

Product quality control and improvement

Gazprom Neft strives to thoroughly meet customers' demand for its products. The Company works continuously to enhance the effectiveness of customer support processes and improve the quality of its products and the reliability of its surveillance modes, which helps to prevent unauthorised fuel from entering the Gazprom Neft network.

The key areas of work to improve product quality and comply with regulatory requirements include:

- the modernisation and reconstruction of process equipment;
- the commissioning of new technological facilities and technologies;
- the introduction of innovations in exploration and production and carrying out R&D and OTM that aim to stabilise product manufacturing technologies and product quality at oil refineries;
- the production of new types (brands) of products that meet the modern quality requirements of the market (customers);
- the introduction of in-line quality inspection at technological facilities.

Quality control management at Gazprom Neft is integrated into the general management systems. The management systems of a number of the Company's subsidiaries and enterprises (Gazpromneft-Lubricants, Omsk Oil Refinery, Moscow Oil Refinery and Gazpromneft-Ryazan Bitumen Materials Plant) are certified for compliance with the requirements of the international quality standard ISO 9001. In addition, Gazpromneft-Ryazan Bitumen Materials Plant underwent certification in 2015 and received the international certificate of conformity of the factory production control EN 14023:2010 (16 brands) and EN 12591:2009 (four brands). The Moscow Oil Refinery received an EN 12591:2009 certificate for two brands.

"MOBILE CONTROL" PROGRAMME

The Company employs the Mobile Control programme, which aims to monitor compliance with government and corporate standards regulating the quality and quantity of petroleum products. Teams of mobile inspectors conduct unscheduled inspections at filling stations and petroleum storage depots each day in the Urals, Central and Siberian regions. They inspect the processes for the acceptance, storage, release and transportation of products and whether measurement systems work properly. The mobile inspectors help to promptly identify and correct discrepancies and improve the performance quality of enterprises.

The oil refineries have testing laboratories that provide product quality control at all stages of production, from analysing raw commodities and materials to shipments to consumers. In addition to intra-plant inspections, outside surveyor¹ organisations may be additionally hired at the request of customers to perform random product quality control during its shipment to customers.

¹ Surveyor activities involve an assessment of the quality of freight based on its physical, chemical and biological condition.

The Company continuously improves quality control.

Key measures to improve quality control in 2015 included:

- the establishment of a Quality Control and Metrological Support Office (Business Development Department) within the Regional Sales Directorate whose responsibility will include quality issues during the transportation, storage and sale of petroleum products;
- the introduction of uniform requirements for preserving the quality of petroleum products in each stage of the distribution network – from petroleum storage depots to petrol station pumps – and the designation of areas of responsibility and quality requirements for each subsidiary;
- the development of a target model for preserving the quality and quantity of petroleum products that aims to reduce the human factor in these processes;
- the adoption of a new corporate standard to preserve the quality of petroleum products that can identify the quality loss points and take corrective measures;
- an increase in the number of mobile testing laboratories to eleven, which helped improve the efficiency of control;
- the introduction of a mechanism to block unscrupulous carriers that makes it possible to prevent the transportation of petroleum products by drivers who have previously been convicted of stealing or substituting fuel. The introduction of procedures to investigate such situations and the establishment of regional commissions to conduct such investigations;
- the introduction of in-line quality analysers at the Omsk Oil Refinery for the routine quality control of process facility flows and the quality of semi-finished products. This made it possible to monitor the most critical quality indicators with the greatest frequency and, consequently, improve the manageability of the technological process and product manufacturing technologies.

KEY RESULTS OF PRODUCT QUALITY CONTROL IN 2015

- Launch of the production of class-5 motor petrol in accordance with government standards (GOST) instead of the technical specifications in place at the Moscow Oil Refinery;
- the Omsk Oil Refinery completed the transition to 100% production of Euro-5 motor fuels. The replacement of equipment and an increase in the size of the catalytic system of the catalytic cracking hydrotreatment unit made it possible to increase the quality of the fuel produced;
- the most effective hydrogen sulphide scavenger was selected to ensure the required quality of fuel oil (Moscow Oil Refinery); in order to expand the sales market of road asphalt, binders were certified for quality compliance with EN European standards;
- pilot testing was conducted on a new product for the first time in Russia: grade A needle coke;
- components of A and B brand aviation petrol were prepared for the further production of Avgaz LL and B-91/115 aviation petrol, which is not manufactured in Russia;
- a programme was implemented to restore and introduce automated quality control devices at production facilities;
- pilot testing (runs) was conducted to improve the quality of mineral base oils;
- the production of polymer-bitumen binders was launched according to customer specifications;
- Gazpromneft-Bitumen Kazakhstan launched production on road asphalt according to the new standard of the Republic of Kazakhstan;

GAZPROM NEFT EXPERTS

The Company's specialists are hired by the government as experts on the production of high-quality innovative materials. In 2015, Gazprom Neft specialists were involved in the following activities as experts:

- work performed by the Open Government to assess the initiatives of the Russian Ministry of Transportation;
 - the development of a preliminary draft national standard on asphalt concrete;
 - work to set up a forecasting system for the consumption of bitumen materials;
 - the work of the Scientific and Technical Council of Avtodor State Company;
 - as speakers at training seminars organised by Avtodor State Company and the Federal Road Agency.
- Gazpromneft Super 5W-40 motor oil won the "100 Best Russian Products" contest, while the Gazpromneft Diesel Premium 10W-40 motor oil was awarded a certificate at the contest.