
Ethics and anti-corruption activities

The Company strictly observes human rights in its activities. Gazprom Neft does not permit any discrimination based on nationality, gender, origin, age and other grounds, recognises the right of workers to form public associations and organisations to protect their rights and interests, and guarantees respect for the rights of indigenous peoples when organising production operations in areas where they reside. The Company ensures the observance of these and other human rights through its risk management system, environmental, production and social management systems, and communications system with internal and external auditors.

Gazprom Neft has approved an Anti-Corruption and Anti-Fraud Policy based on Russian legislation, the Code of Corporate Governance and other internal regulatory acts. Measures to identify and prevent corruption and fraud risks have been included in the Company's risk management system.

The Company has a hotline that it uses as a system to collect and process information about fraudulent actions, administrative violations and violations of industrial safety. The goal of the hotline is to provide any individual with an opportunity to report violations at Gazprom as well as its subsidiaries. All the reports received are processed with the highest level of confidentiality. The information is verified in compliance with the requirements for objectivity and independence by individuals who are not parties to the proceedings in question.

In order to prevent cases of corruption and fraud, Gazprom Neft is committed to developing and utilising advanced tools and practices in this area. In 2015, the Company began work to eliminate the risk of a separation of duties (SoD) among users of the IT system. This work involves forming new role models that eliminate SoD risks as well as the introduction of a specialised IT solution that allows for effectively managing SoD risks during the stage when access is provided to users.

Internal control and risk management

The Gazprom Neft risk management system aims to ensure the Company's financial stability, achieve a balance between growth in the Company's value, profitability and risk, effectively manage business activities, ensure the safekeeping of assets, identify, correct and prevent violations, prepare reliable accounting in a timely manner and improve the Company's investment appeal as a result.

The principles and approaches to organising the Gazprom Neft risk management and internal control system are determined by the Company's Board of Directors. The Audit Committee under the Board of Directors assesses whether the system is functioning effectively and submits a report on the audit results to shareholders as part of materials for the annual

General Meeting of Shareholders. The creation and maintenance of the risk management and internal control system falls within the responsibilities of the Management Board and CEO.

The Company employs a hotline to provide information about violations of legislation, internal procedures or the Corporate Conduct Code by any Company employee and/or member of a management or supervisory body.

¹ A list of the members of the Board of Directors and their specific skills is presented in the Company's Annual Report for 2015.

² Detailed information on compliance with the Code of Corporate Governance is presented in the Company's Annual Report for 2015.

³ Data on the amount of remuneration for members of the Company's Board of Directors and Management Board is presented in the Company's Annual Report for 2015.

COMPANY SUPERVISORY BODIES

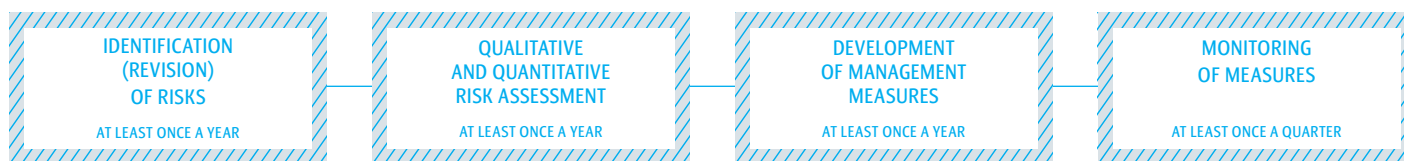


The Company's risk management processes are described by the corporate risk management policy and the Integrated Risk Management System (IRMS) unified corporate standard, which covers all of Gazprom Neft's major assets. The IRMS provides a continuous process to identify, assess and manage risks. Risk analysis and management tools are integrated into key corporate processes.

