

REGIONAL POLICY AND DEVELOPMENT OF LOCAL COMMUNITIES

ONE OF GAZPROM NEFT'S KEY PRIORITIES IN SUSTAINABLE DEVELOPMENT IS TO EXPAND THE COMPETITIVENESS OF THE TERRITORIES WHERE IT OPERATES AND IMPROVE THE QUALITY OF LIFE OF THE PEOPLE LIVING THERE. THE COMPANY IS A RELIABLE PARTNER FOR THE GOVERNMENT AND SOCIETY IN TERMS OF RESOLVING REGIONAL DEVELOPMENT PROBLEMS AND IS DEVELOPING A SOCIAL INVESTMENT PROGRAMME IN CLOSE PARTNERSHIP WITH ALL STAKEHOLDERS.

PRIORITIES OF GAZPROM NEFT IN ITS INTERACTION WITH THE REGIONS:

- ensuring environmental safety and minimizing the Company's environmental impact;
- cooperation with the regional and municipal authorities to ensure the sustainable development of the regions;
- creating a competitive environment on regional labour markets;
- expanding cooperation with stakeholders;
- ensuring information transparency for all stakeholders.

The Company is developing various tools to support regional development. In particular, road maps that Gazprom Neft signed with the Tomsk and Tyumen Regions in 2017 call for the use of high-tech products, including import-substituting products, from local suppliers in the Company's production activities.

The Company is also involved in the development of industrial clusters in the regions. During the reporting year, Gazprom Neft began setting up the Bazhen Technological Centre in the Khanty-Mansi Autonomous District-Yugra, which will develop cost-efficient methods for the extraction of hard-to-recover oil reserves from the Bazhenov formation using the Company's advanced technologies and competencies.



For more on the Bazhen Technological Centre project, see page 32

INTERACTION WITH INDIGENOUS PEOPLES OF THE NORTH, SIBERIA, AND THE FAR EAST (IPNR)

The Company engages in production activities in areas where indigenous peoples of northern Russia (IPNR) reside in the Khanty-Mansi and Yamalo-Nenets Autonomous Districts.

When exploring and developing fields, the Company strictly observes the rights of indigenous peoples and develops a dialogue with them.

Gazprom Neft provides financial support to families and agricultural communities of indigenous peoples, works to protect the national identity of the peoples of the north, establish cultural ties between different communities and families, and draw public attention to the preservation of traditional arts and crafts. In order to establish a unified approach to interaction with indigenous peoples, Gazprom Neft in 2017 approved the Corporate Policy for Interaction with Indigenous Peoples of the North, Siberia, and the Far East and a methodological document that describes the mechanisms and focuses for interaction with them.



Social investment programme of Gazprom Neft

The Company has been implementing the ambitious Native Towns social investments programme since 2013. The programme takes an integrated approach to creating an environment that is conducive to the development of the regions in which the Company operates through supporting projects that encompass all aspects of public life.

KEY FOCUSES OF THE NATIVE TOWNS SOCIAL INVESTMENTS PROGRAMME

‘Towns for people’

Creation of a high-quality urban environment that is competitive with the opportunities offered by major towns and cities, and expanded prospects for the personal fulfilment of residents



‘Fields of victory’

Fostering a healthy generation and the establishment of prominent regional sports schools



‘New horizons’

Establishment of equal education opportunities for children from large and small cities



‘Cultural code’

Development of the cultural potential of the regions



‘Preserving traditions’

Support for the traditional ways of life of indigenous peoples of the Russian north and facilitating their integration into the modern economic and social landscape



Gazprom Neft’s social investments programme aims to support systemic positive changes in the regions by engaging local residents and enhancing their social activities. The Company views stakeholders as partners in implementing social programmes, and this cooperation is a key condition for systemic long-term changes.

Tools for the implementation of the Native Towns programme:

- agreements on socioeconomic cooperation with the regional and local authorities;
- the Company’s own social projects;
- grant competitions for social initiatives;
- corporate volunteering;
- targeted corporate charity.

