

INDUSTRIAL SAFETY

RUB **54** BN
+29%

INVESTMENT IN IMPROVING INDUSTRIAL SAFETY¹

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ACCIDENTS AND MAN-MADE EMERGENCY SITUATIONS

19%

REDUCTION IN THE LTIFR IN 2017

FULFILMENT OF 2017 GOALS AND OBJECTIVES

Level of fulfilment	Goals and result
■	PREVENT ACCIDENTS AT HAZARDOUS PRODUCTION FACILITIES No accidents occurred at hazardous production facilities.
▣	REDUCE EQUIPMENT ACCIDENTS (INCIDENTS) BY 10% The number of equipment accidents (incidents) decreased by 8.5%.
▣	REDUCE THE FATAL ACCIDENT RATE (FAR) BY 30% The goal was achieved in part because of the number of fatal injuries at contractors in the same period of 2016. The number of accidents with a fatal outcome among the Company's employees decreased from 3 to 1.
■	PREVENT MAN-MADE EMERGENCIES AT PRODUCTION FACILITIES No man-made emergencies occurred at production facilities.
■	ESTABLISH AN INDUSTRIAL SAFETY DEPARTMENT AT THE CORPORATE UNIVERSITY The goal was achieved and now external and internal trainers provide training on various aspects of safety at the department.
■	TRAIN DRIVERS ACCORDING TO THE REQUIREMENTS OF THE 'TRAFFIC SAFETY CONTROL SYSTEM' STANDARDS FOR DEFENSIVE/WINTER DRIVING Drivers were trained according to the requirements of the standard and on defensive/winter driving.
■	IMPLEMENT A CORRECTIVE ACTION PLAN TO REDUCE THE RISK OF FIRES AT POWER-GENERATING PLANTS The corrective action plan was implemented.
■	FURTHER IMPLEMENT THE UPDATED 'BASIC SAFETY RULES' A communications campaign was conducted to relaunch the 'Basic Safety Rules'.
■	FURTHER INTRODUCE THE 'FIVE STEPS' RISK ASSESSMENT TOOL The Company's subsidiaries implemented a training programme for employees using the methodology.
■	DEVELOP A METHODOLOGY TO RECORD ACCIDENTS AS WELL AS HAZARDOUS ACTIONS AND WORKING CONDITIONS The methodology for recording accidents as well as hazardous actions and working conditions was developed.
■	IMPLEMENT AN INCENTIVE PROGRAMME TO PROVIDE TIMELY INFORMATION ABOUT VIOLATIONS OF INDUSTRIAL SAFETY REQUIREMENTS The incentive programme to provide timely information about violations of industrial safety requirements was implemented.
■	CREATE A MOBILE APP FOR INDUSTRIAL SAFETY SERVICE EMPLOYEES The mobile app is being introduced on a pilot basis at a number of the Company's subsidiaries. The app allows employees to record dangerous actions and conditions. A message is sent to the responsible specialist who begins working on eliminating the violation.
	<p>■ Goal fully achieved ▣ Goal partially achieved □ Goal not achieved</p>

¹ — Data given without joint and foreign assets.

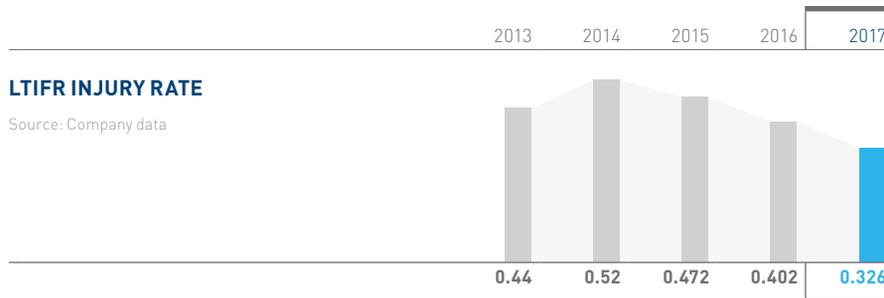
In 2017, the number of accidents involving equipment (incidents) decreased by

