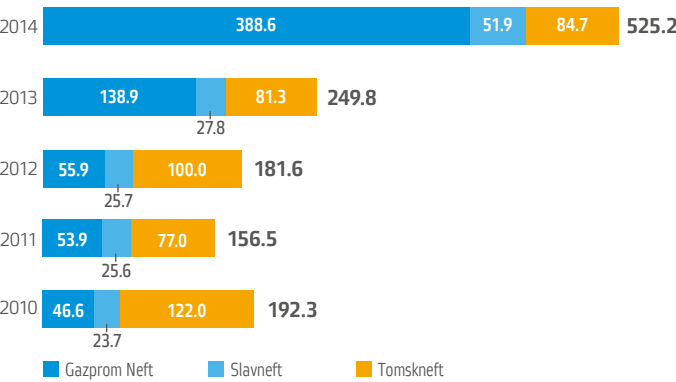
Number of rehabilitated sludge pits



Source: Company data. The total number of rehabilitated sludge pits does not account for companies in which Gazprom Neft has a stake

The Company develops and implements cutting-edge technologies to improve the reliability of pipelines. In 2014, it completed the trial operation of a new diagnostic technology. This makes it possible to identify pipeline sections that are exposed to the highest risk which have not been adapted for internal diagnostics. Also in 2014, VID-219 equipment for internal diagnostics, which was developed at Gazprom Neft, was successfully tested. The device makes it possible to identify critical defects in small-diameter pipelines (100–200 mm). In addition, during the reporting year, Gazprom Neft-Noyabrskneftegas tested a new unmanned aerial vehicle that can fly 1,000 kilometres without refuelling. The drone, which is equipped with a camera and thermal imager, can monitor the status of pipelines that are hidden by snow.

Oil-contaminated land rehabilitated, ha

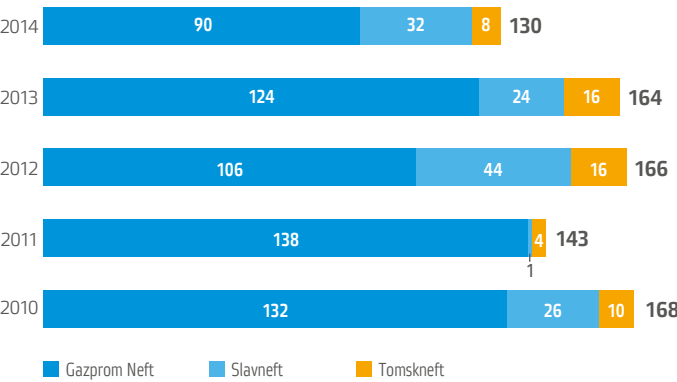


Source: Company data

385.95 ha

Volume of oil-contaminated land rehabilitated in 2014

Number of rehabilitated sludge pits



Source: Company data

INNOVATIVE TECHNOLOGIES

Gazprom Neft is the first Russian oil and gas company to undertake a pilot project involving the use of innovative seismic exploration techniques, saving large forested areas that would otherwise have to be cut down. The new technology was tested in 2014 in Yamalo-Nenets Autonomous District. The test results showed that the method makes it possible to halve the level of deforestation compared with conventional seismic technologies and preserve 200 hectares of forest, or about 60,000 trees within an area of 400 square kilometres.



TECHNOLOGY DEVELOPMENT PROGRAMME TO PREVENT OIL SPILLS IN THE ARCTIC

Gazprom Neft is part of the Arctic Oil Spill Response Technology Joint Industry Programme implemented by the world's largest oil and gas companies. Under the programme, companies conduct scientific research, studying the behaviour of oil under ice and testing dispersants (surfactant polymers used to eliminate oil spills) under conditions that simulate real ones, as well as the detection of spills in ice and in poor visibility.



PRESERVING BIODIVERSITY

The Company's field development projects include a programme to rehabilitate aquatic biological resources.

The Company takes a number of measures to protect and preserve marine and coastal fauna when developing fields located on the Arctic shelf, including:

- speed limits for ships and traffic altitude limits for helicopters in order to protect cetaceans and birds
- use of special blind-shaped fish protection devices to collect water in order to ensure the safety of fish
- measures to conserve and restore fish stocks

In order to comply with the President's instructions to ensure the safe development of the Arctic, the Company, together with the World Wildlife Fund (WWF) and the Marine Mammal Council regional public organization, have begun developing a conservation programme for marine mammals and seabirds in the south-eastern part of the Barents Sea.

The Company takes part in various studies of the ecosystems in the regions where it operates in order to preserve biodiversity. Studies conducted in 2014 included:

- a study of the ecosystem of the Gulf of Ob with the aim of restoring the productivity of its ecosystem (in cooperation with FSUE Gosrybtsentr, Tyumen)
- observation of flora and fauna on the Yamal Peninsula in order to determine the level of human impact on them (in cooperation with the Ural Branch of the Russian Academy of Sciences)
- experimental work to determine seed productivity and stimulate plant growth on the Yamal Peninsula with the goal of increasing the efficiency of efforts to revegetate the tundra (in cooperation with Tyumen State University).

Planting events took place as part of the Year of Environmental Culture in the regions where the Company operates. Around 4,000 trees and shrubs were planted, and about 15 hectares in total were landscaped. Employees of the Company and its subsidiaries participated in about 70 volunteer clean-up Saturdays, collecting more than 5,000 tonnes of waste and removing rubbish from more than 10 hectares of rivers and lakes in protected areas. In addition, during the reporting year, employees from Tomskneft planted 39,000 cedar saplings over an area of 13 hectares in the Khanty-Mansiysk Autonomous District and in the Okhteursky Section of the Nizhnevartovsk Forestry Area.

BIODIVERSITY PRESERVATION EVENT

During the reporting year, Tomskneft (a company in which the Company has a stake) held a major biodiversity preservation event in Tomsk Region. Together with the Governor of Tomsk Region, Company employees released several million juvenile peled, muksun, and nelma into Siberian rivers.



ALEXEY KNIZHNIKOV
EXTRACTIVE INDUSTRY
ENVIRONMENTAL POLICY
OFFICER, WORLD WILDLIFE FUND
(WWF)

"In line with instructions from the Russian President on preserving biodiversity in the Arctic, Gazprom Neft, together with Sakhalin's Marine Mammal Council and WWF Russia, is conducting extensive work to develop a conservation programme for marine mammals and seabirds in the south-eastern part of the Barents Sea. Only the joint efforts of the business, environmental, and scientific community can achieve the hugely important task of preserving the fragile and highly sensitive Arctic."

4,000

trees and shrubs planted in regions where the Company operates in 2014

5,000 tonnes

of waste collected by employees of the Company and its subsidiaries and affiliates during volunteer Saturdays in 2014.

13 ha

of cedar saplings planted by Tomskneft employees in the Khanty-Mansiysk Autonomous District in 2014

ENERGY CONSUMPTION AND ENERGY EFFICIENCY

An active energy-saving policy is a strategic priority for Gazprom Neft. The Company works hard to enhance energy efficiency and optimize the use of energy resources, implementing a systematic approach to different areas of energy conservation at its enterprises.



The Company has its own Gazprom Neft Energy Policy. The main objectives of this policy include enhancing the energy efficiency of the Company's enterprises while maintaining or improving reliability, safety, and performance; reducing adverse impacts on the environment, and cutting consumption of non-renewable energy resources.

Since 2012, Gazprom Neft has been gradually phasing in an energy management system that complies with the requirements of ISO 50001:2011. In 2014, the system was fully deployed at Gazprom Neft-Omsk Refinery and Gazprom Neft-Noyabrskneftegas. Both companies have undergone a certification audit to ensure that their energy management systems comply with the requirements of ISO 50001:2011.

The Company places particular emphasis on improving the reliability of its electricity supply. During the reporting year, the programme to improve reliability and upgrade the Upstream Division's electrical equipment and networks made it possible to reduce oil loss during power failures by 14%. Thanks to measures to improve reliability and upgrade electrical equipment and networks at oil refining enterprises in the Downstream Division, the number of downtime hours at processing facilities due to power supply failures fell by 17%.

■ The Implementation of an Energy Management System at Gazprom Neft project was awarded first place by the Russian Ministry of Energy in the category for Best Management System for Energy Conservation and Energy Efficiency at Oil and Gas Companies.

UPSTREAM DIVISION

Electricity accounts for a significant part of the operating costs of oil-producing companies. Energy efficiency and cost optimization are therefore a priority for Upstream Division enterprises. Energy-saving measures at Upstream Division enterprises aim to reduce the energy-related component of the overall costs per unit of production.

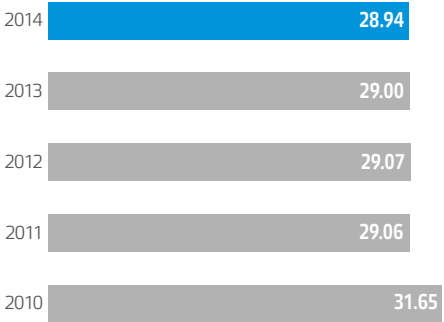
In 2014, more than 70 such measures were implemented. The most significant were:

- the use of energy-efficient electric centrifugal pumps
- the introduction of valve electric motors
- the optimization of downhole equipment configuration and operation
- the optimization of pump operation at cluster pumping stations, booster pump stations, and preliminary water discharge units
- the decommissioning of unprofitable wells
- the reduction of electricity losses in networks

Upstream Division energy saving measures in 2014 resulted in overall savings of 153 million kWh, or RUB 518 million.

The main energy efficiency indicator at Upstream Division facilities is the specific electricity consumption for liquid extraction: in 2014, this figure decreased by 0.2% at Upstream Division enterprises compared with 2013.

