

STAKEHOLDER ENGAGEMENT

ENGAGEMENT AND AN ACTIVE DIALOGUE WITH STAKEHOLDERS IS ONE OF THE PRIORITIES OF GAZPROM NEFT'S REGIONAL POLICY. KEY STAKEHOLDERS IN THE REGIONS INCLUDE COMPANY EMPLOYEES, THE REGIONAL AND MUNICIPAL AUTHORITIES, BUSINESS PARTNERS, NON-PROFIT ORGANISATIONS, LOCAL RESIDENTS, INFORMAL URBAN COMMUNITIES, UNIVERSITY STUDENTS, EDUCATIONAL, CULTURAL AND SPORTS INSTITUTIONS, AND THE MEDIA.

Engagement with the federal, regional and local government authorities as well as local self-government authorities involves such tools as agreements on socioeconomic cooperation, joint regional development projects and the participation of government authorities in roundtables, forums and public hearings. For their part, Company employees take active part in major international and Russian forums as well as industry-based forums at which negotiations are held and decisions are made concerning the comprehensive development of the regions. Gazprom Neft representatives and the regional and municipal authorities are involved in the activities of conciliation commissions that resolve matters concerning the construction of new technological facilities in regions where indigenous peoples of northern Russia reside. As part of existing socioeconomic agreements, the Company provides the government with regular reporting on the social projects it has implemented.

Engagement with employees aims to improve their living conditions and enhance their loyalty to the Company as an employer and social investor. Engagement takes place via the corporate media system and the implementation of social projects in the regions where the Company operates.

A ROUNDTABLE

A roundtable titled 'Pressing Issues Involving the Operation of the Petroleum Products Market' was held at Omsk Oil Refinery in 2016 and turned into a platform for an open discussion. The meeting was attended by representatives of the Company, local branch and main department of the Russian Federal Antimonopoly Service, the St. Petersburg International Mercantile Exchange, the Russian Fuel Union and independent filling stations of the Siberian Federal District. The participants discussed the current state of the petroleum products market, the need to combat surrogate products and the importance of integrating the antimonopoly compliance system into its operational practice.

In developing a partnership with local communities, Gazprom Neft actively involves their representatives in the implementation of social projects, which helps to develop human capital in the regions. A key component of the dialogue is an assessment of the Company's social activities by local communities.

When evaluating the effectiveness of its social projects, Gazprom Neft utilises such tools for a dialogue with stakeholders as:

- > holding public hearings/meetings of residents when planning social investment programmes;
- > online voting and open competitions among the public as part of the implementation of social projects;
- > collecting feedback on the website of the social investment programmes rodnyegoroda.ru;
- > a sociological study of the opinions and views of the basic target audiences in the regions where it operates.

Gazprom Neft held the 'Native Towns: New Opportunities. New Challenges. New Solutions.' conference in Orenburg in 2016. The goal of the conference was to establish a dialogue between all stakeholders concerning social activities in the region. The conference was attended by representatives of the Company, the Orenburg Region government, municipality administrations, the Russian Union of Industrialists and Entrepreneurs, the region's chamber of commerce and industry, non-profit organisations, charitable funds and the media. They discussed matters concerning interaction between business and the government, the role of companies in the region's development, options for an effective partnership to develop the social capital of regions, the role of non-profit organisations and opportunities for their active involvement in business's social projects.

Engagement with public and non-profit organisations and associations aims to enhance the effectiveness of social investments and consolidate the resources of all stakeholders to meet regional development objectives. Gazprom Neft involves representatives of these organisations in the development, implementation and assessment of the effectiveness of its social projects, as well as public hearings. The Company also takes part in the activities of associations whose work fully or partially aims to resolve regional development issues. In particular, Gazprom Neft is involved in the work of the Russian Union of Industrialists and Entrepreneurs and the Association of Managers.

A key objective of the dialogue with stakeholders is to increase the Company's information transparency as well as expand and promote social initiatives via different communications channels, including the media and social networks. Building awareness about Gazprom Neft's social projects among all stakeholders enables the Company to increase the number of potential participants in such projects and promptly receive feedback and an assessment of its initiatives.

In 2016, the Company created a YouTube video channel for its 'Native Towns' social investments programme and an official community on Facebook and also launched a mobile version of the website rodnyegoroda.ru. Gazprom Neft held the #ДвигайДобро contest of amateur videos on the VKontakte social network and launched a page for another one of the Company's social projects – the 'Drug-Free Courtyard' mini-football tournament.



Gazprom Neft actively works on business sustainability and efficiency. Issues involving the Company's activities in terms of its influence on human rights are being considered in a new way taking into account modern approaches in accordance with UN leadership. This includes wage levels, working conditions, safety, sufficient information about the quality of products, environmental issues and the transparency of business. The meeting enabled the stakeholders to express different opinions and desires, and obtain feedback in order to establish interaction in the region on a constructive basis.

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ELIMINATE 'LEGACY' WASTE

In 2016, the Company began implementing a project in close cooperation with stakeholders to clear historical waste from the villages of Mys Kamenny and Novy Port in the Yamalo-Nenets Autonomous District. The project is being carried out at the Company's own initiative to resolve environmental problems in the Arctic region.

Yamal was an area of intensive exploration and development during the Soviet and post-Soviet period, which resulted in the accumulation of a considerable amount of drilling waste, construction machinery and materials as well as solid household waste. This waste is concentrated at unauthorised dumps located in close proximity to the waters of Ob Bay and wooden piers near Novy Port village. Having dumping grounds so close to the water is a health hazard and could cause serious environmental damage. The waste near the piers makes it impossible to work on shoreline stabilisation structures for a unique underground network of caves built into the permafrost – the second longest of its kind in the world.

In order to eliminate this 'legacy' waste, the Company and the Yamal district administration has developed a waste management plan that will be implemented over several years. It includes the collection and transportation of waste and the reclamation of the cleared territory. The project will actively involve volunteers, including Gazprom Neft employees, local residents and groups of students. Three barges removed more than 2,500 tonnes of scrap metal from the polluted area in 2016 as part of the project. Some 100 volunteers took part in the campaign. The project has already received positive feedback from local communities and the regional media.