

# MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



**ALEXANDER DYUKOV**Chairman of the Management Board  
and CEO of Gazprom Neft PJSC**DEAR FRIENDS,**

Gazprom Neft achieved excellent production and financial results in 2017. The Company had the largest increase in hydrocarbon production in the Russian oil industry at 4.1%, while also significantly expanding its resource base. Premium sales also grew by 3.8%. Major efforts were put into enhancing the efficiency of business processes and optimizing costs. As a result, Gazprom Neft generated the highest net profit in the Company's history in 2017.

We view our employees as our most valuable asset. Today, Gazprom Neft employs more than 67,000 people. According to the international Randstad Award rating, the Company is one of the country's most attractive employers. Gazprom Neft implements programmes involving financial and non-financial incentives, social support, and development for its employees and also puts together a talent pool. The Corporate University expanded the scope and quality of training and opened several new departments in 2017. Its innovative service platform model not only makes it possible to bring in external providers for training, but to also establish communication between employees who need to study and their colleagues who can teach them.

One of the Company's top priorities is industrial safety. We are committed to our strategic 'Goal – Zero' of causing absolutely no harm to people, the environment, or property when performing work. The Company's injury rate decreased by 19% in 2017 compared with the previous year, the number of major traffic accidents declined by 75%, and qualitative changes were made to the requirements and tools for the monitoring of major construction projects. The Company pays special attention to creating an industrial safety culture at all its assets.

While aiming for more, Gazprom Neft unwaveringly adheres to the principles of corporate social responsibility and sustainable development. The launch of the Biosphera treatment facilities at the Moscow Oil Refinery, in which the Company invested RUB 9 billion, was a major milestone for Gazprom Neft in 2017. The Biosphera facilities purify 99.9% of the refinery's wastewater, which is consistent with best global practices and significantly exceeds the regulatory requirements. A similar project is currently being implemented at the Omsk Oil Refinery. During the Year of Ecology, which was held in Russia last year, the Company implemented more than 1,000 events, ranging from the completion of infrastructure for associated petroleum gas utilization at the Novoportovskoye field to the implementation of projects to preserve the biodiversity of the Arctic.

In 2017, Gazprom Neft moved forward with its 'Native Towns' social investments programme, whose main goal is to systematically improve the quality of life in the regions where the Company operates. The programme has resulted in positive changes in dozens of regions of the Russian Federation, where active residents have been given the opportunity to implement important social initiatives. Over 2,000 projects have been implemented in 35 regions as part of the 'Native Towns' programme over five years with total investment of more than RUB 20 billion.

Today, the Company's success at the international level is measured not only by its production and financial performance, but also by the way it treats its employees, the territories where it operates, and the environment. For Gazprom Neft, investment in human capital, concern for the safety of all production processes, protecting nature, and developing social programmes are just as important tasks as the effective implementation of business projects.