

HUMAN RESOURCE DEVELOPMENT

GAZPROM NEFT'S EMPLOYEES ARE THE COMPANY'S KEY ASSET AND STRATEGIC PARTNERS IN ACHIEVING ITS SUSTAINABLE DEVELOPMENT GOALS. THE GAZPROM NEFT TEAM INCLUDES PROFESSIONALS WITH A HIGH LEVEL OF INVOLVEMENT WHO SHARE THE COMPANY'S VALUES. TAKING CARE OF THEIR WELL-BEING AND ATTRACTING AND RETAINING THE BEST EMPLOYEES IS A TOP PRIORITY FOR GAZPROM NEFT.

The human resources strategy is directly linked to the overall strategy of Gazprom Neft and aims to achieve the Company's key goals by providing it with the required number of qualified and engaged employees in the present and the future.

KEY FOCUSES OF THE HR STRATEGY: _____

- **systematic recruitment and rotation of personnel;**
- **talent management, competency development, and training;**
- **development of an incentive system and culture of engagement;**
- **growth in productivity and organizational efficiency;**
- **improved efficiency of HR functions.**

In addition, the Company conducts systematic work to attract, engage, and retain qualified personnel. The employee incentive and training system, the development of a corporate culture, and the establishment of a talent pool all aim to meet these challenges.

Gazprom Neft respects human rights, provides equal opportunities, and does not discriminate based on nationality, sex, origin, age or any other grounds.



This section is presented in the interactive version of the Sustainable Development Report of Gazprom Neft PJSC for 2017:
<https://csr2017.gazprom-neft.com/hr-development/>

BEST EMPLOYER OF RUSSIA

Gazprom Neft confirmed its status as one of the country's best employers in 2017 by winning a number of awards.

- The Company ranked first among employers in the energy sector based on the results of the International Randstad Award 2017 and finished second in the Employers of Russia rating compiled by the recruiting company HeadHunter.

- Gazprom Neft was among the top three employers in Russia for engineering students according to the Universum Top 100 Russia rating.

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The proportion of blue-collar workers at the Company in 2017 was

50%

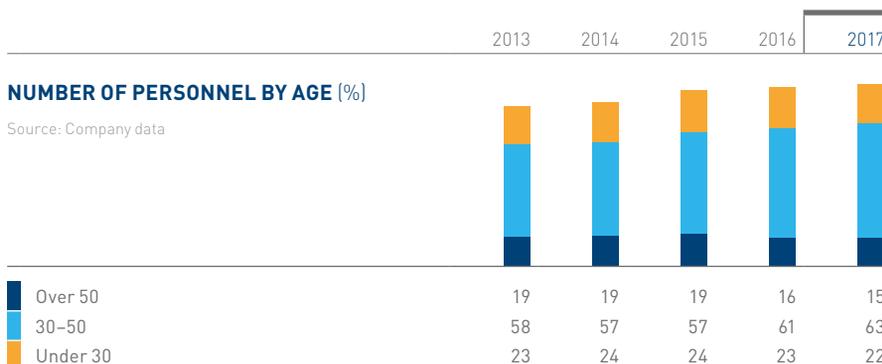
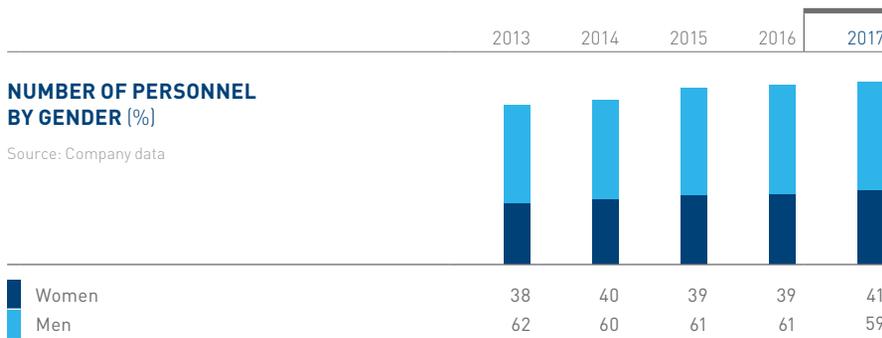
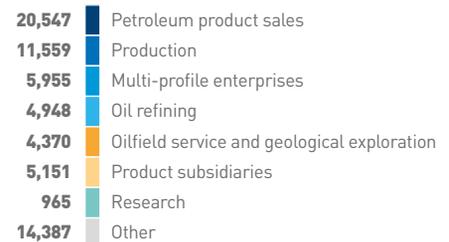
PROFILE OF PERSONNEL

In 2017, Gazprom Neft employed over 67,800 people.¹ Blue-collar workers make up half of all personnel, while executives, specialists, and office employees account for the other half.

A total of 17,184 employees joined Gazprom Neft in the reporting year, while 16,093 people left the Company. The turnover rate was 15.1% in 2017, which is consistent with the 2016 level.

STRUCTURE OF COMPANY PERSONNEL BY CORE ACTIVITY AS OF 31 DECEMBER 2017 (PEOPLE)

Source: Company data



¹ — Average number of employees as of 31 December 2017.