Specific energy consumption for the production of liquid hydrocarbons in Upstream Division, kWh/tonne



Source: Company data

Purchased energy: Upstream Division

Energy resources provided under supply contracts (purchase and sale)	Unit of measurement	2010	2011	2012	2013	2014
Purchased electricity (net of power transferred to third parties)	Thousand MWh	4,886.4	4,578.0	4,902.2	5,179.8	5,183.4
Purchased thermal power (net of power transferred to third parties)	GJ	111,738	85,913	122,059	132,406	129,902

Source: Company data

■ ENERGY MANAGEMENT SYSTEM

In implementing its energy management system, the Company focuses particularly on training. During the reporting year, Gazprom Neft specialists and managers attended the Energy Efficiency of Production Equipment and Ground Infrastructure of Oil Production Enterprises training course. The course was developed especially for Gazprom Neft by specialists at Ufa State Petroleum Technological University, taking into account the accumulated experience at the Company. Also in 2014, the St. Petersburg Energy Institute of Advanced

Training ran a training course for Gazprom Neft energy service managers. A special feature of the course was that it offered energy specialists at subsidiaries and functional managers at Corporate Headquarters the opportunity to directly participate in decisions concerning the study programme. The course was taught by managers from divisions responsible for energy policy at the Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor) and Rosseti.

DOWNSTREAM DIVISION

As a result of energy efficiency measures, energy costs were reduced by RUB 947 million. Energy conservation activities within the division achieved savings of 3,900.8 TJ of heat, electricity, and fuel, and reduced the increase in energy consumption associated with the commissioning of new process facilities by 2.4%.

During the reporting year, the Company's refineries continued to improve their reliability and to upgrade and strategically develop electricity supply systems.

Gazprom Neft is exploring and investigating opportunities for using alternative energy sources. In 2014, construction of two cogeneration plants that produce electricity and heat by utilizing APG was completed at the Serbian company NIS, in which Gazprom Neft owns a 56.5% share. Geothermal energy projects were implemented, and facilities in the cities of Bečej and Palić were commissioned.

RUB 947 million
in energy savings in 2014

2.4%
reduction in growth of energy
consumption in 2014

SIGNIFICANT OUTCOMES OF WORK TO IMPROVE RELIABILITY AND UPGRADE
AND STRATEGICALLY DEVELOP ELECTRICITY SUPPLY SYSTEMS:



- completion of a project to reconstruct internal and external electricity supply systems at Moscow Refinery. The project included a unique technical solution to supply electricity to the plant from two independent substations belonging to different energy grids (Federal Grid Company and Mosenergo)
- full-scale replacement of obsolete electrical distribution equipment at facilities and step-down substations at Omsk Refinery
- replacement of obsolete equipment at gasoline pool transformer substations and reconstruction of the Slavneft YANOS substation
- conclusion of agreements with electricity networks to add 280.7 MW (in total) of additional capacity. This will secure 100% of the future needs of the Omsk and Moscow refineries until 2025.

MAIN ENERGY CONSERVATION MEASURES
IMPLEMENTED AT DOWNSTREAM DIVISION SUBSIDIARIES IN 2014:



- upgrading of furnaces to increase efficiency (energy saving impact – 700.6 TJ)
- replacement of furnaces (434.9 TJ)
- heat recovery from furnaces and technology flows (343.9 TJ)
- optimization of condensate collection and return systems (278.8 TJ)
- reconstruction of economizers and superheaters for recovery boilers (104.7 TJ)
- adjustment of operating modes of heat supply systems (190.7 TJ)
- installation of electric pumps, fans, compressors, and variable frequency drives (98.6 TJ)
- compressor optimization (79.8 TJ)

3,900.8 TJ
of heat, electricity, and fuel
saved in 2014

Energy conservation programme targets and achievements in 2014

Company	Cost savings, RUB millions		Energy resource savings, TJ	
	Planned	Actual	Planned	Actual
Omsk Refinery	365.2	548.7	2,064.7	2,253.1
Moscow Refinery	72.2	117.3	456.3	369.4
YANOS	250	281	1,295.7	1,278.3
Total	687.4	947	3,816.7	3,900.8

Source: Company data

Consumption of purchased energy: Downstream Division

Energy resources provided under supply contracts (purchase and sale)	Unit of measurement	2010	2011	2012	2013	2014
Purchased electricity (net of power transferred to third parties)	Thousands MWh	2,882.7	2,998.1	3,121.1	3,338.4	3,262.6
Purchased thermal power (net of power transferred to third parties)	GJ	15,061,319.9	16,308,920.8	16,854,981.1	17,313,244.8	16,581,708.9

Source: Company data

2015 GOALS

OCCUPATIONAL HEALTH AND SAFETY

IN 2015, GAZPROM NEFT PLANS TO:

- prevent all accidents at hazardous industrial facilities
- reduce the number of incidents involving equipment by 10%
- reduce the number of fires by 10%
- reduce the lost time injury frequency rate (LTIFR) by 20%
- prevent all industrial accidents at production facilities

- working on the General Safety Requirements for Hazardous Production Facilities federal regulations
- visualizing hazardous areas
- developing and implementing a pilot project for an electronic medical testing device
- initiating amendments to Bill No. 116-FZ On Industrial Safety

IN ORDER TO PROMOTE INDUSTRIAL, FIRE, AND TRANSPORT SAFETY, AND OCCUPATIONAL HEALTH AND SAFETY, THE FOLLOWING KEY MEASURES WILL FORM PART OF THE COMPANY’S ACTIVITIES IN 2015:

- developing and implementing Company guidelines, including the Company’s standards on HSE, OS, and CD training, safe conduct of work in hazardous conditions, contractor management, and the contractor rating methodology
- developing and disseminating methodological guidelines aimed at improving the safety culture
- suspending contractors that have not undergone medical examinations
- implementing a ‘30 step’ strategy for contractors
- developing model plans and traffic route diagrams
- implementing hands-free systems for drivers
- participating in working groups to draft guidebooks on the best available technologies

The Company plans to continue to enhance its work on industrial, fire, and occupational health and safety management. In order to do this, Gazprom Neft will also implement programmes such as monitoring based on the results of industrial inspections and investigations; monitoring the implementation of corrective measures; advanced technical audits, and improving the safety culture.

ENVIRONMENTAL PROTECTION

IN ORDER TO IMPROVE ENVIRONMENTAL SAFETY AND PROTECTION IN 2015, THE COMPANY WILL CONTINUE TO:

- implement environmental safety programmes, including programmes to rehabilitate oil-contaminated lands, sludge pits and treat oil-contaminated waste, and biodiversity conservation programmes
- carry out industrial environmental control and monitoring of environmental components
- conduct scientific research into environmental safety
- upgrade production facilities to reduce its environmental footprint
- automate environmental safety business processes
- update the internal regulatory and methodological framework in line with new environmental legislation
- develop staff skills in the field of environmental safety and environmental culture

- initiate changes in environmental legislation
- participate in a working group to draft guidebooks on the best available technologies
- participate in the review of bills as part of the Russian Union of Industrialists and Entrepreneurs Committee on Environment Management

The Company’s environmental safety priority in 2015 will be to reduce the volume of oil-contaminated lands and oil-contaminated waste. To this end, the Company will implement targeted programmes to rehabilitate contaminated lands and treat oil-contaminated waste.

ENERGY CONSUMPTION AND ENERGY EFFICIENCY

ENERGY TARGETS:

- create a skills centre, train staff, and increase the qualifications of the critical energy specialists at subsidiaries and affiliates
- implement programmes to improve the reliability of electricity supply
- implement programmes to enhance energy conservation and energy efficiency during the period 2015–2017
- optimize energy purchase costs

PRIMARY ENERGY SAVING MEASURES FOR EQUIPMENT AND TECHNOLOGY:

- optimization of compressor equipment operation
- optimization of condensate collection and return systems
- optimization of recovery systems in production processes (using heat from product streams to warm up raw materials and water and air streams)
- improvement of fuel efficiency in process furnaces by applying ceramic coating to heated surfaces and super-fine insulation coating to furnaces, and upgrading burner units
- improvement of boiler efficiency
- upgrading of furnaces to increase efficiency
- replacement of process furnaces
- utilization of secondary energy resources
- optimization of heat consumption in buildings
- reconstruction of steam and hot water pipes
- replacement and reconstruction of heat-exchange equipment

- upgrading of lighting systems
- replacement of turbine drives with electric motors
- replacement of steam pumps with electric pumps

MAIN OBJECTIVES FOR IMPROVING THE ENERGY MANAGEMENT SYSTEM:

- implementation and certification of the energy management system at Gazprom Neft-Lubricants and Gazprom Neft-Moscow Refinery
- implementation of the energy management system at Gazprom Neft Corporate Headquarters, certification of Gazprom Neft’s energy management system for compliance with the ISO 50001:2011 international standard
- development of a programme of organizational measures for the implementation of the energy management system at all Downstream Division enterprises
- basic seminars on the fundamentals of the energy management system at Downstream Division enterprises

MAIN OBJECTIVES FOR IMPROVING ENERGY SUPPLY RELIABILITY:

- continued upgrading and development of energy infrastructure
- deployment of modern diagnostic tools
- implementation and development of automation systems for the operational management of energy supply systems
- implementation of targeted research into reliability

REGIONAL POLICIES AND DEVELOPMENT OF LOCAL COMMUNITIES

Gazprom Neft companies are located in 29 regions of Russia as well as in the CIS and other countries. As a major employer and taxpayer, the Company contributes significantly to social development in the regions where it operates. The Company's social activities aim to improve the quality of life in these regions, and contribute to the accumulation of human capital and the formation of well-developed social infrastructure.

TOOLS OF SOCIAL POLICY IN THE REGIONS



RUB 4,543.9 million
invested in regional development
in 2014

GAZPROM NEFT AND THE REGIONS: STRATEGIC SOCIAL PARTNERSHIP



IN 2014, THE HOME TOWNS PROGRAMME:

Implemented more than
350 projects

Completed projects in
23 Russian regions

TOOLS OF SOCIAL POLICY IN THE REGIONS

RUB 16.5 million
total amount of grants
awarded in 2014

Since 2013, the Company has used a new tool to support regional development: a social initiative grant competition. In 2014, competitions were held in Yamalo-Nenets and Khanty-Mansiysk autonomous districts, and in Orenburg, Tomsk, and Omsk regions. As a result, 71 applications were chosen to receive grants of between RUB 50,000 and RUB 300,000.

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GAZPROM NEFT AND THE REGIONS: STRATEGIC SOCIAL PARTNERSHIP

The sustainable development of areas where more than 70 Gazprom Neft oil producing, refining, and sales companies operate is essential to the achievement of the Company's strategic goals. Gazprom Neft, a company with a high sense of social and environmental responsibility, pursues dialogue with all stakeholders and acts as a partner to local governments and communities in addressing the challenges of regional social and economic development.

