

## REMUNERATION FOR MEMBERS OF GOVERNING BODIES // REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS

The amount of remuneration for members of the Board of Directors depends on the Company's financial results and is approved annually by shareholders. The ability of shareholders to engage in discretionary intervention eliminates the risk of potential abuse of the remuneration programme.

In accordance with the decision of the General Meeting of Shareholders, members of the Board of Directors who do not hold positions within the Company's executive bodies (who are not executive directors) were paid remuneration in the amount of 0.005% of EBITDA for 2014 according to the consolidated financial statement of Gazprom Neft in accordance with IFRS standards for 2014.

Besides the base portion of remuneration, members of the Board of Directors were paid additional remuneration for performing the functions of Chairman of the Board of Directors (50% of the remuneration for a member of the Board of Directors), a member of the Board of Directors (10% of the remuneration for a member of the Board of Directors) and Chairman of a committee under the Board of Directors (50% of the remuneration for a committee member).

The total amount of remuneration paid to members of the Board of Directors in 2015 based on the results of 2014 amounted to RUB 227 million (remuneration includes the income tax of individuals). No compensation was paid to members of the Board of Directors for expenses related to participation on the Board of Directors in 2015.

## REMUNERATION FOR MEMBERS OF THE MANAGEMENT BOARD

The Company has a clearly structured and objective remuneration programme for top and senior executives that ensures a connection between short-term goals and the amount of bonus payments. In addition to bonuses tied to short-term results, the Company has a motivation system based on the dynamics of the Company's market capitalisation over a three-year period.

### Remuneration for Management Board members consists of three parts:

- base portion of remuneration,
- annual bonus,
- long-term incentive programme

The base portion of remuneration is determined on an individual basis and fixed in the employment contract.

The annual bonus aims to motivate key management personnel to achieve the annual goals. When determining the size of the annual bonus, the degree to which executives fulfilled a fixed set of KPIs and business initiatives is analysed and approved. This set of KPIs

includes performance indicators with respect to the Company's strategic goals as well as corporate, financial and performance targets, and starting in 2016 it also comprises indicators demonstrating compliance with industrial safety and occupational safety standards.

The long-term incentive programme is based on the appreciation of share value and was approved by the Board of Directors in 2012. The programme is an integral component of the Company's long-term growth strategy and envisages the payment of remuneration to management for increasing the value of Gazprom Neft for shareholders over a certain period. The Company's value is determined on the basis of its market capitalisation. The programme is available to management employees of the Gazprom Neft Group, subject to the performance of specific duties. The remuneration is assessed at fair value at the end of each reporting period and paid at the end of the three-year programme term. Remuneration depends on certain market conditions and responsibilities that are taken into account when determining the amount payable to such employees. Expenses are recognised over the duration of the action plan. In 2015, a new three-year plan took effect for the long-term incentive programme

Income accrued for members of the Management Board totalled RUB 983 million in 2015. Payments included salary for the reporting period, taxes charged for such salary and other mandatory payments to the relevant budgets and extra-budgetary funds, the payment of annual paid leave for work during the reporting period and payment for treatment and medical care.

No additional remuneration is paid to members of the Management Board for work in the governing bodies of Gazprom Neft or its subsidiaries and affiliates. Members of the Management Board may be paid additional remuneration based on the decision of the Board of Directors.

The Company did not issue any loans (credits) to members of the Board of Directors or Management Board.

## TOTAL REMUNERATION FOR 2015 WITH A BREAKDOWN BY EACH TYPE OF PAYMENT // 1,000 RUB

	Board of Directors	Management Board	Total
<b>Remuneration for participation in governing bodies</b>	227,838	–	227,838
Salary	–	663,098	663,098
Bonuses	–	309,880	309,880
Other payments	–	10,080	10,080
<b>Total</b>	<b>227,838</b>	<b>983,058</b>	<b>1,210,896</b>