

APPROACHES TO MANAGEMENT

THE GAZPROM NEFT HR MANAGEMENT POLICY SEEKS TO MEET THE BUSINESS AND SUSTAINABLE DEVELOPMENT GOALS TAKING INTO ACCOUNT THE EXPECTATIONS OF STAKEHOLDERS (EMPLOYEES, SHAREHOLDERS, AND TRADE UNIONS).

REGULATORY FRAMEWORK FOR COMPANY-EMPLOYEE RELATIONS:

- Constitution of the Russian Federation
- Labour Code of the Russian Federation
- Gazprom Neft Corporate Conduct Code
- Agreement between Russian associations of unions, Russian associations of employers, and the Russian Government
- Collective bargaining agreements

The Company has adopted an HR Management Strategy for the period until 2020. It supports the overall strategy of Gazprom Neft and aims to achieve the Company's key goals by providing it with the required number of skilled and motivated employees in the present and the future. In order to meet the Company's needs for skilled specialists in the regions where it operates, Gazprom Neft develops incentive and social support programmes for its staff, provides training and development for employees, and creates a talent pool.

Since 2016, Gazprom Neft has been implementing the 'Rotation of production staff and process improvement' initiative as part of which employees have the opportunity to develop in new areas at the Company. Gazprom Neft works with higher and specialized secondary educational institutions

to create training programmes and specialized departments based on the Company's needs, including to train specialists in rare professions (as part of the programmes 'Development of offshore oil and gas fields', 'Geological fundamentals for modelling fields with hard-to-recover hydrocarbon reserves and the assessment of geological reserves', and 'Chemical reagents and hydraulic fracturing technologies', among others).

Key areas of the HR Management Strategy:

- systematic recruitment and rotation of staff
- talent management, competency development, and training
- development of an incentive system and culture of engagement
- growth in productivity and organizational efficiency
- improved efficiency of the HR function

OBSERVANCE OF HUMAN RIGHTS

The Company's approaches to relations with its employees are based on the norms of Russian and international labour law as well as the corporate standards of Gazprom Neft.

Gazprom Neft guarantees equal opportunities and does not discriminate based on nationality, sex, origin, age, or any other grounds. The qualifications and professional qualities of employees as well as the requirements of business serve as the basis for solutions to HR issues. The Company recognizes the lawful right of employees to voluntarily create associations to protect their rights and interests, including the right to form and join trade unions. The Company does not use child or forced labour.

■ The Company did not receive any appeals or complaints related to discrimination or a violation of human rights during the reporting period.

HR enhances efficiency

In 2017, Gazprom Neft established the General Service Centre (GSC) for HR functions at the Company.

The GSC will handle administrative processes for the following functions: staff records management, reporting, staffing, and the administration of training contracts, among other things. The GSC will have a single call centre for employees on HR issues.

The GSC will help to enhance the efficiency of the Company's HR specialists, who will be able to concentrate on processes with high added value while handing off operational functions to the GSC for execution. The Centre will set up offices in Yekaterinburg, Omsk, and St. Petersburg since these cities encompass the Company's main time zones. In 2018, the GSC will start working with the Corporate Centre and five subsidiaries of Gazprom Neft. All enterprises will transition to a new model of HR work by 2020.

“The establishment of such centres is a world practice. Gazprom Neft could be described as a pioneer: we will be the first among vertically integrated companies in the Russian oil industry to introduce a system of HR service centres”.

Ksenia Politayeva

Deputy CEO and Executive Director
for Human Resources Management Services
at Gazpromneft Business Service

ORGANIZATIONAL STRUCTURE OF HR MANAGEMENT AT GAZPROM NEFT

HR Department of the Corporate Centre (Organizational Affairs Unit)

- Development of HR management strategy
- Development of key HR management programmes and projects (incentive and training programmes, creating a talent pool) and monitoring their implementation
- Strategic management of labour relations



Production unit HR management office

- Implementing strategic programmes and all projects involving HR management at subsidiaries within the unit
- Day-to-day operations as part of the HR and social policy



Subsidiary HR management office

- Operating activities involving HR management at subsidiaries (staff records, administration of labour remuneration, compensation, and social benefits, and the planning of staff numbers and costs) in accordance with the Company's strategy