8.5%

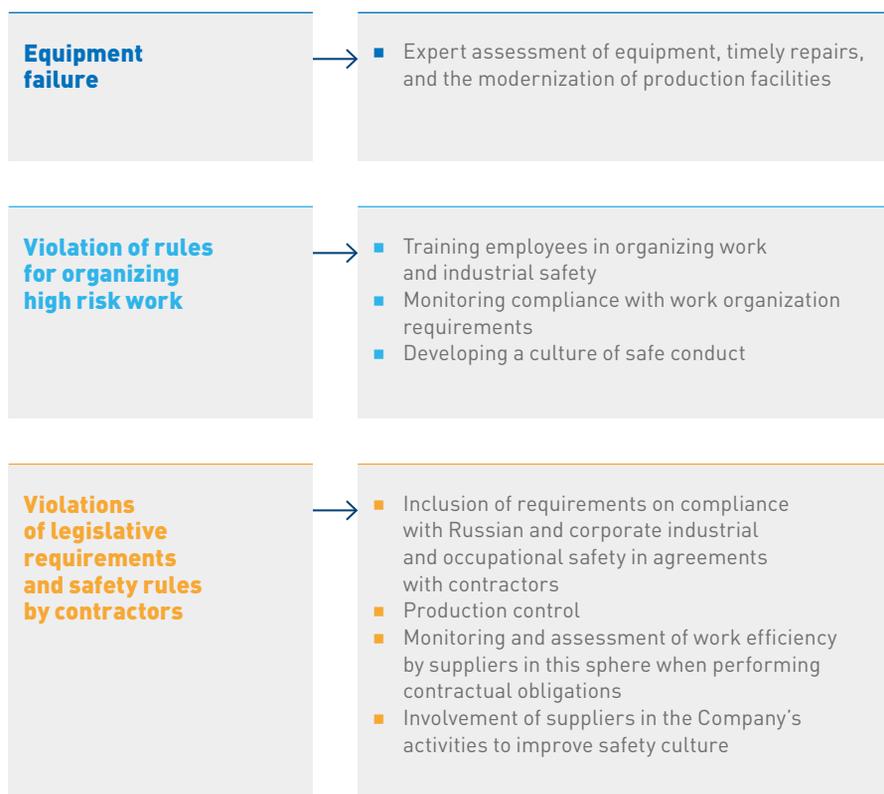
Gazprom Neft's main programmes for enhancing the level of industrial safety in 2017 included:

- an expert assessment of equipment safety and harmonizing production facilities with the requirements of industrial safety standards and rules
- the modernization of emergency shutdown systems
- the prevention and management of emergency situations
- monitoring compliance with industrial safety requirements
- ensuring safe work conditions
- measures to protect workers' health
- training of employees

When developing plans for industrial and occupational safety programmes, the Company relied on a safety risk map and continued introducing production control methods based on an assessment of these risks.



MAIN RISKS IN INDUSTRIAL SAFETY AND MEASURES TO MINIMIZE THEM





The number of accidents involving equipment (incidents) decreased by 8.5% in 2017. To the Company's deepest regret, fatal accidents were not eliminated entirely, but their number decreased from three to one. The Company is doing everything possible to prevent tragedies from repeating. A special commission was created to investigate the fatal incident and it conducted a detailed analysis, identified its causes, and took action to minimize the risk of such an incident reoccurring. The results of the investigation were considered at a meeting of the OISMS Committee.

"A FOUNDATION OF SAFETY"

A new tool for monitoring compliance with safety rules has been introduced into the capital construction function of the Upstream Division – a checklist for the safe performance of work that is drawn up based on a factor analysis of occupational injuries.

The checklist includes an extensive list of basic workplace safety principles. It is a simple and understandable tool through which an employee or a contractor's representative can conduct a risk assessment before starting and when performing work. The checklist does not require any special training and is available to all employees.

The contents of the checklist will be updated in accordance with the evolving requirements for the high-tech construction of the Company's facilities.

OCCUPATIONAL SAFETY AND HEALTH

The corporate health protection and disease prevention system includes:

- disease prevention (accreditation of clinics, thorough medical examinations, the formation and monitoring of risk groups for cardiovascular diseases, and Health Awareness Days for employees)
- emergency response (first aid/ medical assistance, transportation to clinics, and first aid training)
- promotion of a healthy lifestyle – organizing vaccinations, promoting a healthy lifestyle, preventing alcohol and drug use, and an insurance system

The Company is implementing a long-term strategy to prevent occupational diseases. One of its priorities is to assess the risk of cardiovascular disease and provide a thorough examination of high-risk group employees.

