

TALENT POOL // The Board of Directors has approved a talent pool and succession planning programme.

The Company launched work in 2014 to establish a functional talent pool with the aim of creating a system of continuity as part of a functional hierarchy.

The Human Resources and Remuneration Committee was established under the Board of Directors. The Committee's main objective is to prepare recommendations concerning the HR policy and remuneration for members of the Management Board and Audit Commission. At its meetings, the Committee considered matters involving performance evaluations of members of the Board of Directors and proposals from shareholders on nominating candidates for election to the Gazprom Neft Board of Directors and Audit Commission.

The Company has approved a programme called 'Succession Candidate Development', which regulates the process of training succession pool members. The document contains an Individual Development Plan (IDP) for succession candidates consisting of a list of developmental activities for the talent pool. The HR Development and Training Office of the HR Department handles the developmental planning for succession candidates and also oversees the compilation and implementation of the IDP.

The Company has set up a multi-stage coaching programme, evaluation of succession candidates and a management academy as part of the drafting of talent pool formation programmes.

Management Board members, including the Company's CEO, are involved in the coaching system and hold regular meetings with Company employees.

The talent pool is formed from employees who have been recommended for inclusion in the pool based on the results of a regular performance evaluation.

The manager of the talent pool identifies key employees and those with high potential and sends them to the appropriate talent group. The Company also has an employee self-nomination procedure that is regulated by the relevant internal documents.

The talent pool is formed and approved by the Talent Committee, which meets at least twice a year.

The Company has developed KPI for the talent pool formation process – key indicators of process efficiency and productivity: demand for a talent pool, key position security index, potential and the turnover of the talent pool. The Company utilises automated personnel management systems that help with the process of regularly evaluating employees, preparing for meetings of the Talent Committee and establishing a talent pool.

INTERNAL CONTROL // The Board of Directors systematically oversees the introduction of an effective risk management and internal control system at various levels of the Company's organisational structure.

The internal control system enables the Company to respond to any risks that may arise and consists of a set of organisational measures, techniques, procedures, corporate culture standards and actions undertaken by the executives of Gazprom Neft and its controlled companies as a way to ensure the Company's financial stability, achieve an optimal balance between growth in the Company's value, profitability and risks, conduct business activities in a structured and effective manner, ensure the safeguarding of assets, identify, correct and prevent violations, prepare reliable financial statements in a timely manner and thus enhance the Company's investment appeal.

The Company's Board of Directors is responsible for determining the principles and approaches for establishing risk management and internal control system.

The Audit Committee under the Board of Directors regularly conducts evaluations to determine how effectively the risk management and internal control system is functioning and submits reports on the results of such evaluations to shareholders as part of materials for the annual General Meeting of Shareholders.

The Gazprom Neft Management Board and CEO ensure that the Company establishes and maintains an effective risk management and internal control system and enforce liability for the implementation of decisions made by the Board of Directors and the Audit Commission concerning the organisation of the risk management and internal control system.