

GOALS AND RESULTS IN 2016

Goal	Result
INDUSTRIAL AND OCCUPATIONAL SAFETY	
Reduce LTIFR by 10%	LTIFR reduced by 14.8% (from 0.472 to 0.402).
Prevent man-made emergencies at production facilities	No emergencies occurred in the reporting year.
Reduce equipment-related incidents by 10%	Goal partially achieved. The number of incidents decreased by 5.06%.
Prevent accidents at hazardous production facilities	Goal partially achieved. Two accidents occurred. Investigations were conducted and measures were taken to minimise the risk of such incidents reoccurring.
Introduce updated regulatory and procedural documents, including standards on HSE, OS and CD	Introduced: Incident Investigation Standard, Standard for the Safe Performance of Work Requiring Enhanced Safety, and Transport Safety Standard.
Continue activities by working groups in priority areas to develop industrial safety culture	All roadmap measures implemented in six priority safety culture areas.
Participate in the work of special-purpose committees and technical regulatory councils of the Federal Environmental, Industrial and Nuclear Supervision Service, Russian Union of Industrialists and Entrepreneurs, Russian Chamber of Commerce and Industry, and Federal Agency for Technical Regulation and Metrology	Goal achieved. Detailed results presented in the 'Stakeholder Engagement' section of this chapter.
Transition to systematic work in key enhanced safety areas as part of the corporate strategy to develop HSE, OS and CD1	Transition started. Results presented in the 'Policy and management' section of this chapter.
Implement action plans to prevent occupational injury and improve working conditions as part of the Company's declared 'Year of Occupational Safety'	Goal achieved. Results presented in the 'Industrial and occupational safety' section of this chapter.
Introduce a system to rate contractors on HSE, OS and CD and a corporate database of contractors	Rating system and database introduced.
Update and start introducing the Basic Safety Rules – corporate safe conduct standards	Basic Safety Rules updated and approved. Started studying measures to introduce standards as conduct rules for all employees.
ENVIRONMENTAL PROTECTION	
Start of enterprise certification for compliance with ISO 14001:2015	In 2016, an independent audit was conducted and ISO 14001 compliance certificates were obtained for the environmental management system of Omsk Oil Refinery, Gazpromneft Shipping, Gazpromneft-Lubricants, the Omsk Lubricants Plant branch, and Gazpromneft-Moscow Lubricants Plant, while Gazpromneft-Supply and Gazpromneft-Sakhalin were recertified.

¹ Here and hereinafter HSE, OS and CD refers to Health, Safety and the Environment, Occupational Safety and Civil Defence.

GAZPROM NEFT ACHIEVED ALL THE MAIN GOALS IT SET FOR THE REPORTING YEAR PERIOD. THE COMPANY FULLY IMPLEMENTED AN ACTION PROGRAMME IN INDUSTRIAL AND ENVIRONMENTAL SAFETY AS WELL AS OCCUPATIONAL HEALTH SAFETY, INCLUDING PROGRAMMES TO MONITOR COMPLIANCE WITH SAFETY STANDARDS AND REGULATIONS.

Goal	Result
Reduce air pollution emissions by 2%	Goal for 2016 not achieved. Gross pollutants increased due to growth in production volume as well as the construction and commissioning of new infrastructure facilities for Gazpromneft-Yamal LLC and the East Messoyakha field.
Work to further increase APG utilisation to 95%	The APG utilisation level increased by 0.48%. Results presented in the 'Protecting the Atmosphere' section of this chapter.
Environmental training for more than 1,000 executives and employees	Goal achieved.
ENERGY CONSERVATION AND ENERGY EFFICIENCY	
Implement the 2016 energy conservation and improved energy efficiency programmes (plan 125 mn kWh in the Upstream Division)	Energy savings for the Upstream Division totalled 433 mn kWh (RUB 1.251 bn).
Achieve the planned specific electricity consumption indicators for the Upstream Division (29.42 kWh/TJ)	Indicator was 28.91 kWh/TJ, which is lower than planned.
Implement the energy conservation and improved energy efficiency programmes of the Upstream Division for 2016-2018	Goal achieved. Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.
Optimise energy purchase costs in the Downstream Division	Savings from cost optimisation measures on energy purchases totalled RUB 476 mn.
UPSTREAM DIVISION	
Use high-efficiency electric centrifugal pump units; Install frequency-controlled drives for pump equipment; conduct well intervention techniques to reduce produced water and inject it into the formation; Replace submersible cables with cables that have increased cross-sections; conduct pilot testing of the pump equipment with improved performance and efficiency; Rebuild/modernise pump units; modernise lighting systems and optimise electric heating systems	Goals achieved. Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.
Introduce BLDC motors; Reduce produced water and inject it into the formation (stop unprofitable wells and conduct well intervention techniques);	Goals achieved. Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.
DOWNSTREAM DIVISION	
Improve the energy efficiency of existing power and process units for Downstream Division enterprises to execute production plans and ensure the required quality of products Reduce energy losses in utility networks and conserve energy Draft and introduce a list of energy conservation programme measures and improve energy efficiency by identifying their funding sources, technological and economic effects, and payback periods to achieve the target energy efficiency values Improve the organisation and management of energy conservation and improve energy efficiency by introducing and developing a Downstream Division Energy Management System that meets the requirements of ISO 50001:2011	Completed. Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.

