

ROLE OF CORPORATE CENTRE IN IMPROVING THE MANAGEMENT OF SUBSIDIARIES // The corporate centre of the Gazprom Neft Group is Gazprom Neft PJSC, which ensures effective control over all processes. As of 31 December 2015, the Gazprom Neft structure included 148 Russian and foreign legal entities.

The corporate governance structure of the Gazprom Neft Group's subsidiaries is strictly aligned with that of Gazprom Neft PJSC. Subsidiaries retain a three-tiered structure of governing bodies – the Meeting of Shareholders (Participants), the Board of Directors and the sole executive body.

Regardless of the structure of its charter capital, Gazprom Neft PJSC is the core Company with respect to the organisations of the Gazprom Neft Group, as duly recorded in the Charters of the Gazprom Neft Group's subsidiaries.

The General Meeting of Shareholders (Participants) of subsidiaries has broader purview compared with the law due to restrictions on the purview of the sole executive body with respect to the adoption of decisions on transactions that involve the receipt or provision of loans (credits), the sale or other alienation of real estate or the acquisition or alienation of stakes in charter capital, shares, bonds, mortgages or promissory notes; the adoption of decisions on participation or termination of participation in other organisations as well as a pre-determined position on matters that fall within the purview of the General Meeting of Shareholders (Participants) of business companies in which a subsidiary is a shareholder.

The Company has drafted and approved procedures that allow for coordinating and monitoring the activities of subsidiaries under the guidance of the Corporate Centre as part of the implementation of the Company's development strategy:

- Collective decision-making was enshrined about the participation of any organisation that is part of the Gazprom Neft Group in another organisation, whether commercial or non-commercial, along with an indication of the circle of decision-makers. Matters that fall within the purview of the Gazprom Neft PJSC Board of Directors shall be submitted to the Gazprom Neft PJSC Management Board for a preliminary decision.
- The decision-making procedure was specified for the Board of Directors, General Meeting of Shareholders and General Meeting of Participants of Gazprom Neft subsidiaries. The involvement of representatives in the governing bodies of the Gazprom Neft Group is based on the principles of balance and professionalism. Decisions are adopted collectively and administered from the top down, thus making it possible to maximise the effectiveness of the decisions.

- The management structure of joint ventures in which the Gazprom Neft Group has an interest has been formalised and approved. In order to effectively manage them, the Company has established the concept of an asset curator whose functional responsibility is to coordinate the management of the joint venture.
- The Boards of Directors of subsidiaries are formed in accordance with the established principles of functional subordination and the participation of corporate function employees. The candidates for the Boards of Directors and Audit Commissions of subsidiaries are approved annually by an order of the Gazprom Neft CEO.

Regardless of the level of corporate ownership or the charter capital structure of subsidiaries, the executive bodies of the Gazprom Neft Group's organisations (including the CEO) are appointed and dismissed after the approval of the candidates by the Gazprom Neft CEO.

INFORMATION POLICY

The core principles of the Company's information policy are:

- the provision of information;
- ensuring equal, unhindered and easy access to information for all stakeholders;
- the objectivity, accuracy, completeness and comparability of all disclosed data;
- neutrality of information, i.e. eliminating the possibility of the preferential satisfaction of the interests of one group over those of another (information is not neutral if the choice of its content or submission form aims to achieve certain results or consequences);
- ensuring shareholders and other stakeholder have the opportunity for free and easy access to information disclosed by the Company;
- maintaining a reasonable balance between the Company's transparency and its commercial interests.



The Company maintains a special webpage at the website <http://ir.gazprom-neft.com/>