The Company aims to pursue mutually beneficial cooperation with enterprises in the regions where it operates. In 2013, the road map on Expanding Gazprom Neft's Use of the Products and Technologies Produced by Companies in Tomsk Region was approved. At the end of 2014, the volume of orders awarded to companies in Tomsk was worth a total of RUB 1.5 billion. In 2015, a similar road map will be drawn up for enterprises in Omsk Region.

GAZPROM NEFT'S CONTRIBUTION TO REGIONAL DEVELOPMENT INCLUDES:

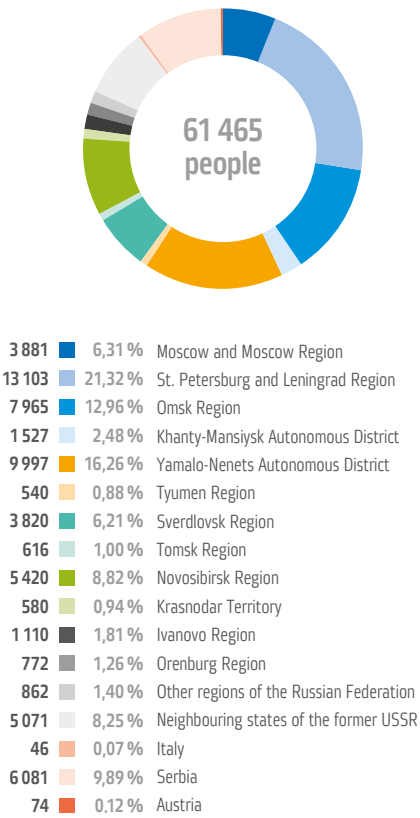
- developing regional economic potential
- making tax payments to local budgets
- supplying fuel to regional economies
- providing sustainable employment (61,000 jobs as of the end of 2014)
- preserving the environment through upgrade programmes and programmes to promote biodiversity and conservation
- stimulating the local economy – cooperating with supplier companies
- creating a favourable social environment and developing human capital through the Home Towns corporate social investment programme and charitable programmes

IMPORT SUBSTITUTION PROGRAMME

In 2014, Gazprom Neft, together with regional authorities, launched a full-scale programme to substitute imported lubricants and technical fluids used in various industries and utilities. The programme is underway in Omsk, Orenburg, and Murmansk regions and in a number of other areas of the Russian Federation. Under the programme, the Company supplies lubricants and technical fluids to state and municipal enterprises that previously used imported products. In addition, Gazprom Neft provides a number of services. The Company's high-tech production facilities enable it to supply consumers with products which are in no way inferior to similar foreign products, while at the same time significantly reducing government expenditure.

RUB 1.5 billion
total value of orders received from
the Company by organizations
in Tomsk in 2014

Staff distribution by region, payroll as of
31 December 2014, people



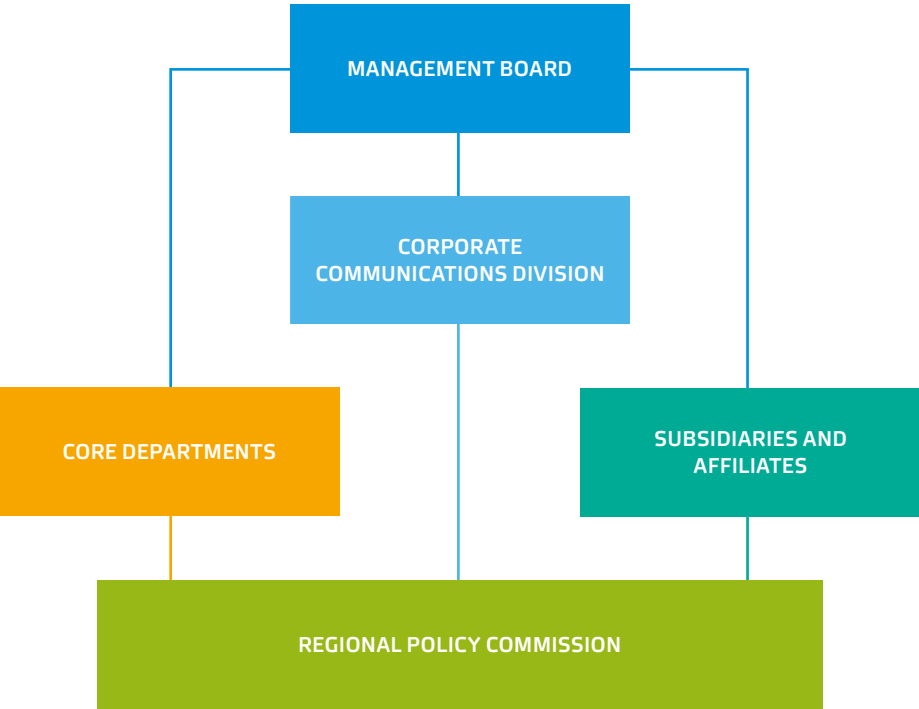
Source: Company data

CORPORATE REGIONAL POLICY

Gazprom Neft's Regional Policy Concept, adopted in 2010, defines the underlying principles which guide the Company's regional operations.¹

The Company has a special collective body, the Regional Policy Commission, which includes representatives from the structural units of the Company's Corporate Headquarters and from subsidiaries and affiliates. The Commission is tasked with collecting and reviewing regional policy proposals submitted by the Company's structural units and subsidiaries, which gather and update information about the regions. After reviewing the proposals, the Commission makes recommendations on the implementation of the proposed initiatives. The decisions adopted and any issues may be considered at meetings of the Company's Management Board, if necessary.

Regional policy management organizational structure



GAZPROM NEFT'S REGIONAL
POLICY PRIORITIES:

- creating a favourable financial, economic, and legal environment for Gazprom Neft's activities in the regions
- creating a system of measures to ensure environmental safety, taking actions to reduce the industrial impact on the local environment and residents
- improving quality of life and creating a comfortable social environment for local people, including Company employees and their families
- developing stakeholder engagement in the regions
- disclosing information about the Company's operations to all stakeholders

¹ The Company's regional policy principles, directions, and objectives are detailed in Gazprom Neft's 2010 Sustainability Report, which can be found on the Company's website at: <http://www.gazprom-neft.com/social/reports/>.

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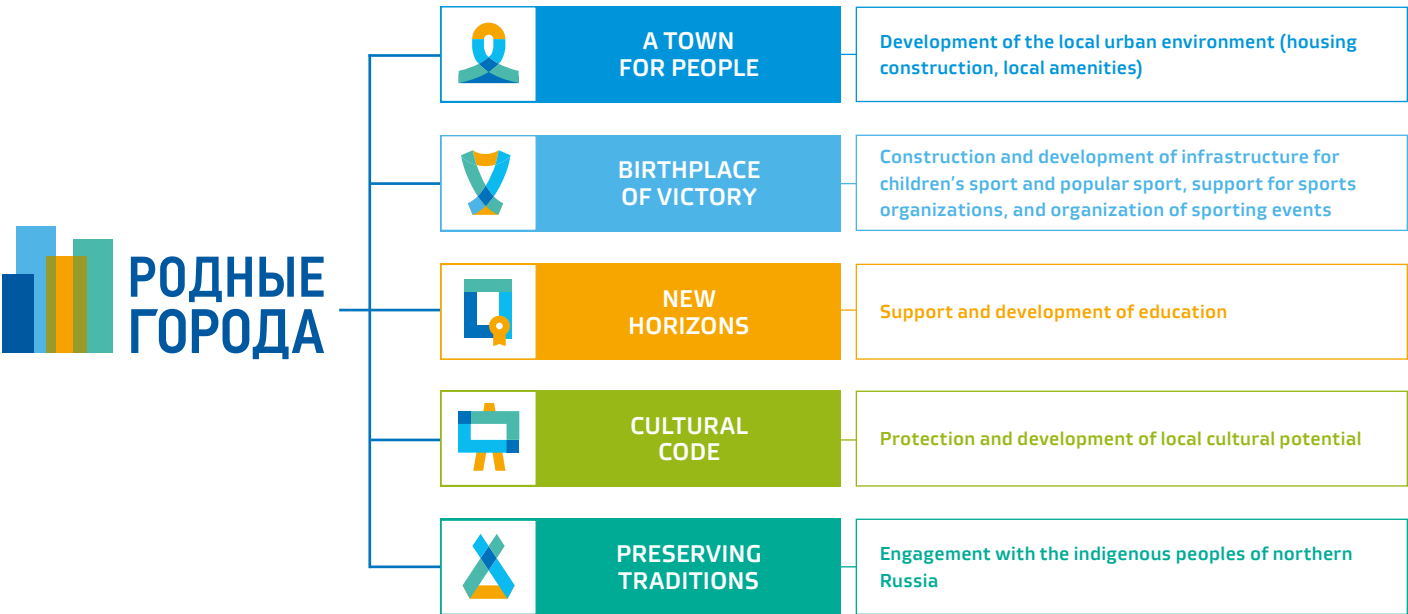
TOOLS OF SOCIAL POLICY IN THE REGIONS

Gazprom Neft's social policy is implemented primarily through social and economic agreements with regional and municipal authorities, targeted social investment projects, corporate volunteering, targeted corporate charity, as well as a social initiatives grant competition – one of the most effective tools for getting local communities involved in the Company's social activities and regional social and economic transformation.

In 2014, the Company signed social and economic agreements with the authorities of Yamalo-Nenets Autonomous District and Omsk, Orenburg, and Tyumen regions. During the reporting year, the Company had agreements with the governments of nine Russian regions and 16 municipal administrations.

All of the Company's social and charitable projects are implemented under the consolidated Home Towns social investment programme, introduced in 2013. The programme promotes quality of life in cities where the Company operates by increasing access to modern urban infrastructure, education, and culture. Home Towns promotes internal sources of development by engaging non-profit organizations and volunteers, as well as by forming partnerships with local authorities. In 2014, the Company implemented more than 350 projects in 23 Russian regions under the Home Towns programme. Twenty-five of the Company's subsidiaries implemented joint projects with local communities.

