



INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH AND SAFETY

In 2015, the Company launched work to improve the risk management system in HSE, OS and CD, analysed risk identification and minimisation processes, and prepared an updated draft version of the corporate standard that regulates risk assessment activities.

MAIN INDUSTRIAL SAFETY RISKS AND MEASURES TO MINIMISE THEM

| Risk | Preventive measures |
|--|---|
| Equipment failure | <ul style="list-style-type: none"> ➤ Expert evaluation of equipment, prompt repair and modernisation of production facilities |
| Violations of the rules for organising hazardous work | <ul style="list-style-type: none"> ➤ Training of employees in matters of industrial safety ➤ Monitoring the fulfilment of requirements for organising work ➤ Fostering a culture of safe conduct |
| Violations of legislative requirements and safety rules by contractors | <ul style="list-style-type: none"> ➤ Inclusion of requirements for compliance with Russian and corporate industrial and occupational safety standards in agreements with contracting organisations ➤ Production control ➤ Monitoring and assessing the effectiveness of suppliers in such matters when fulfilling contractual obligations ➤ Involving suppliers in the Company's activities to improve the safety culture |

New methods were developed to assess technological and professional risks and are now part of Gazprom Neft's Integrated Risk Management System. The methods were developed taking into account the best international practices and provide for risk assessment during all stages of activities starting from investment in a project. In 2016, the Company plans to train employees in these methods and introduce them to the production process. The revision of the HSE, OS and CD risk management process required changes in approaches to production control. Safety inspections and audits now take into account the correlation of violations detected and the risk level. A new type of control was also introduced — a leadership behaviour-based safety audit. This is a standardised process for a manager to observe an employee's actions at work in order to identify behavioural strategies and subsequently discuss them with the employee. The audit reveals the current level of safety culture, highlights the most motivated employees and helps personnel to identify and eliminate risks in their work.

The Company is developing and implementing programmes to enhance industrial safety levels and improve the work conditions and health of employees.

Such programmes aim to:

- prevent and eliminate emergency situations;
- monitor compliance with industrial safety requirements;
- conduct an industrial safety expert evaluation of equipment and bring production facilities into compliance with the requirements of industrial safety standards and rules;
- modernise emergency protection systems;
- organise the occupational health and safety of employees;
- ensure safe work conditions and set up work stations that meet the relevant government and corporate standards;
- provide employees with personal protective gear;
- provide comprehensive training for the Company's employees in matters of HSE, OS and CD;
- study and introduce advanced technologies in such matters.

In the event of accidents, the Company conducts an investigation and then draws up and introduces an action plan to minimise the risk of a repeat accident. Preventive measures are carried out at all subsidiaries in accordance with the plans developed by the Company.

Spending on HSE, OS and CD measures totalled more than RUB 10,974 million in 2015 (excluding joint and foreign assets). The Company invested more than RUB 45,231 million in such measures in 2013-2015.

This work resulted in a reduction in the number of incidents at the Company's production facilities in 2015 and a further decrease in the injury rate (LTIFR). Much to our deep regret, two of the Company's employees were killed during an attack on a filling station in Kazakhstan in 2015. The Company sincerely mourns their loss and is doing everything possible to prevent such a tragedy from repeating.

NUMBER OF INCIDENTS AT HAZARDOUS PRODUCTION FACILITIES incidents

Source: Company data

2,512 incidents ↘ 13 %

NUMBER OF EMPLOYEES INJURED IN ACCIDENTS AT WORK people

Source: Company data

41 people ↘ 5 %

NUMBER OF ACCIDENTS AT HAZARDOUS PRODUCTION FACILITIES

Source: Company data

1 accident

LTIF RATE

Source: Company data

0.47 ↘ 9 %