

Description**Risk management measures****4.7. Risks associated with changes to the rules for customs control and duties**

Gazprom Neft PJSC is involved in foreign economic relations and therefore exposed to risks associated with changes to the legislation of the Russian Federation concerning the government regulation of foreign trade activities as well as customs legislation governing relations to establish the procedure for the movement of goods across the customs border of the Russian Federation, establishing and applying customs regimes as well as establishing, introducing, and collecting customs payments.

Another risk may be the ability of the Russian Government to change customs duty rates (both import and export) on certain goods for which the Company concludes foreign trade transactions as well as changes to the administration of law in matters concerning customs regulation. The primary adverse effect from this risk is an increase in expenses and lower export efficiency

The Company meets the requirements of the customs legislation of the Russian Federation, completes all documentation required for both export and import transactions in a timely manner, and has sufficient financial and human resources to comply with the standards and rules in matters of customs regulation and timely respond to changes in customs legislation and the law administration practice

5. STRATEGIC RISKS**5.1. Risk of the failure to achieve strategic goals**

The Company's existing Strategy was drafted and approved by the Board of Directors in 2013 when the market environment was favourable. However, since 2014 there have been significant changes in the situation on the oil and petroleum products market as well as foreign policy conditions.

In the long term, the state of the global fuel and energy industry depends on many factors that are hard to predict, such as the rate of economic growth, the level of international cooperation, the speed of technology development, and the intensity of the decarbonization policy. These factors determine the following key parameters of the environment in which the Company operates in addition to the oil and gas sector as a whole: the price of oil, the volume of petroleum product consumption, tax regulations, access to technology, and opportunities for international development.

Significant changes in the external environment may affect the Company's ability to achieve its strategic goals

The Company regularly monitors market trends and takes into account the threats and opportunities created by the instability of the external environment in its approaches to managing the project portfolio. The Company soundly distributes resources among major strategic projects, such as offshore development and the development of unconventional reserves as well as projects that ensure a rapid return on investment and hence the current sustainability of the Company.

An important tool for enhancing sustainability for the Company is also to increase efficiency in all processes through modernization, the use of new technologies, digitization, the development of competencies, and the increased safety of operations.

Focusing on flexibility in decision-making, technology development, greater operational efficiency, and safety enables the Company to annually demonstrate impressive results in its production activities and stable positive dynamics in financial and economic indicators. Despite significant changes in the external environment, the strategic goals set for 2025 remain achievable.

Nevertheless, the signing of the agreement by oil exporting OPEC+ countries on a reduction in production starting in 2017 and its prolongation in 2018 may lead to an adjustment in the pace at which the Company reaches its strategic level of hydrocarbon production (100 million TOE per year). The Company planned to reach this level as early as 2020 and maintain a production volume of at least 100 million TOE per year until 2025. At present, the likely scenario is to achieve the target production level by 2021-2022. At the same time, the strategic goal of maintaining the production level at a rate no lower than 100 million TOE until 2025 remains relevant and achievable

6. PARTNER RISKS**6.1. Risks associated with attracting partners**

Given the unstable macroeconomic situation, attracting partners to implement joint projects is both a critical and difficult task. With the large-scale reduction in investment budgets, potential partners are curtailing their activities, and decisions to join new projects are being postponed indefinitely.

The sanctions that have been imposed since 2014 by the United States (taking into account the changes that were adopted in the U.S. sanctions in 2017), EU countries, and certain other states on the Russian energy sector create an additional constraint on the development of partnerships

The Company conducts continuous work with potential partners and mulls the possibility of attracting partners from the Russian Federation and Asia-Pacific region countries that did not impose sanctions on offshore, Arctic, deep-water, and shale projects. Regular negotiations and meetings are held as part of this process, including with the involvement of representatives of the following government authorities: the Government of the Russian Federation, Russian Ministry of Energy, Ministry of Foreign Affairs and Ministry of Economic Development