As it develops responsibility throughout the entire supply chain, the Company is introducing a new health safety focus – 'Contractor management' – in which the Company monitors medical examinations by employees of contractors and organizes effective emergency medical responses for them, among other things. This project received a gold medal at the Health and Safety 2017 national competition.

WORK WEAR FOR OFFSHORE OPERATIONS

The Company has developed the first samples of improved work wear for offshore projects. Antistatic materials with an enhanced fire resistance rating that can protect a person against heat and flame were used to manufacture the work wear. The work wear is appropriate for complex offshore working conditions and industrial safety requirements.

READINESS TO RESPOND TO EMERGENCIES

In an effort to ensure civil defence, the Company is improving the sustainability of its production facilities when emergencies arise and training employees in actions to take in the event of emergencies, including work in challenging climatic conditions.

The Company conducted 370 civil defence and emergency situation exercises in 2017 (a 14% increase from 2016) while devoting special attention to:

- assessing the reality of current action plans to prevent and respond to emergencies and eliminate oil and petroleum product spills
- organizing interaction in emergency response
- implementing priority measures to support and evacuate staff

The themes of the exercises and training were determined in accordance with the specific nature of production activities in the region.

Virtual reality

Gazpromneft-Logistics introduced virtual simulators are introduced on which employees simulate actions in the event of emergency situations at petroleum product loading and unloading platforms.

During the training, employees respond to a simulated emergency situation by choosing a particular sequence of actions. The simulator is totally immersive. In the event of a mistake or sequence error, trainees will see a simulation of the accident that occurred. If they take the correct actions, they successfully pass the training and get a better idea of the actions to take in a stressful situation.

'ARCTIC 2017'

Gazprom Neft Shelf took part in the 'Arctic 2017' complex exercises that were organized by the Ministry of Natural Resources of the Russian Federation.

The exercises aimed to improve the level of preparation for the clean-up of an oil spill over an area of 5,000 m³ near the Prirazlomnaya platform.

- During the exercises, the participants went over the scenario for an oil spill as a result of a tanker collision with the support vessel and ensured the protection of the coastal strip of Varandey village from an oil spill in icy conditions.

- The results of the exercises demonstrated the Company's readiness to cope with oil spills at sea and in the coastal area.

FIRE AND TRANSPORT SAFETY

The Gazprom Neft transport safety programmes include production control, safe driving training, on-the-job training and instructions on safety issues, and monthly 'Stopwatches', or meetings on industrial safety issues. The Company employs project teams whose job is to improve safety in priority focuses for Gazprom Neft such as air, water, and motor transport. A development roadmap through the end of 2019 has been created for each focus.

The Company began introducing the updated 'Traffic Safety Control System' standard during the reporting year. Drivers working for Gazprom Neft and contractors underwent training on the requirements of the standard as well as defensive/winter driving.

In 2017, the number of major traffic accidents decreased by 54%, significant accidents declined by 20%, the accident rate plummeted by 88%, and the number of fires edged down by 8%.

88%

DECREASE IN THE ACCIDENT RATE VS. 2016

54%

REDUCTION IN THE NUMBER OF MAJOR TRAFFIC ACCIDENTS

IT technologies for extinguishing fires

An automated fire extinguishing system was introduced at the drilling sites of the Kuyumba field in the Krasnoyarsk Territory.

Drilling operations at Kuyumba have an extremely fire hazard due to the use of oil-based drilling mud that exits the well at temperatures of up to 60 degrees. An automated system was introduced to eliminate the human role of assessing the risk of fire and its suppression: residential and industrial premises were equipped with sound and light alarms from which signals are transmitted wirelessly, the drilling equipment is equipped with automatic fire extinguishing modules (powder and foam generators), and SMS notifications are sent out when the system is triggered. Uninterruptible power supplies ensure the system can function for 24 hours after a power outage.

ROADSIDE CONTROL

The Upstream Division introduced an IT monitoring system for vehicles at the Company's production assets. The system contains information about drivers, vehicles, and permits and generates reports on the quality of driving similar to those used by major transport companies: tracking rapid acceleration, braking, and aggressive driving, among other things. The IT solution helps to monitor the fulfilment of safety obligations by the Company's road transport contractors. The system was launched at five Gazprom Neft subsidiaries in 2017.