

GOVERNANCE FRAMEWORK

Statement by the Chairman of the Board of Directors

Dear shareholders and investors,

Gazprom Neft is committed to excellence in corporate governance and protection of shareholder rights and interests. For years, the Company has been making consistent efforts to improve its governance system by adopting best Russian and global practices.

In 2018, the Board of Directors of Gazprom Neft took a number of key decisions that will shape the Company's future. The most important of them was approval of a new long-term development strategy reflecting our ambition to set the pace and standards for oil companies in the realm of safety, efficiency and technology by 2030. To deliver on this vision, we have embarked on a journey to transform our operational and organisational governance systems, upgrade digital capabilities and further enhance the corporate governance culture. The transformation is set to make our business more flexible and resilient in the face of oil market volatility. Gazprom Neft's team is now focused on taking the Company to a brand new level, while also making sure to align its efforts with the strategic priorities of Gazprom.

In the reporting year, the Board of Directors assessed development of the key business segments and analysed the Company's performance in the areas of risk management, exports enhancement, and environmental protection. Special attention was given to technology and innovation, and improving operational efficiency.

The Company's management seeks to maximise opportunities for communication with shareholders and the investment community. 2018 was the first year Gazprom Neft's shareholders could use new e-voting solutions that make corporate governance more transparent and accessible, while also facilitating the exercise of shareholder rights. As part of traditional meetings with analysts and investors, our team provided detailed insights into Gazprom Neft's investment programme, free cash flow deployment plans and efforts to increase dividend payments.

Gazprom Neft's dividend payments for 2017 hit an all-time high of ₺ 15 per ordinary share. This record was, however, beaten by our performance in the first nine months of 2018, with 35% of consolidated net profit for the period paid in dividends, resulting in a payout of ₺ 22.05 per share.

I am confident that the efforts made by the Company and its governance bodies will drive further growth of shareholder returns.

Alexey Miller

Chairman of the Board of Directors,
Gazprom Neft PJSC