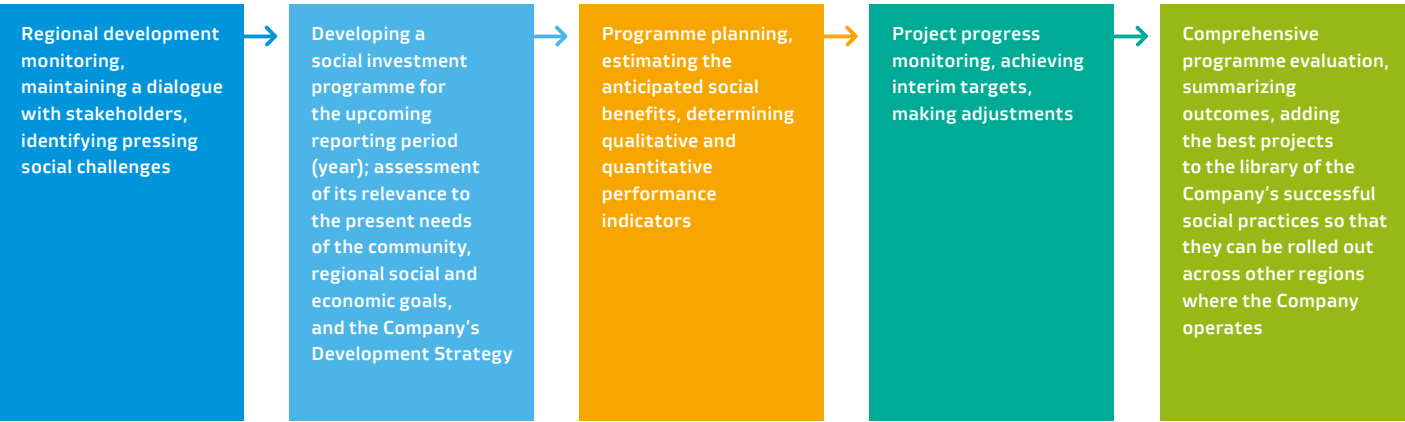
Structure of the Home Towns Social Investment Programme



IN 2014, THE HOME TOWNS PROGRAMME:

implemented more than
350 projects
Completed projects in
23 Russian regions

Stages of social project development and implementation



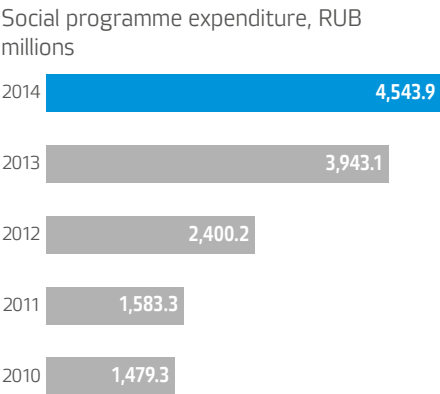
The portfolio of social and charitable projects included in the Home Towns programme is based on the results of dialogue with stakeholders (including local residents and regional authorities), as well as Gazprom Neft's monitoring of the social wellbeing of the region, using both the Company's own data and independent research. In its social initiatives, Gazprom Neft aims to involve local residents and non-profit organizations (NPOs) in the discussion of topical regional issues, thereby contributing to the formation of socially active communities as a fundamental factor in sustainable regional development. In 2013, Gazprom Neft introduced a new tool to support projects by regional residents: the social initiatives grant competition. This allows the Company to respond to a range of challenges, including:

- engaging local communities and other stakeholders in the discussion of regional development issues
- creating the conditions for selecting the most promising projects fairly
- developing the professional competencies of local public associations interested in implementing socially significant ideas.

NPOs, government authorities, and experts from the philanthropic community are involved in discussing the topical priorities for the competition, developing criteria for quality projects, and reviewing incoming applications. It is also significant that the competition procedure is a learning process that includes orientation workshops on social project planning for those seeking funding, consultations on the competition results for all participants, and project management consultations for winning organizations. In 2014, the Company set up a telephone hotline in order to provide additional support for grant applicants.

During the reporting year, grant competitions were held in the Company's major oil-producing regions: Yamalo-Nenets and Khanty-Mansiysk autonomous districts; Orenburg, Tomsk, and Omsk regions, and the city of Omsk. Candidates submitted a total of 297 applications, of which 71 were awarded grants from RUB 50,000 to RUB 300,000. The total value of the grants was RUB 16.5 million.

RUB 4,543.9 million
↑ 15%
invested in regional development
in 2014



Source: Company data

STAKEHOLDER ENGAGEMENT

The Company develops a dialogue with all stakeholders when implementing social policy in the regions.

Dialogue formats include:

- working meetings and consultations
- participation of Company representatives in working groups in key operating regions
- public hearings and residents' meetings when planning social investment programmes
- consultations with NPO representatives when determining areas for social investment
- online polls and open competitions among the population when implementing social investment projects
- collection of feedback through the social investment programme website: www.rodnyegoroda.ru.

The Company regularly discusses issues related to the management of social projects at extended meetings of the Corporate Communications Division. These meetings are attended by Corporate Headquarters staff and representatives from subsidiaries and affiliates responsible for project implementation. Leading social project planning experts and NPO sector heads are invited to the meetings. Through these meetings, a database of best practice in managing social projects is created, enabling the project to be subsequently rolled out across other regions of operations.

In 2014, Gazprom Neft made considerable use of round tables to promote dialogue with stakeholders. The purpose of such round tables was to inform the various stakeholder groups about the Company's development, plans, and social policy objectives. Round tables are an effective way for Gazprom Neft to obtain feedback from stakeholders, whose comments and suggestions are taken into account by the Company when planning production, environmental, and social activities in the regions.

The first round tables of 2014 were held in the cities of Orenburg and Muravlenko (Yamalo-Nenets Autonomous District). These events focused on issues concerning the Company's social investments, and they provided an expert evaluation of the effectiveness of the Home Towns social investment programme in these regions.



ELENA FEOKTISTOVA
DIRECTOR OF THE RUSSIAN
UNION OF INDUSTRIALISTS AND
ENTREPRENEURS CENTRE FOR
CORPORATE SOCIAL RESPONSIBILITY
AND NON-FINANCIAL REPORTING

"The organization of round tables in the regions is a significant step for the Company, since they allow two issues important to the Company, as one of Russia's leading businesses, to be addressed even more successfully. The first issue is increasing the openness and transparency of business. The second is developing a constructive dialogue in order to achieve better understanding and increased confidence, which form the only effective basis for cooperating with partners."

In 2014, the Company launched a Home Towns web portal (<http://www.rodnyegoroda.ru>), containing information about the programme, its main objectives, and projects which have been implemented. The portal won a 2014 Runet Award in the State and Society category, and it received a special prize at the 14th Golden Site All-Russian Internet Contest in the Topical and Socially Significant Project at the Federal Level category.



For more information, visit
www.rodnyegoroda.ru



ROUND TABLE IN ORENBURG

On 31 October 2014, a round table on Gazprom Neft's Activities and the Sustainable Development of its Operating Regions was held in Orenburg. The event was attended by employees from the Company's Corporate Headquarters, the Gazprom Neft Orenburg subsidiary, representatives of Orenburg Region's executive and legislative authorities, experts in the field of corporate social responsibility and charity, and representatives from public and non-profit organizations, educational institutions, and the media.

A key topic of the meeting concerned Gazprom Neft Orenburg's strategies and future plans, as well as the impact of its activities on regional development in terms of the economy, the environment, and social processes. Participants were briefed on the progress of the Home Towns programme.

During the discussion, participants proposed that the Company:

- inform potential local contractors of its procurement plans for the next two or three years, and disclose its requirements for contractors
- exchange information with the Government of Orenburg Region about planned decisions and the import substitution programme, and facilitate the coordination of these plans
- provide not only financial, but also organizational and methodological support for social projects in local communities
- start engaging business partners in the discussion and joint implementation of social projects
- extend opportunities for cooperation under the Home Towns programme
- organize opportunities for grant recipients to share experience and apply successfully implemented projects to other regions, including via master classes, seminars, field trips, etc.

Gazprom Neft representatives considered all the proposals received. Issues related to organizing meetings with local suppliers and establishing channels for exchanging information about import substitution with the Government of Orenburg Region have been taken into account in the Company's plans.



NATALYA BEZBORODOVA
ACTING ORENBURG REGION
MINISTER FOR ECONOMIC
DEVELOPMENT, INDUSTRIAL
POLICY, AND TRADE

"Gazprom Neft Orenburg plays a significant role in the economic development of the region, which is particularly important in the current socio-economic situation. Currently, the company can be considered as an example of how to implement targeted industrial and social policy. The company works systematically to tackle environmental issues, and it clearly fulfils all the obligations of its social and economic agreements by implementing a comprehensive, targeted social programme. The company has been our reliable social partner for several years now."



NATALYA KAMINARSKAYA
EXECUTIVE SECRETARY OF THE
DONORS FORUM, HEAD OF THE
HOME TOWNS NATIONWIDE
CONSULTATION CENTRE

"The company is implementing a thought-out strategic programme through the use of different tools: a grant competition, corporate volunteering, and expanding cooperation with the authorities at all levels, including local government. It is significant that the Company is improving this process and the tools that it uses, including through the organization of round tables. We hope that the recommendations put forward by participants will help the company to make the programme even more effective."

ROUND TABLE IN MURAVLENKO

A round table on Gazprom Neft's Activities and the Sustainable Development of the City of Muravlenko was held on 24 October 2014 in Muravlenko (Yamalo-Nenets Autonomous District).

The event was attended by staff from Gazprom Neft Corporate Headquarters and Gazpromneft-Muravlenko, members of the Muravlenko local government, winners of the Company's 2014 grant competition, experts in the field of CSR and charitable activities, representatives of public and non-profit organizations, and the media.

During the round table, the Company presented its economic and industrial results and areas of focus, its Development Strategy, and plans for the development of Yamalo-Nenets Autonomous District. Company representatives particularly emphasized the progress of the Home Towns social investment programme, the holding and results of its grant competitions, and Gazpromneft-Muravlenko's human resources strategy, which takes into account the fact that the city's economy is dominated by a single employer. Opinions were exchanged on the most promising forms of cooperation to resolve regional development issues and create a comfortable social environment in Russia's Far North.

During the discussion, participants proposed that the Company:

- help municipal and government officials to develop a business culture and partnership skills
- extend the scope of the grant competition
- consider establishing a course for future oil workers in the city, with places assigned on a competitive basis
- provide opportunities for college students to present their best work at the Company's scientific conferences, and give Company representatives the opportunity to participate in college events.



