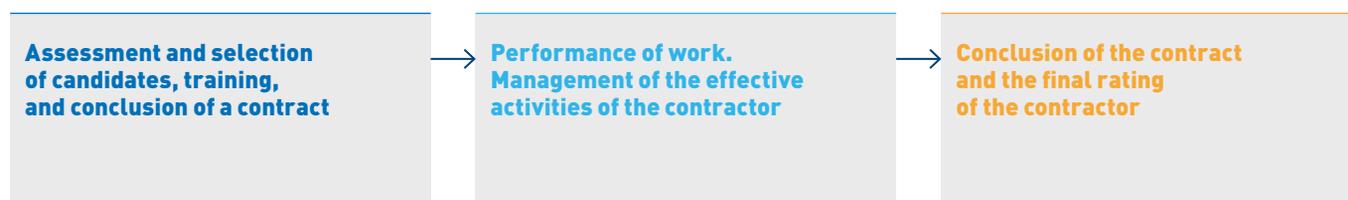


SUPPLY CHAIN RESPONSIBILITY

THE COMPANY'S INDUSTRIAL SAFETY STRATEGY INCLUDES CONTRACTORS. COMPLIANCE WITH CORPORATE SECURITY REQUIREMENTS IS A KEY CRITERION FOR THE SELECTION OF GAZPROM NEFT'S COUNTERPARTIES.

STAGES OF THE 'STEPS' PROGRAMME



Interaction with contractors is dictated by the corporate standard: 'Procedure for managing and organizing interaction with contractors on industrial safety issues', which was updated in 2017. The standard establishes Gazprom Neft's requirements for contractors during the stages of selecting the contractor as well as managing and analysing the effectiveness of its work. The compliance of contractors with legislative and corporate requirements concerning industrial safety is recorded in contracts.

The 'Steps' corporate programme for work with contractors allows for monitoring the fulfilment by contractors of industrial safety requirements and consistently improving the level of safety culture at contractor organizations.

Gazprom Neft works closely with contractors on matters concerning industrial safety during all stages of cooperation.

Contractors are part of the corporate training system on industrial safety: Gazprom Neft organizes regular specialized forums and meetings with contractors to exchange experience and improve efficiency. The Company is developing the practice of top-level supervision of contractors by Gazprom Neft managers. In 2017, representatives of contractors underwent roughly 12,000 courses in occupational safety and 61,000 courses as part of cascading communications on basic safety rules.

The Company is developing programmes to provide financial and non-financial incentives to contractors for proactive measures to enhance the industrial safety culture. Starting in 2016, Gazprom Neft has introduced a rating system as part of the 'Steps' programme for contractors in matters concerning industrial safety. The system aims to increase the level of motivation and involvement among contractors and effective interaction between the parties. In 2017, the rating's key performance indicator for industrial safety grew to 40%.

SAFETY SUPERVISORS

Gazpromneft-Khantos held a pilot training course in 2017 for industrial safety supervisors. The main objective of the course was to transition from a model of strict control over the fulfilment of safety rules by oversight specialists to their proactive work to establish a culture of safe behaviour. The first course was attended by 314 people of which 85% were representatives of contractors.

'GOOD DEED'

The 'Steps' programme was awarded the 'Good Deed' prize in 2017 in the 'Responsible interaction with suppliers' category. The prize has been a joint initiative of the Russian Union of Industrialists and Entrepreneurs and the Business Russia and Opora Rossii organizations since 2017.