In 2017, the Company implemented socioeconomic agreements with the governments of 21 regions of the Russian Federation and the administrations of 20 municipalities. Under the agreements, the Company invested funds in the construction and modernization of social infrastructure in the regions. The biggest social facilities included the Native Towns in Khanty-Mansiysk with 120 apartments and an ice stadium in Muravlenko.

SINCE 2013:

35

REGIONS OF RUSSIA

>2,100

PROJECTS IMPLEMENTED

100

PARTNER ORGANIZATIONS

144

INFRASTRUCTURE FACILITIES BUILT

The Company support 221 projects and 13 subsidiaries of Gazprom Neft took part in the programme. Grant competitions for social initiatives were held in six regions and the grant fund totalled RUB 26 million. As a result of the competitions, 112 projects put forward by local residents were launched.

KEY SOCIAL PROJECTS OF 2017

The Gazprom Neft volunteer movement includes

4,567
PEOPLE

- The Stenografiffa street art festival was held in 10 cities, including in Tomsk for the first time. As part of the festival, street artists create artworks that brighten up the monochrome urban environment of the northern regions.
- The 'Multiplying Talent' oil- and gas-themed competition was attended by 2,366 students, including schoolchildren from the Orenburg Region and Omsk for the first time. The finalists of the senior section of the tournament, which aims to promote scientific and technical professions, received certificates from Gazprom Neft's partner Peter the Great St. Petersburg Polytechnic University, which provided the students additional points upon admission to this university.
- Fifty-two talented young mathematicians were awarded scholarships and prizes as part of the 'Mathematical Progression' project to develop fundamental science. The project offers schoolchildren the opportunity to enter a prestigious university in the country, grants scholarships to talented students, and provides financial support to young researchers in applied and theoretical mathematics.
- Intensive educational courses on the development of the urban environment were held in Tyumen, St. Petersburg, Tomsk, Orenburg, and Noyabrsk. The joint project Creative Practices of the Company and the Faculty of Liberal Arts and Sciences of St. Petersburg State University seeks to find a solution to urban problems using creative industries. The intensive programmes are conducted by prominent Russian and international experts: urban specialists, economists, and cultural experts, among others.
- The Calvert Forum Siberia, an international conference on creative industries in Russia, was held in Tyumen with the Company's support. It was attended by Chairman of the Board of the Centre for Strategic Research Alexey Kudrin, Chairman of the Gazprom Neft Management Board Alexander Dyukov, Governor of the Tyumen Region Vladimir Yakushev, Calvert Foundation Director Nonna Materkova, and over 250 Russian and foreign experts.
- St. Petersburg hosted Strelka Week – a series of free educational events conducted by experts from the Strelka Institute for Media, Architecture, and Design. More than 5,000 people attended lectures, workshops, and discussions on new approaches to studying and developing the urban environment.
- The 'DIY City' social projects laboratory, which was launched in 2016, held its first training session for participants. Ten local residents whose ideas for transforming the urban environment were selected from among 40 applications received expert support and training in social design.
- The 'People Need You' contest of student social projects was held with Gazprom Neft's support. The final of the competition featured 47 of 143 student teams from different regions. The authors of the projects received training and consultations from experts.
- Noyabrsk and Muravlenco hosted the traditional Native Town urban festival, which has become a significant cultural event for cities. The programme of the festivals, which feature the active involvement of local residents, includes entertainment, interactive, and intellectual events.
- The fourth contest of Gazprom Neft volunteer projects was held in 2017. The competition resulted in the implementation of 58 initiatives. The Gazprom Neft volunteer movement includes 4,567 people and is developing in 38 Russian cities. The key focuses are donation, support for young people who reside at and have left orphanages and boarding schools, environmental campaigns, landscaping and urban beautification. During the reporting year, Gazprom Neft's volunteer projects won three awards in the 'Good Deed Champions' competition organized by the Association of Managers of Russia.

AWARDS

The Company's social programmes received awards at the 'Corporate Charity Leaders' contest founded by the Donors Forum in 2017.

- Prizes were awarded to the 'DIY City', 'Mathematical Progression', and 'Stenografiffa' projects.

- The Company won awards in the categories 'Information Transparency of Organizations' and 'Evaluation of social projects'.