GAZPROM NEFT REPRESENTATIVES CONSIDERED ALL THE PROPOSALS RECEIVED AND HAVE TAKEN THE FOLLOWING INTO ACCOUNT IN THE COMPANY'S PLANS:

- funding for materials and equipment at the Company's partner college
- adding a Global Heritage academic competition for school pupils to Muravlenko's social investment programme
- including New Horizons assignments in the grant competition programme, as requested by the city's Department of Education and educational establishments
- examining ways in which the Company's partners, including representatives of government authorities and public organizations, can develop a business culture and manage social projects



During the round table, the Company presented its economic and industrial results and areas of focus, its Development Strategy, and plans for the development of Yamalo-Nenets Autonomous District. Company representatives particularly emphasized the progress of the Home Towns social investment programme and the holding and results of its grant competitions.



ELENA MOLDOVAN
DEPUTY DIRECTOR OF SOCIAL
POLICY FOR THE MURAVLENKO
ADMINISTRATION

"The grant competition is a very important step in the implementation of the Gazprom Neft's social policy. It has changed the pattern of cooperation between business and the heads of public organizations. And, of course, this approach helps to increase the effectiveness of projects led by non-profit organizations. A manager who submits an application learns to think strategically, in the context of the overall development objectives of the region."

RESULTS OF THE HOME TOWNS
SOCIAL INVESTMENT PROGRAMME:

A TOWN FOR PEOPLE

An important part of Gazprom Neft's social activity in the regions where it operates involves creating a quality urban environment with all the amenities of large towns and major cities. Projects in this area include housing construction and renovation, urban land improvement, and the construction of children's playgrounds.

The Company places special emphasis on resolving the issue of housing shortages and rundown conditions in the regions where it operates. In 2014, with the financial support of Gazprom Neft, a 27-apartment residential block was constructed for public sector employees in the village of Parabel in Tomsk Region. The Company acquired four apartments for newly arrived public sector professionals in the Uvatsky District of Tyumen Region.

The Company's support for housing construction also includes financing new homes for indigenous peoples. In 2014, two new 34-apartment residential buildings were constructed in the village of Novy Port (Yamalo-Nenets Autonomous District).

The Company contributes to the construction of quality outdoor infrastructure. In 2014, Gazprom Neft helped to equip playgrounds in the villages of Blagoslovenka and Platovka in Orenburg Region, and two playgrounds in Omsk.

One of the most acute problems in the regions is the lack of access to quality healthcare. For this reason, health centres are among the facilities that receive social investment from Gazprom Neft. During the reporting year, the Company renovated the local hospital in the village of Karavanny in Orenburg Region, and helped two hospitals in Omsk (In-Patient Clinic No. 7 and Children's Clinical Hospital No. 3) to upgrade their facilities.

Another pressing issue in regional urban areas is the lack of accessible infrastructure for people with disabilities. To help resolve this matter the Company, in partnership with the Omsk Regional Organization of the All-Russian Society for the Disabled, has installed access ramps at public buildings in Omsk's Sovetsky Administrative District.

During the reporting year, Gazprom Neft launched its Urban Space art project, to encourage art and design in urban infrastructure. Artistically designed infrastructure enhances the colour palette of northern cities. Brightly coloured facades create a positive, creative atmosphere, introducing modern art to local populations. The project pilot began in Noyabrsk.



2 residential buildings
commissioned in Novy Port
(Yamalo-Nenets Autonomous District)
in 2014



During the reporting year, Gazprom Neft launched its Urban Space art project, to encourage art and design in urban infrastructure. Artistically designed infrastructure enhances the colour palette of northern cities. Brightly coloured facades create a positive, creative atmosphere, introducing modern art to local populations. The project pilot began in Noyabrsk.

BIRTHPLACE OF VICTORY

This is one of the priorities of the Home Towns programme: a large-scale initiative to create a modern, grassroots sports infrastructure, promoting healthy lifestyles, and providing assistance to sports schools and clubs for children and young people.

For many years, the Gazprom Neft Cup KHL international children’s ice hockey tournament has been the Company’s major social project to support children’s sports. The tournament grew in 2014, expanding to new locations. The number of teams increased from 16 to 24, and for the first time the competition was broken down into two divisions, in Minsk and Omsk. The opening ceremony in Omsk attracted a record number of fans: more than 8,700 people attended.

In addition to major, professional-level sporting events, Gazprom Neft actively supports the development of grassroots children’s sports. In 2014, ice hockey and football tournaments were held in Orenburg Region and the cities of Noyabrsk and Muravlenko (Yamalo-Nenets Autonomous District). These events included the first hockey tournament played in felt boots for secondary school students in Muravlenko. A similar tournament was also held in Orenburg Region.

In 2014, the Company continued to support the Avangard Hockey Academy project, aimed at creating a uniform ice hockey training system for children and young people in the Urals and Siberia, with a branch network extending to different regions. During the reporting year, the Company continued to construct buildings for branches of the Academy in Noyabrsk and Muravlenko.

The Company has supported the development of motor sports in Noyabrsk for many years. The Company sponsors the city’s motocross club for more than 150 children and teenagers, has established the Gazprom Neft motocross team, and supports contests and races. The Gazprom Neft team became the undisputed motocross champion in Yugra in 2014.

In cooperation with the Yugra Chess Federation and the Yugra Chess Academy, Gazprom Neft runs the World of Chess project, opening chess clubs all over Khanty-Mansiysk Autonomous District where city tournaments, master classes, and simultaneous exhibition matches can be hosted. In 2014, chess clubs were opened at a number of public and educational institutions in the city of Khanty-Mansiysk, the villages of Shapsha and Yarka in the Khanty-Mansiysk District, and on the premises of Gazprom Neft-Khantos. In addition, the Company acts as an organizer and partner for citywide chess tournaments and supports International Chess Day in Khanty-Mansiysk.

Gazprom Neft supports youth all-round marine sports events in Rostov-on-Don. In 2014, the Company became a member of the board of trustees of the Youth Sailing Club military and patriotic public organization and provided it with materials and equipment.



Additional information on the international KHL youth ice hockey tournament, the Gazprom Neft Cup



PROJECTS IMPLEMENTED IN 2014 TO ESTABLISH A SPORTS INFRASTRUCTURE IN THE REGIONS WHERE THE COMPANY OPERATES:

- construction of a football stadium in Noyabrsk (opening scheduled for 2015)
- completion of the construction of a mini sports park and children's playground in Omsk
- continued construction of the Zenit Sports Complex in Muravlenko (opening scheduled for 2015)
- renovations to the Olimp Sports Complex in Tara, Omsk Region
- continued construction of the football and athletics stadium in Nadym
- reconstruction of ice hockey rinks in Kargasok, Tomsk Region, and Perevolotsky, Orenburg Region, which can be used for local and district competitions
- construction of a volleyball and basketball court in the village of Samorodovo, Orenburg Region
- construction of a swimming pool at the Vyngapurovsky housing estate in Noyabrsk (opening scheduled for 2015)
- construction (through co-investment) of a sports complex in the village of Slavyanka, Primorsk Territory, the first such facility in the town that meets the requirements of professional sport
- other construction and reconstruction projects to improve sports infrastructure in small towns and villages

NEW HORIZONS

One of the key objectives of the Home Towns programme is to provide equal opportunities for quality education. Gazprom Neft's activities are aimed at supporting education in the regions, addressing the problem of the lack of capacity in nursery facilities, improving the quality of equipment available at educational institutions, and developing institutions of higher education.

During the reporting year, Gazprom Neft implemented a number of projects to renovate regional educational institutions: the Children's Creativity Centre in Tara, Omsk Region, was renovated; support was provided to two nursery schools in Omsk, and five educational institutions in the villages of Berdyanka, Chkalov, and Kuvay in Orenburg Region received assistance.

Gazprom Neft is a partner to the country's leading universities, where future oil and gas industry specialists are educated. In particular, the Company provides assistance to the National Mineral Resources University (St. Petersburg). Gazprom Neft supports educational programmes, facilitates scientific research and production experience, and equips university classrooms with modern instruments and computers.

In 2014, Gazprom Neft and the Omsk Regional Government signed a higher education partnership agreement. The goal of this partnership is to train young professionals. Under the agreement, an affiliated Gazprom Neft faculty has been established at Omsk State Technical University, where students can pursue training in one of two petrochemical disciplines: Machines and Equipment for Chemical Production and Chemical Technology of Natural Energy Sources and Carboniferous Materials. The learning process will focus on practical sessions, which will take place at one of the most cutting-edge oil refineries in Russia: Gazprom Neft's Omsk Refinery. After completing their higher education, graduates of the affiliated faculty will be given the opportunity to work for Gazprom Neft at its oil refining facilities in Omsk, Moscow, Yaroslavl, or Serbia.

The Company supports programmes and initiatives that contribute to the creation of 'educational elevators' for talented secondary school and college students with the potential to become young professionals. Gazprom Neft programmes such as these include initiatives that encompass all levels of education. In 2014, Gazpromneft Research Centre organized its first academic competition in the exact and natural sciences. The event is designed to develop students' interest in the oil and gas field. There were two stages to the competition. During the first stage, participants solved theoretical and practical problems, and during the second, the winners of the regional rounds presented their research projects in St. Petersburg. More than 150 Year 8 and Year 10 students from St. Petersburg and Tyumen participated in the competition. The Company plans to further develop this initiative to increase the number of participating cities and to strengthen the educational role of the competition.

To this end, Gazpromneft Research Centre is implementing the Successful Graduate project, aimed at helping young people leaving Children’s Home No. 67 to adapt successfully to society.



LARISA KRASILOVA
DIRECTOR OF SECONDARY SCHOOL NO. 31, TYUMEN

"Living in a region where there is much development of natural resources, we obviously steer children towards training in the oil sector. Gazprom Neft's initiative to hold an academic competition in the natural and exact sciences provides valuable career guidance for secondary school students by encouraging their interest in the exact sciences."

> 150 students participated in the first exact and natural sciences competition organized by Gazpromneft Research Centre in 2014

In 2014, Gazprom Neft and the Omsk Regional Government signed an education partnership agreement. The aim of this cooperation is to train young specialists, including for work at Gazprom Neft enterprises. Over the next six years, the Company will invest around RUB 270 million in Omsk Region educational programmes.