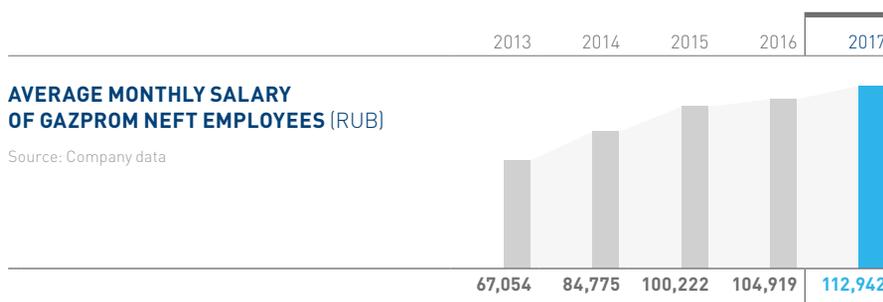
REMUNERATION AND SOCIAL SUPPORT FOR PERSONNEL

REMUNERATION SYSTEM OF GAZPROM NEFT

FINANCIAL COMPONENT	<ul style="list-style-type: none"> Basic remuneration Bonuses Benefits (voluntary medical insurance, vacation payments, housing programme, private pension provision, etc.)
PROFESSIONAL COMPONENT	<ul style="list-style-type: none"> Training and development system Professional and career development system Non-financial incentive programmes
SOCIAL COMPONENT	<ul style="list-style-type: none"> Social support programmes for employees and their families

The personnel remuneration system is linked to the Company's overall strategy and aims to ensure competitive remuneration, retain and develop talented personnel, and support the career and professional growth of employees.

A number of large-scale projects were launched in 2017 in order to enhance the effectiveness of variable compensation. Specifically, the Upstream Division implemented an incentive programme that aims to create a culture of efficiency and careful production. Unifying bonus systems in the sales division reduced the number of compensation formulas and increased their transparency for employees.



PERSONNEL EXPENSES (RUB MN)

Indicator	2013	2014	2015	2016	2017
Payroll	45,040	58,510	74,400	79,316	86,600
Social payments	3,186	2,097	2,432	3,260	3,176
TOTAL	48,226	60,607	76,832	82,576	89,776

The number of Company employees who are union members and are covered by collective bargaining agreements in 2017 totalled roughly

13,000
PEOPLE

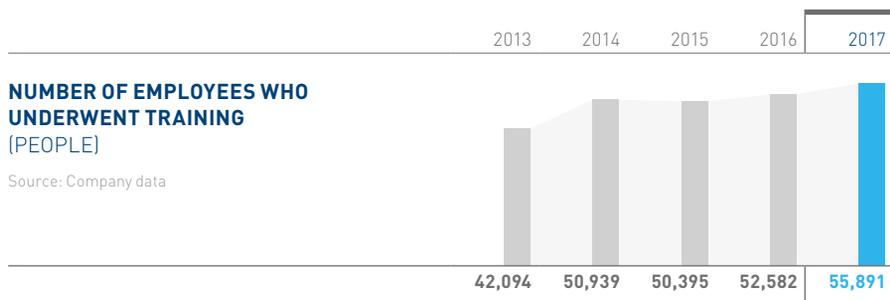
The Company actively cooperates with trade union organizations when drafting and implementing HR and social policy programmes. In particular, changes to the system of Gazprom Neft's social benefits are discussed jointly with representatives of trade union organizations, the heads of HR services hold meetings with each other, and measures are taken to create safe working conditions. The Company established commissions to work with young people, which protect the interests of young employees and are involved in programmes for the adaptation of new specialists.

TRAINING AND DEVELOPMENT OF PERSONNEL

The training and development system encompasses all categories of the Company's personnel as well as target groups of potential employees, including schoolchildren and students.

The Corporate University of Gazprom Neft serves as the centre for knowledge management. It was established in 2016 and brought all training practices under one roof. The corporate university has a services platform model that is unique for the corporate training market – a marketplace, which makes it possible to not only attract external providers for training, but to also establish communication between employees who need to learn and employees who can teach. This model allows for implementing strategic goals in HR management given the rapidly growing pace of changes in the external environment and create a stimulating educational environment at such a large, geographically distributed company as Gazprom Neft.

The Crystal Pyramid awards ceremony was held during the Summit of HR Directors of Russia and the CIS in October 2017. The Corporate University of Gazprom Neft received two awards at the ceremony – first place in the 'Digital Transformation' category and third place in the 'Best Corporate University' category.



NUMBER OF EMPLOYEES WHO UNDERWENT TRAINING (PEOPLE)

Source: Company data

IN 2017

- Training encompassed over 80% of personnel throughout the Group of Companies.
- Over 16,000 managers and specialists received training in targeted programmes at the Corporate University.
- The professional departments of the Corporate University employed 1,033 internal trainers and experts of the Company.
- Employees took more than 85,000 online courses via the Corporate University portal.
- Over 40 internal online professional communities were established.

DEVELOPMENT OF A TALENT POOL

The Company is developing the 'School – Secondary Specialized College/ University – Enterprise' human resources system to provide the Company with highly skilled personnel in the present and future. It includes career guidance work with high school students, targeted education at higher and secondary educational institutions, and a system to recruit employees with high potential and plan their careers.

Meetings of the Talent Committee – collective meetings of management teams – are a key tool in selecting candidates for the talent pool. Specialist

candidates are considered based on the results of an annual evaluation of their activities and potential. In 2017, the regular performance assessment encompassed more than 19,000 employees, a 50% increase from the previous year.