

Social activities

GOALS AND RESULTS OF SOCIAL ACTIVITIES FOR 2015

Goal	Result
Expansion of the Company's successful practices in the regions where it operates: "Native Town" festival, "City Space" street art project and an oil- and gas-themed tournament for schoolchildren	<p>The "Native Town" festival was held for the first time in Muravlenko and attended by 5,000 people (every sixth resident).</p> <p>The "City Space" project of street art and graffiti was carried out jointly with the "Stenografiffa" festival in Orenburg, Noyabrsk, Muravlenko, Khanty-Mansiysk and the Arctic villages of Novy Port and Mys Kamenny.</p> <p>Based on the results of an assessment of the effectiveness of the Olympiad held for schoolchildren in 2014, the Company decided to launch a new project – the school-based oil- and gas-themed tournament "Multiplying Talent". The tournament was attended by more than 1,200 people from St Petersburg, Tyumen, Noyabrsk, Muravlenko, Novy Port and Mys Kamenny.</p>
The Company continued work to involve local communities in the joint implementation of projects that aim to improve the quality of life in the regions of operations	The Company launched a municipal project laboratory in which local residents and leading Russian experts jointly developed and implemented a number of micro-projects that aim to develop the urban environment.
Sociological research on corporate volunteering at the Company and the development of the concept of corporate volunteering at Gazprom Neft	The survey polled more than 1,000 Gazprom Neft employees, who pointed out the need to develop a corporate volunteering system at the Company. The concept of corporate volunteering at Gazprom Neft was approved in September 2015 (for more, see the "Corporate Volunteering" section)
A grant competition for social initiatives was held in five regions where the Company operates (Omsk, Tomsk and Orenburg Regions, YNAD and KMAD-Yugra) with a fund of more than RUB 20 million	Grant competitions were held in the Omsk, Tomsk and Orenburg Regions, YNAD and KMAD-Yugra. The grant fund totalled RUB 21.89 million. A total of 379 projects were submitted and 79 of them were selected. Based on this work, the Company approved the corporate standard "Organisation and holding of grant competitions for social initiatives".
Implementation of a pilot grant competition project for local authorities in the Orenburg Region	Seventeen applications were submitted for the first grant competition held by the local authorities of the Orenburg Region. The grant fund totalled approximately RUB 4 million. Six projects were implemented as part of the contest in 2015.
Development of an Internet portal for the "Native Towns" programme and the establishment of an effective communications channel with the local authorities	Pages for the programme were launched on Vkontakte and Instagram social media. These resources not only provided information about the projects being implemented and best practices, but also materials on social project planning such as publications and video lectures.

All of Gazprom Neft's social activities since 2013 have been carried out within the framework of the "Native Towns" social investment programme. All of the Company's core production units have been involved in this work. When scaling interregional projects in specific regions, their content is determined in accordance with the needs of the local target audiences. Subsidiaries annually prepare lists of projects taking

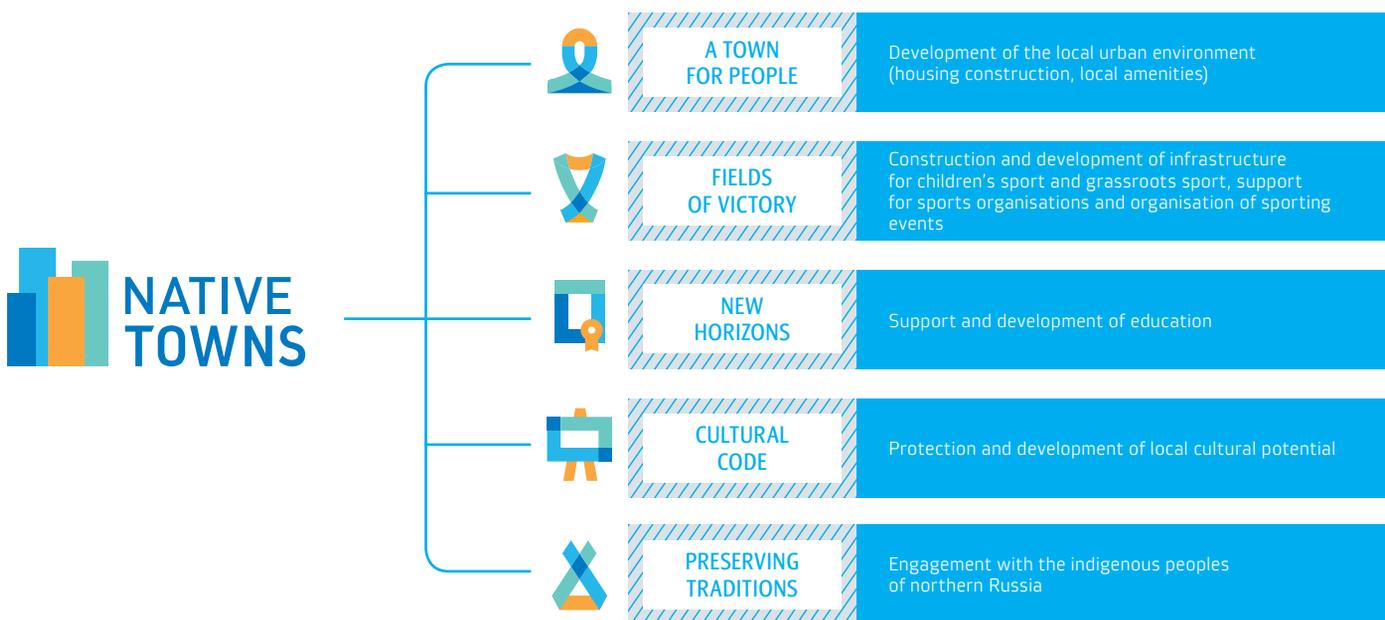
into account the urgent objectives for regional development and the opinions of stakeholders – the local and regional authorities, local communities and non-profit organisations. This approach helps the Company achieve a high level of efficiency from its social investments and flexibly take into account the specific features of the regions and the urgent objectives for the development of the regions.