The Company provides support for Russian scientific programmes and initiatives. In collaboration with St. Petersburg State University's Chebyshev Laboratory, mathematics students and young scientists were awarded Gazprom Neft scholarships and prizes. The Company also supports the laboratory's research and educational projects. With the financial support of Gazprom Neft, the university held a Gabriel Lamé competition for guest mathematics professors. The event, hosted by St. Petersburg State University, featured lectures by prominent scientists from around the world.

The Company is implementing a project to improve the education of students and industry experts. In 2014, the Admiral Makarov State University of Maritime and Inland Shipping received support from Gazprom Neft to acquire simulators for graduate training and the professional development of oil tanker crew members. The Company also provided assistance to the Admiral Ushakov Maritime State University (Novorossiysk), equipping it with new computer classrooms and language laboratories for studying English.

Since 2011, Gazprom Neft has both independently and in cooperation with the Maritime Council of the Government of St. Petersburg implemented projects aimed at inspiring young people to take up maritime careers. Every year, the Company helps educational institutions to create specialized marine and shipbuilding classes. It also runs marine and shipbuilding associations for children and young people. In 2014, with the Company's support, the Baltic Sea School was able to obtain specialized equipment, the St. Petersburg Sailing School acquired new vessels, and the Marinesko Museum of Russian Submarine Forces installed a new multimedia display system to help expand its tour programme. In 2015, four maritime career preparatory courses are planned for schools in Rostov-on-Don, supported by the Company. The aim of these courses is to provide military and patriotic education for young people and specialized training to prepare students to serve in the Russian Navy.



WORLD OF SCIENCE CHILDREN'S RESEARCH
AND EDUCATIONAL CENTRE



Gazprom Neft has funded the construction of buildings to house the World of Science, a research and educational centre in St. Petersburg which will be part of the Lakhta Centre. The purpose of the research centre is to provide vocational guidance for children and young people and to encourage an interest in science, engineering, and technical disciplines. The World of Science is being created in collaboration with St. Petersburg's universities, the board of rectors, and the city administration. The centre, covering an area of 14,000 m², will house lecture halls, classrooms for science shows, an interactive exhibition, a planetarium, play areas, and specialized laboratories. The centre's concept integrates the most successful Russian and international project, design, and methodological solutions, and takes into account international best practice. The interactive exhibition will showcase the rich experience of science and higher education in St. Petersburg. The World of Science at the Lakhta Centre will be unique in engaging students in the fully-fledged professional education system through entertaining exhibits.



STANISLAV SMIRNOV
HEAD OF ST. PETERSBURG STATE
UNIVERSITY'S CHEBYSHEV
LABORATORY, WINNER OF THE
FIELDS MEDAL

"Gazprom Neft has been providing non-budgetary funding to the Chebyshev Laboratory since 2013. Our work is focused on supporting young scientists and engaging undergraduate and graduate students in applied scientific work, organizing modern courses for them, working with young scientists and recruiting them to participate in internships and conferences, and inviting a large number of scientists from other cities in Russia and abroad in order to support a fully-fledged scientific environment that is conducive to the exchange of ideas. Of course, state funding is key, but it is just as important to have flexible tools that can be used today to accomplish what is necessary. The support we receive from Gazprom Neft allows us to accomplish a great deal and support a large number of young scientists. This is very important, as young people are our future. It is good to know that Russia's leading company is concerned about the future of our country."



The Company is implementing a project to improve the education of students and industry experts. In 2014, the Admiral Makarov State University of Maritime and Inland Shipping received support from Gazprom Neft to acquire simulators for graduate training and the professional development of oil tanker crew members.

CULTURAL CODE

As part of the Home Towns programme, Gazprom Neft supports cultural events and initiatives that are important to residents of the regions in which the Company operates.

During the reporting year, the Company, together with the research centre of the Calvert 22 Foundation and the Smolny Faculty of Liberal Arts and Sciences at St. Petersburg State University, conducted a series of events to promote the development of creative industries in Russia. Projects that have received the Company's support include St. Petersburg Design Week: a series of lectures and master classes by leading Russian and international experts and practitioners in contemporary urban design, creative start-ups, and the creative industries, and a public panel discussion at the creative industries session of the 13th Strategic Planning in the Regions and Cities of Russia national forum. During the year, a collection of analytical articles on the creative industries and the collection The Manifesta Journal Reader: Selected Articles on Curation, the official publication of Manifesta 10, the biennial of contemporary art held in St. Petersburg in 2014, were published.

A new format for Gazprom Neft's social projects is the Home Towns festival, offering recreational activities for families in the regions where the Company operates. The first event, attended by about 400 people, was held in Noyabrsk at the end of August 2014. Sports and recreational activities and master classes on traditional crafts and other forms of art were held, and there were performances by local singers and musicians. The Company plans to roll the project out across the other regions in which it operates.

The Company provides financial support to the D.D. Shostakovich St. Petersburg Academic Philharmonia, the Russian Geographical Society, and historical shipyards.

During the reporting year, Gazprom Neft became a general partner of the IT'S TIME! International Festival of Social Communications, which has been held in Omsk since 2007 and is one of the biggest social advertising events in Russia and the CIS, attracting leading experts and specialists in the field. The IT'S TIME festival is designed to facilitate the development of regional social communications in order to deal with pressing social problems. One challenge is to stem the outflow of young people from the city.

Gazprom Neft is a long-time partner of one of Yugra's key cultural events: the Spirit of Fire Debut Film Festival. The theme of the twelfth festival was People and Oil. During the festival, the results of the amateur short film contest were announced. Participants included Gazprom Neft employees. The winners of the amateur debut film contest were awarded valuable prizes by writer and director Sergey Solovev, and invited to a master class featuring celebrated Russian film directors. A creative and scientific conference was also held during the film festival, attended by oil industry specialists, scientists, and other film festival attendees under the motto 'Oil Yesterday, Today, and Tomorrow in the Fate of Russia and the World'.



ZHANNA BELOTSKAYA
HEAD OF NOYABRSK
ADMINISTRATION

"These types of festivals are important because they give city residents the chance to uncover their creative potential. They bring together people who share a common love for their native city."



SERGEY SOLOVEV
DIRECTOR

"We wanted people to rethink the connection between oil and people, oil and culture, and the deep connection between oil and the life of society as a whole. This is a very beautiful and worthy objective, and the festival achieves it."

PRESERVING TRADITIONS

Supporting the traditional lifestyles of the indigenous peoples of northern Russia, while ensuring their integration into the modern economic and social landscape, is an important aspect of the Company's social investment initiatives. The Company supports measures that help to preserve the national identity of the peoples of northern Russia, establish cultural relations between different communities and families, and bring the preservation of traditional crafts and trades to the public's attention.

In 2014, Gazprom Neft sponsored the organization of Reindeer Herder Day in the villages of Khalyasavey, Tolka, and Khanymey (Yamalo-Nenets Autonomous District), the village of Russkinskaya (Khanty-Mansiysk Autonomous District), and the towns of Nadym and Muravlenko.

The village of Novy Port marked Fisherman's Day with the support of Gazprom Neft. As part of the festivities, Novy Port fishing crews were presented with gifts from the Company.

In addition, during the reporting year Gazprom Neft provided targeted support to 196 families (977 people) among the indigenous peoples of Yamalo-Nenets and Khanty-Mansiysk autonomous districts. Funds were allocated to communities to purchase equipment, fishing gear, fuel and lubricants, construction materials, work clothes, and food, and families were supplied with power generators, chainsaws, and snowmobiles.

SOCIAL PROGRAMMES OUTSIDE RUSSIA

IRAQ

Gazprom Neft Badra B.V., together with project partners Kogas (South Korea), Petronas (Malaysia), TPAO (Turkey), and Iraq's Oil Exploration Company are implementing a social development programme for the region in which the field is located.

The programme's focus areas include stabilizing the power supply, providing medical facilities, and developing the education system. Every year, members of the consortium invest USD 5 million in the programme. In addition, Gazprom Neft Badra B.V. is implementing a programme to develop the skills of Iraqi workers for work in the Badra field.

As part of the social programme, the emergency medical care unit at Badra's city hospital was renovated and modern medical equipment installed. Schools in the city also received donations of computer equipment. In 2013, the Company organized the reconstruction and upgrading of existing power lines, increasing the length of the daily electricity supply to households in Badra by 40%. The University of Wasit (Al-Kut City) was given two modern buses to transport students from the surrounding towns and villages to the university.

During the reporting year, the programme funded the construction of three furnished school buildings in the cities of Badra and Jassan. The Company's future plans include continuing to upgrade electricity networks in Badra, Jassan, and Zurbatia.

196 families among the indigenous peoples of the Yamalo-Nenets and Khanty-Mansiysk autonomous districts received targeted support from Gazprom Neft in 2014

40% increase in length of daily electricity supply to households in Badra

SERBIA

As part of its social responsibility programme, NIS organizes an annual Together for the Community competition.

The competition aims to support local community social initiatives in the fields of sports, culture, environmental protection, science, and social protection. In 2014, NIS supported 164 projects in the cities of Belgrade, Novi Sad, Pančevo, Zrenjanin, Kikinda, Niš, and Čačak and in the towns of Novi Bečej, Kanjiža, Žitište, and Srbobran through the open competition. These included the creation of an audio library for visually impaired children; the construction of a sports hall, sports grounds, and playgrounds for children; support for the Arlechin Children's Theatre and Jazz Festival, and support for the restoration of a car museum.

In addition, the Company played an active role in helping the victims of major flooding in Serbia during 2014. NIS provided fuel, company vehicles, equipment, water pumps, and human resources to police and rescue workers. Victims of the floods received about 70,000 litres of drinking water from a plant owned by the company. Employees raised funds and collected basic necessities for the victims. Six tonnes of humanitarian aid collected by employees were transferred to the central Red Cross warehouse, from where they were distributed to families evacuated from flood-hit areas.

CHARITABLE ACTIVITIES AND VOLUNTEER PROGRAMMES

CHARITABLE ACTIVITIES

Gazprom Neft's approaches to organizing charitable activities are determined by the Charitable Activities Policy and the Procedure Governing the Provision of Charitable Aid company standard. The Company has adopted a Charitable Activities Concept aimed at enhancing the efficiency of charitable programmes in the regions where it operates. The Concept divides charitable activities into four groups: targeted corporate charity, a mutual assistance fund, corporate volunteering, and social initiatives grant competitions. All charity projects are implemented in accordance with the key elements of the Home Towns programme.