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Goal	Result
MAIN GOALS OF IMPROVING ENERGY CONSERVATION MANAGEMENT	
<p>Introduce and certify energy management for compliance with ISO 50001 at Gazpromneft-Vostok, the Gazpromneft-Muravlenko branch, Gazpromneft-Orenburg, the Gazprom Neft Downstream Division Corporate Centre and Gazpromneft – Moscow Oil Refinery</p>	<p>In 2016, the Energy Management System was introduced and successfully certified at three subsidiaries of the Upstream Division. Surveillance audits were conducted at the Upstream Division Corporate Centre and two subsidiaries and no discrepancies were found. The existing certificates cover all Upstream Division subsidiaries.</p> <p>In 2016, the Downstream Division Unified Energy Management System, which links the Unit's upper (corporate centre) and lower (key subsidiaries) levels of energy conservation and energy efficiency management, was completed and certified with ISO 50001. The Energy Management System was also introduced and certified at Gazpromneft – Moscow Oil Refinery. The results of the certification audits confirmed that the approaches built into the Unified EMS of the Downstream Division are correct and optimal, and that the system is highly efficient.</p> <p>Key areas for the further improvement of energy conservation and improved energy efficiency management processes at the Downstream Division were approved by the Gazprom Neft Board of Directors.</p>
<p>Develop an Organisational Action Plan to introduce the EMS at all Upstream Division subsidiaries</p>	<p>A comprehensive programme to promote energy conservation and improve the energy efficiency of the Upstream Division was implemented and recognised with a certificate from the Russian Ministry of Energy at an international competition.</p> <p>Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.</p>
<p>Organise employee training on the energy management system and improve the qualification level of the unit's chief power engineers Draft corporate standards and methods in energy conservation and energy efficiency Exchange experience with oil companies and hold meetings on energy efficiency between Gazprom Neft enterprises and other oil companies</p>	<p>Completed. Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.</p>
MAIN GOALS OF IMPROVING POWER SUPPLY RELIABILITY	
<p>Further modernise and develop energy infrastructure</p>	<p>Completed. Results presented in the 'Energy Consumption and Energy Efficiency' section of this chapter.</p>
<p>Introduce and develop automation tools for the operational management of power supply systems at subsidiaries</p>	<p>In 2016, the Upstream Division introduced the ADCS at SS 35/6 kV, Shinginskaya GTPP and GCS Nizhneluginetskaya, West-Luginetskaya (Gazpromneft-Vostok), SS 35/6 kV Razvedochnaya and ZRU-10 kV OGTU (Gazpromneft-Orenburg).</p>
<p>Introduce modern diagnostic tools</p>	<p>At Gazpromneft-Khantos, the company GEOSCAN conducted aerial photography of high-voltage power transmission lines using drones, which produced: an orthophotomap, 3D model of power transmission lines and tables of dimensions. The decision was made to conduct pilot testing by drones (aircraft and helicopter types) for routine surveys in 2017.</p>
<p>Implement the comprehensive Programme for Improved Power Supply Reliability to Downstream Division Oil Refining Enterprises for 2016-2018</p>	<p>The programme's organisational and technical action plan for 2016 was fully implemented. At the end of 2016, the total number of electrical equipment failures was down by 15% compared with 2015. The total number of unscheduled hours of downtime due to failures in the power supply system was 10% below the threshold planned for 2018.</p>