As it implements the “Native Towns” programme, the Company strives for local residents to become more involved in carrying out social projects. This helps to boost their commitment and competence in resolving regional development problems and achieve a long-term systemic effect from social investments. In this case, a key objective for the Company is providing financial and educational mechanisms to support the initiatives of local residents.

The programme’s geography expands with each passing year. The number of regions where the programme is implemented expanded by eleven in 2015. The programme encompasses 34 regions and includes more than 450 implemented projects.

Investment in social activities amounted to more than RUB 3,966 million in 2015.

STRUCTURE OF THE “NATIVE TOWNS” SOCIAL INVESTMENT PROGRAMME //



STUDY OF URBAN COMMUNITIES

The Company conducted a study titled “Creative environment and social development trends of Siberian cities” (regions studied – Noyabrsk, Muravlenco, Tyumen, Tomsk and Omsk) jointly with the Leontief Centre for Social and Economic Research and the Faculty of Liberal Arts and Sciences of Saint Petersburg State University in 2015. The study determined the potential impact of creative industries and social projects on the socioeconomic on the regions and the social wellbeing of local residents. Gazprom Neft and the Strelka institute jointly conducted a study of urban communities in Omsk and their potential to develop the urban environment as well as key opportunities and barriers that may arise when interacting with such communities. This study was particularly relevant given that, according to the All-Russia Public Opinion Research Centre, the social optimism index among Omsk citizens in June 2014 was below the national average (64 points versus 77).

The study results were taken into account when planning the Company’s social investment programme for 2016 and the format for involving citizens and informal urban communities in the development of regions. The “DIY City” project laboratory was launched in 2015 in Omsk, where citizens worked with experts to develop and implement five social projects over the course of the year.

 For more on the laboratory, see the “Results of social investment programmes” section on **page 113**

When developing and implementing social projects, the Company relies on research data that reveals urgent problems in the social sector (including in the medium term), in particular:

- monitoring of the socioeconomic and political situation in the regions of operation;
- analysis of statistical indicators concerning the socioeconomic development of Russia's regions;
- research by the federal executive authorities of the Russian Federation.

One of the winners of the 2014 grant competition in the KMAD was a project that targets people with musculoskeletal system diseases who are members of Sitting Skiers Club. A series of skiing and biathlon lessons were held for them. In 2015, the participants were joined by children with disabilities. Ski sleds and motorised wheelchairs were purchased for the Sitting Skiers Club.

Winners of the grant competition in the Omsk and Orenburg Regions in 2014 also included projects to teach elderly and disabled people online computer skills. This service proved to be in high demand, and the "Keeping up with the Internet" and "Online for grandmas" projects supported by Gazprom Neft Orenburg were transformed into a large-scale initiative titled "Internet+" in 2015. Computer labs were set up in seven villages of the Orenburgsky and Novosergievsky districts and attended by 100 elderly people ranging in age from 55 to 80 years-old.

Each year Gazprom Neft utilises a broad range of tools to assess the effectiveness of its social projects, including:

- public hearings/meetings of residents when planning social investment programmes;
- online voting/open competitions among the public as part of the implementation of social investment projects (including as part of the "Native Town" Festival, "Urban Space"/"Stenograffia" and "DIY City");
- collecting feedback on the website of the social investment programmes rodnyegoroda.ru;
- sociological studies of the opinions and ideas of the core target audiences in the regions where the Company's production, sales and processing enterprises operate (YNAD, KMAD and the Omsk, Orenburg and Tomsk Regions).

In 2015, Gazprom Neft also conducted a study on the sustainability of the projects that won the grant competitions in 2013 and 2014. The mechanism used to distribute grant funds is an effective social investment tool that helps to encourage local communities to take the initiative to solve social problems while simultaneously developing their professional skills in this regard. Of the more than 700 competitive bids submitted for participation in the Company's grant competitions over the last three years, 162 projects were selected and have been implemented.

The study of the sustainability of the projects included multiple phases:

- determining the criteria for the sustainability of projects (eight criteria concerning organisational, financial and communications aspects of the projects);
- interviews with the heads of the winning projects (a total of 71 interviews conducted);
- an analysis of the interviews and additional materials about projects in accordance with the sustainability criteria and assignment of a current status to each project (sustainable, mixed, stagnate and completed). Projects that continued to be implemented in full or expanded after the end of grant support with minimal risk factors.

Based on the study results, the Company classified 62% of projects as sustainable, 20% as mixed, 2.8% as stagnant and 15.5% as completed. Practice has shown that the core factors in project sustainability are demand for the services being offered and engagement with the target audience. Numerous project authors have succeeded in attracting additional external funding to support the activities they have begun or to expand the target audience of a project.

SVETLANA SLEPTSOVA

A biathlete
and Olympic champion



“Such lessons undoubtedly help children with musculoskeletal system diseases develop more actively. The Sitting Skiers Club provides yet another opportunity to become stronger and believe in yourself”.