As part of its targeted corporate charitable activities, the Company provides assistance to non-profit public organizations; charity funds; research, cultural, educational, sports, and healthcare institutions; orphanages, and individuals. Charity funds are allocated from the Company's budget based on the decisions of the Charity Commission.

The Gazprom Neft Nearest And Dearest mutual assistance fund is intended to provide material and organizational assistance to employees and their families in difficult situations. The Fund's activities are based on the principle of co-financing by employees and the Company.

164 projects supported by NIS during the Together for the Community annual competition in 2014

RUB 1,158 million transferred to charitable and volunteer projects in 2014

VOLUNTEERING

By implementing a large-scale Personal Contribution programme, Gazprom Neft has been able to transition from spontaneous volunteering initiatives to the systematic development of corporate volunteering.

Gazprom Neft’s volunteering movement is being rolled out in 38 Russian cities, involving more than 7,500 people. In 2014, Company volunteers took part in 188 events, including blood donation, support for orphanages and boarding schools, clean-up initiatives, tree planting, and other environmental measures aimed at making life in the cities more comfortable and enjoyable. The Company has a tradition of organizing sports, educational, and entertainment activities for children in homes and providing them with targeted assistance, for instance, helping them get ready for the new school year, preparing New Year gifts for them, and organizing celebrations on Children’s Day. As part of the Nearest and Dearest mutual assistance fund, employees managed to raise about RUB 18 million during the reporting year.

Company employees have been implementing the Learning is Interesting project for children in orphanages and boarding schools since 2013. The project includes a series of educational measures designed to offer children careers advice and help them to achieve their potential.

To implement its volunteer programmes, the Company cooperates with NPOs and charitable foundations. A regular Gazprom Neft partner is the April Charitable Foundation, which has helped the Company to conduct the Spring Sports campaign every year since 2012 in Leningrad Region, organizing sporting tournaments for orphanages and boarding schools. In 2014, more than 160 participants, including children with disabilities, participated in these competitions. Zenit footballer Oleg Shatov personally presented cups to the winners of Spring Sports 2014. Around 60 Gazprom Neft employees and family members took part. In December 2014, the Company held its first volunteer forum. The most active Company volunteers attended the event, which was dedicated to sharing experience and reviewing the year’s events. The participants were addressed by Chairman of the Management Board Alexander Dyukov. During the forum, participants learned about the best projects conducted by their colleagues in the regions. Guest experts talked about general volunteering trends in the world and in Russia, different companies’ approaches to volunteering, and ongoing initiatives. During the event, the most active Company volunteers received awards.



SVETLANA REDINA
LEADING SPECIALIST AT
GAZPROMNEFT RESEARCH
CENTRE

"The school sports tournaments are particular important to me, since that was where I discovered volunteering a year ago. These games are really fun for the children. They give them the chance to do something different, interact with their peers, express themselves, and show what they are capable of. It is just as important for them to understand that there are many caring people around who want to give them their attention, smiles, warmth, and companionship."

LET'S REMAKE IT

In 2014, a new event was added to Gazprom Neft’s volunteer programme: Let’s Remake It. The event was held on 1 June, International Children’s Day. Company volunteers organized a festival during which children from five orphanages and boarding schools in Leningrad Region, together with the volunteers, performed mini-plays based on famous movies.



ALEXANDER DYBAL
GAZPROM NEFT DEPUTY CEO,
CORPORATE COMMUNICATIONS

"Gazprom Neft’s volunteer movement is an important part of our Home Towns programme, and it reflects the vital philosophy of our company. The projects attract people who really do want to help. Some of them help children, while others support environmental projects or give blood or donate money to help people in distress. It is very important to remember that all this is done outside work, at the employees’ own initiative, and with no compensation of any sort from the Company. These people deserve special recognition from the Company."



As part of the On the Same Team as Zenit charitable event, held in cooperation with Zenit FC and with the direct involvement of Company volunteers, children from orphanages were able to attend Zenit practice games and matches, and meet players from the stellar squad at the Petrovsky Stadium.



ARTEM LYARSKY
18 YEARS OLD

"I was excited to see the Zenit players for myself. Kerzhakov, Hulk, and Lodygin are my idols. I try not to miss a single game when they’re on the field. Meeting their head coach was a surprise. I didn’t expect him to be so friendly. He must love children. I was happy!"



ANTONINA MOLCHANOVA
TEACHER AT EFIMOVSKAYA BOARDING
SCHOOL FOR CHILDREN WITH DISABILITIES

"The kids were so happy to see the famous players, watch them train, and get their autographs. It is such a rare opportunity. Everyone was delighted."

2015 GOALS

In 2015, and in the medium term, the Company will continue to systematically implement the Home Towns social investments programme in order to achieve maximum social benefit. The programme makes it possible to develop groups of projects in key areas that can be implemented in regions where the Company operates.

As part of this work, the Company will continue to develop its regional social investment strategy, taking account of the specific social and economic situations and needs of particular areas.

THE COMPANY ALSO PLANS TO:

- roll out successful practices across other regions where the Company operates, in particular the Home Town festival, the Urban Space street art project, and an oil and gas themed tournament for schoolchildren
- continue to involve local communities in the implementation of joint projects aimed at improving the quality of life in the regions where the Company operates
- develop an Internet portal for the Home Towns social investment programme with the aim of turning it into an effective channel for communications with local communities
- hold a social initiatives grant competition in five regions where the Company operates (Omsk, Tomsk, and Orenburg regions, and Yamalo-Nenets and Khanty-Mansiysk autonomous districts); the grant fund will total more than RUB 20 million
- implement a pilot grant competition for local governments in Orenburg Region
- conduct sociological research into corporate volunteering at the Company and develop Gazprom Neft’s corporate volunteering concept

APPENDICES

APPENDIX 1. CERTIFICATION OF THE REPORT BY THE NON-FINANCIAL REPORTING BOARD OF THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS



APPENDIX 2.
INDEX OF GRI STANDARD DISCLOSURES

The Report uses GRI standard disclosures (version G4) as well as some indicators from the GRI Oil and Gas Sector Supplement (these are indicated in the general table by the OG code).

Disclosure	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
Strategy and analysis			
G4-1	Statement from the most senior decision-maker in the organization about the relevance of sustainability to the organization		5–7
G4-2	Description of key impacts, risks, and opportunities		5–7, 10–12, 36–37, 44–46, 63, 76–77, 80, 83, 104–105
Organizational profile			
G4-3	Name of the organization		Full name: Joint Stock Company Gazprom Neft Abbreviated name: Gazprom Neft.
G4-4	Primary brands, products, and services		9–10, 13, 21–27
G4-5	Location of the organization's headquarters		3–5 Pochtamtskaya St., St. Petersburg, Russia, 190000.
G4-6	Countries where the organization operates and countries where the organization has significant operations		16–17
G4-7	Nature of ownership and legal form		10, 13
G4-8	Markets served by the organization (including geographic breakdown, sectors served, and types of customers and beneficiaries)		10, 13, 16–17, 47–55
G4-9	Scale of the organization		9–10, 20, 62, 104 Information about sales volume is disclosed in monetary terms (revenue) for the whole Company. The Company considers information about the distribution of sales revenue by region to be confidential. Cost data for the entire Company were published in Gazprom Neft's 2014 Annual Report, pp. 48, 52–53. The Company considers cost distribution across regions to be confidential information

KEY

Degree of disclosure:

– complete

– partial

– no information

Disclosure	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
G4-10	Total number of employees by employment type, gender, employment contract, and region		62, 104
G4-11	Percentage of employees covered by collective bargaining agreements		About 50% of the Company's employees were covered by collective bargaining agreements.
G4-12	The organization's supply chain		52
G4-13	Significant changes in the organization's size, structure, or ownership during the reporting period		13
G4-14	Application of the precautionary principle		75 For a detailed explanation, please see: Gazprom Neft's 2010 Sustainability Report, p. 99.
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		The Company has currently not formally subscribed to any of these initiatives. However, the Company is guided by the principles set out in the ISO 26000 international standard (Social Responsibility) and publishes sustainability reports that follow the guidelines of the Global Reporting Initiative (GRI).
G4-16	Memberships of associations (such as industry associations) and/ or national and international advocacy organizations		Association of Oil Refiners and Petrochemists, Russian Union of Oil Exporters.
Identified material aspects			
G4-17	All legal entities included in the organization's consolidated financial statements or equivalent documents		2014 Annual Report, pp. 209–210.
G4-18	Process for defining the report content and the aspect boundaries		The Company is transitioning to the G4 version in stages, beginning with the 2014 report. The definition of the aspect boundaries of the Report will be reflected in the next report.
G4-19	List of all material aspects identified in the process for defining report content		2

Disclosure	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
G4-22	Restatements of information provided in previous reports		No information was restated.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries		No significant changes were made.
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organization		48
G4-25	The basis for identification and selection of stakeholders with whom to engage		47
G4-26	The organization's approach to stakeholder engagement		47–48
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		2, 48, 54, 79, 104, 107, 108–110
Report profile			
G4-28	Reporting period		Calendar year.
G4-29	Publication date of most recent previous Sustainability Report		June 2014.
G4-30	Reporting cycle		Annual.
G4-31	Contact point for questions regarding the report or its contents		Contact point: 3–5 Pochtamtskaya St., St. Petersburg, 190000 Tel: +7 (812) 363-31-52. Fax: +7 (812) 363-31-51.
G4-32	Report preparation option		This report contains standard disclosures from the GRI Sustainability Reporting Guidelines. Content index – pp. 122–128. The report has been externally assured. External Assurance Statement – p. 121.
G4-33	The organization's policy and current practice with regard to seeking external assurance for the Sustainability Report		1
Governance			

Disclosure	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
G4-34	Governance structure of the organization		40
G4-36	Executive-level position or positions with responsibility for economic, environmental, and social topics		41
G4-38	Composition of the highest governance body and its committees		41–42. See also the Company's 2014 Annual Report, pp. 92–96, 100.
G4-39	Whether the Chair of the highest governance body is also an executive officer		No.
G4-48	The highest committee or position that formally reviews and approves the organization's Sustainability Report		Chief Executive Officer of the Company.
G4-51	Remuneration policies for the highest governance body and senior executives		42
Ethics and integrity			
G4-56	The organization's values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics		10, 40, 56
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines		50, 57
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms, or hotlines		50, 57

SPECIFIC STANDARD DISCLOSURES

The Specific Standard Disclosures section organizes management approaches and GRI-G4 disclosures related to material aspects identified during the preparation of the Report into categories that correspond with the GRI categories.