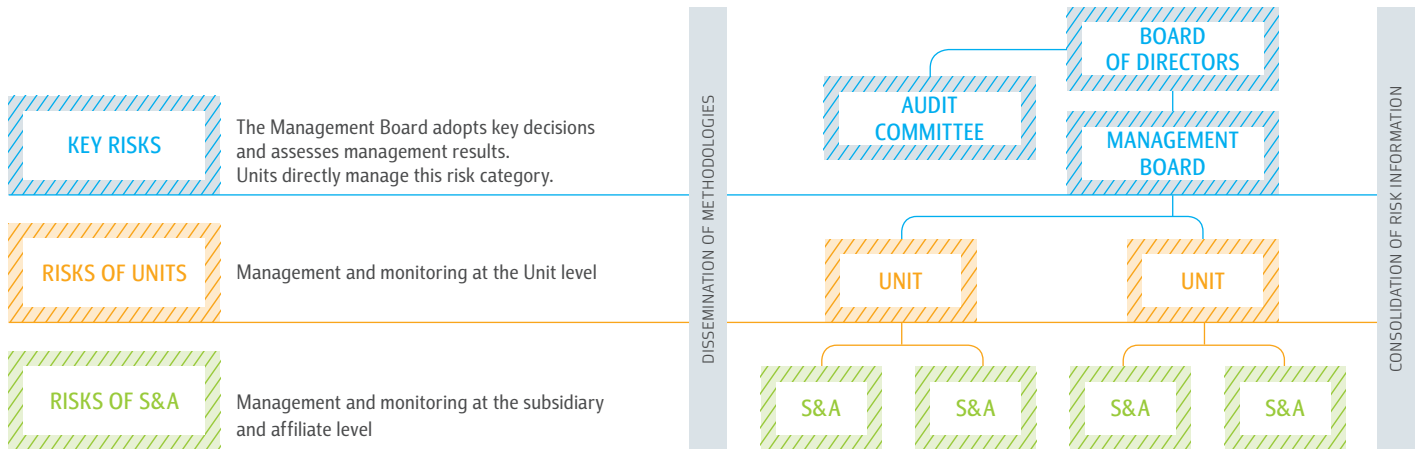
The Company continuously develops the methodological framework for the IRMS, including general recommendations on the quantitative risk assessment of project and business planning as well as detailed methods for assessing the most substantial inherent risks.

Responsibility for risk management and preparing reporting on risk management is determined in accordance with the system of linear and functional management. An owner is appointed for each risk and is responsible for managing it. Risk coordinators who promote and support the use of corporate risk management principles are selected from among managers at the level of each function and key business process. The risk analysis deadlines and objectives take into account the specific features and demands of each business process for which risk management is performed.

SCHEMATIC DIAGRAM OF IRMS PROCESS AT THE GAZPROM NEFT GROUP //



LEVELS OF FINANCIAL IMPACT OF RISK AND DISTRIBUTION OF POWERS WITHIN THE IRMS //



MANAGEMENT OF SOCIAL AND ENVIRONMENTAL RISKS

Risk description	Risk management measures
RISKS ASSOCIATED WITH HUMAN RESOURCES	
<p>Successfully achieving the Company's strategic goals largely depends on the efforts and abilities of key employees, including skilled technical personnel. The inability to recruit personnel and/or retain existing personnel with the necessary skills and experience could have a negative effect on the Company's appeal as an employer. Factors that increase HR risks include a growing shortage of skilled specialists and, as a consequence, increased competition on the labour market in Russia and abroad.</p>	<p>Gazprom Neft offers competitive remuneration, including a salary, performance-based bonuses and a social benefits package. The Company develops and implements programmes to establish a talent pool as well as train and develop personnel which aim to meet its demand for qualified staff both now and in the future.</p> <p>Gazprom Neft is improving its recruitment procedures and undertaking measures to reduce staff turnover and encourage staff to realize their potential.</p> <p>The Company implements social investment programmes in its regions of operation that aim to improve the quality of life of employees and their families, among other things.</p>
RISKS RELATED TO INDUSTRIAL AND OCCUPATIONAL SAFETY	
<p>The Group is exposed to risks relating to the safety of its employees and their operations. Such risks may arise as a result of equipment damage and failure, natural disasters, terrorist attacks or the actions or inaction of personnel. Any of these risks could have a materially adverse effect on the business, financial situation, operating results or reputation of Gazprom Neft.</p>	<p>Gazprom Neft strives to provide a safe working environment for its employees and seeks to avoid injury or death, actions brought against the Group or damage to its business reputation. The Company constantly monitors safety threats, and pays particular attention to complying with safety equipment regulations.</p>
ENVIRONMENTAL RISKS	
<p>Gazprom Neft's operations carry an inherent risk of environmental damage or pollution, which may lead to civil liability and require action to mitigate such damage. Environmental risks and expenses related to compliance with environmental requirements or commitments may increase in the future as the Company's production activities and assets expand.</p>	<p>The Company is fully aware of its responsibility to the public for creating safe working conditions and protecting the natural environment. Gazprom Neft ensures compliance with environmental protection standards and also monitors changes in environmental legislation in the various countries in which it operates. The Company also implements programmes to minimise its negative impact on the environment as well as nature conservation and biodiversity preservation programmes.</p>