Information about management approaches and disclosures	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
Category: ECONOMIC Aspects: Economic performance; Employment and wages; Support for domestic producers			
Management approaches			
G4-EC1	Direct economic value generated and distributed		20, 64–65, 80, 83, 107 See also the Company's 2014 Annual Report, pp. 48–49, 52, 54-55.
G4-EC3	Coverage of the organization's defined benefit plan obligations		65 See also the Company's 2014 Annual Report, pp. 52, 174.
G4-EC5	The ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation		The Report gives the ratio of the average wage of Company employees to the average wage at significant locations of operation.
G4-EC7	Development and impact of infrastructure investments and services supported		103–107, 111–118
G4-EC8	Significant indirect economic impacts		36, 54–55, 103–107
G4-EC9	The proportion of spending on local suppliers at significant locations of operation		52, 104
Category: ENVIRONMENTAL Aspects: Pollution prevention; Restoring the natural environment; Energy efficiency and conservation			
Management approaches			
G4-EN3	Energy consumption within the organization		97, 99
G4-EN5	Energy intensity		98
G4-EN6	Reduction of energy consumption		96–99
G4-EN7	Reduction in energy requirements of products and services		97–98

Information about management approaches and disclosures	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
G4-EN8	Total water withdrawal by source		90–91
G4-EN9	Water sources significantly affected by withdrawal of water		90–91
G4-EN10	Percentage and total volume of water recycled and reused		91
G4-EN13	Habitats protected or restored		93–94
G4-EN15	Direct greenhouse gas (GHG) emissions		89
G4-EN19	Reduction of greenhouse gas (GHG) emissions		88–89
G4-EN20	Emissions of ozone-depleting substances (ODS)		88–89
G4-EN21	NO _x , SO _x and other significant air emissions		88
G4-EN22	Total water discharge by quality and destination		91
G4-EN23	Total weight of waste by type and disposal method		92
G4-EN24	Total number and volume of significant spills		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		7, 28, 86
G4-EN31	Total environmental protection expenditures and investments by type		83
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		77

Category: SOCIAL
Aspects: Labour relations; Working conditions and welfare; Occupational health and safety; Training and education; Quality of products and services, Customer health and safety; Social responsibility in supplier and contractor relations, Anti-corruption measures; Socio-economic development of local communities, Health and sport, Education and culture, Support for socially vulnerable groups

Management approaches

Information about management approaches and disclosures	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region		62
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		64–65
G4-LA4	Minimum notice period regarding operational changes, including whether these are specified in collective agreements		66
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities		80–81
G4-LA8	Health and safety topics covered in formal agreements with trade unions		66
G4-LA9	Average hours of training per year per employee by gender, and by employee category		67
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		68–69
G4-LA11	Percentage of employees receiving regular performance and career development reviews		70
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		Detailed information about the composition of the Company's governance bodies was published in Gazprom Neft's 2014 Annual Report, pp. 92–97, 101–106.
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category		Basic salary does not depend on the age or gender of employees.
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms		

Information about management approaches and disclosures	Description	Degree of disclosure	Report pages/disclosure in table/ references to other sources/ explanations
G4-HR3	Total number of incidents of discrimination and corrective actions taken		No incidents of discrimination were identified during the reporting year.
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		50
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour		None were identified.
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour		None were identified.
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		No incidents of violations involving rights of indigenous peoples were identified during the reporting year.
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes		All Company subsidiaries.
G4-SO3	Total number and percentage of operations assessed for risks related to corruption, and the significant risks identified		
G4-SO4	Communication and training on anti-corruption policies and procedures		45
G4-PR5	Results of surveys measuring customer satisfaction		
G4-PR6	Sale of banned or disputed products		The Company does not sell banned or disputed products.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		No such incidents were identified during the reporting year.

APPENDIX 3.
DEFINITION OF KEY TERMS AND ACRONYMS

Term	Definition
APG, associated (petroleum) gas	A mixture of various gaseous hydrocarbons contained in oil and released during extraction.
Assets, enterprises	For the purpose of this Report, these are subsidiaries and companies controlled by Gazprom Neft.
CH	Corporate Headquarters.
Charity, philanthropy	Voluntary activities aimed at the altruistic transfer (free of charge or on preferential terms) of property, including monies, to individuals or legal entities, and altruistic work, provision of services, or other types of support.
COE	Crude oil equivalent, a unit of fuel measurement.
Corporate Communications	A form of interaction between the Company and its stakeholders, including the exchange of information.
CSR	Corporate Social Responsibility.
Downstream Division	Logistics, processing and sales division.
EBITDA	Earnings before interest, taxes, depreciation, and amortization.
EMS	Energy management system.
FES	Fuel and energy sector.
Gemba	Name of an approach that is typical of Japanese kaizen management practices, according to which it is necessary to go to the 'gemba' – the place where work is carried out – in order to understand a situation, gather facts, and take decisions on-site.
Grade	Group of positions that have approximately the same value to the Company. In other words, these positions are roughly equivalent in terms of their functionality, skills, experience and responsibility.
Grant competitions for social initiatives	A Company social investment tool used to select projects on a competitive basis and to award them funding. These projects are aimed at addressing the main social problems in the regions where the Company operates. It is part of the Home Towns social investment programme.
GRI	Global Reporting Initiative, an international organization whose main goal is to develop and implement an authoritative and credible reporting system in the area of sustainability, which can be used by organizations regardless of their size, type of activity, or location.
GRI Guidelines	Internationally recognized methods for sustainability reporting, developed by the Global Reporting Initiative (GRI).
GRI-G3.1	An updated third version of the internationally recognized methods for sustainability reporting, developed by the Global Reporting Initiative (GRI).
GRI-G4	A new, fourth version of the internationally recognized methods for sustainability reporting, developed by the Global Reporting Initiative (GRI).
Home Towns	A social investment programme managed by Gazprom Neft that is aimed at solving urgent socio-economic development issues in locations where the Company operates, including by implementing projects put forward by members of the local community. The main programme areas include: urban development (housing construction and landscaping urban areas), creating and developing infrastructure for children's and adults' sports, supporting sporting organizations and holding sporting events, supporting and developing education, preserving and developing regional cultural potential, and working together with the indigenous peoples of northern Russia.
HSE, OS and CD	Health, Safety and the Environment, Occupational Safety and Civil Defence.
IPNR	Indigenous peoples of northern Russia.
ISO 26000	International social responsibility standard for all types of organizations in all sectors, adopted in 2010. ISO 26000 is a standard set of guidelines that defines common concepts and principles for company operations.

Term	Definition
IR Global Rankings (IRGR)	Comprehensive international ranking system for assessing investor relations websites (corporate sites aimed at the investment community), online annual reports, financial information disclosure procedures, corporate governance practices, etc. The ranking system is based on a study of the activities of public companies using the methodology pioneered by MZ Consult, one of the leading consulting agencies in the field of investor relations.
IRMS	Integrated Risk Management System. Risk management is a continuous and orderly process that encompasses the identification, assessment and monitoring of risks, and responding to risks at all levels of the Company.
KMAA – Yugra	Khanty-Mansi Autonomous Area – Yugra.
LPG	Liquefied petroleum gas.
MBO	Management by objectives.
Motor fuel grade	Environmental standard established by the Technical Regulations of the Russian Federation 'On the Requirements for Automobile and Aviation Fuel, Diesel and Marine Fuel, Jet Fuel and Heating Oil'. It is equivalent to European standards. For example, Grade 5 of the Technical Regulations complies with the Euro 5 standard.
NO _x	Nitrogen oxides.
Non-financial reporting	See: sustainability reporting.
NPO	Non-profit organization.
Oilfield services	Oil and gas field services: well drilling, drilling rig installation, well pad infrastructure, well repairs, drilling equipment repairs, etc.
PMB	Polymer-modified bitumen.
PPE	Personal protection equipment.
R&D	Research, development and experimental design work.
Refinery	Oil refinery.
Sludge pit	Storage area for drilling waste.
SO ₂	Sulphur dioxide.
SPZ	Sanitary protection zone.
Stakeholders	All individuals and legal entities with an interest in the Company's operations, who have an influence on operational results or who are affected by the Company's activities.
Sustainability	Considering economic, environmental, and social impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations (this definition is provided by the report Our Common Future, which was issued by the World Commission on Environment and Development at the United Nations. Quoted from: Sustainability Reporting Guidelines. Version 3.1. © 2000–2011 GRI
Sustainability reporting (non-financial reporting)	A set of systems and processes for collecting, consolidating, analysing, and reporting information that demonstrates a balance between the financial, operational, social and environmental aspects of the Company's operations. It also includes the principles and mechanisms for considering the interests of a wide range of stakeholders, and managing interactions with them in order to solve problems that are important to the Company and society.
Technical Regulations (in the Russian Federation)	Document (legal act) establishing mandatory requirements for production facilities that are governed by technical regulations (including buildings, structures, and facilities, and the production, operational, storage, transportation, sale, and disposal processes that occur inside them).
Upstream Division	Exploration and production division.
YNAA	Yamalo-Nenets Autonomous Area.

132 CONTACT INFORMATION AND FEEDBACK

We look forward to your feedback on this report. The Company values your opinion on the issues covered in this publication. By taking part in the discussion of this Report, you can help improve Gazprom Neft's performance.

If you would like to express your opinion or ask questions, you can call us, write to us, or send us an email or fax. Our contact details are as follows:

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OTHER CONTACT INFORMATION IS AVAILABLE ON THE COMPANY WEBSITE AT THE FOLLOWING LINK:

<http://www.gazprom-neft.com/company/contacts/>

YOU CAN ALSO SEND AN EMAIL VIA THE COMPANY'S FEEDBACK FORM:

<http://www.gazprom-neft.com/company/contacts/feedback/>

Your feedback and questions will be taken into account during the preparation of the Company's next Sustainability Report.

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