

APPENDIX 3. COMPANY HISTORY

1995

Sibneft is formed

Siberian Oil Company (“Sibneft”) is formed by the decree of the President of Russia. The government acts as the founding shareholder, contributing its stakes in the country’s oil majors, including Noyabrskneftegaz, Noyabrskneftegazgeophysika, Omsk Refinery and Omsknefteprodukt, to the new company’s capital.

1996–1997

Sibneft is privatised

In a move towards a market economy, the government of Russia decides to pursue Sibneft’s privatisation. In 1996, private investors acquire 49% of the Company’s stock through privatisation auctions. In 1997, Financial Oil Company wins the auction to purchase the government’s stake in Sibneft as part of the government’s Shares for Loans programme.

1998–2004

Asset build-up

By pursuing an aggressive growth strategy, Sibneft significantly expands the geography of its production operations (in the Tomsk and Omsk regions) and sales network (in the Sverdlovsk and Tyumen regions, the Krasnoyarsk Territory, St Petersburg and Moscow). Among the Company’s major acquisitions over the period is the purchase of a 49.9% stake in Slavneft involved in oil and gas production in Western Siberia and the Krasnoyarsk Territory.

Rapid growth

A strong resource base, efficient refining assets and highly professional leadership are the core drivers behind the Company’s rapid growth. The Sibneft’s management team takes the Company well forward in upgrading production, introducing cutting-edge technologies and streamlining business processes.

2005

Gazprom acquires controlling stake in Sibneft

In 2005, a controlling stake (75.68%) in Sibneft is acquired by the Gazprom Group, and on 13 May 2006, the Company is renamed Gazprom Neft. Following the acquisition, the Company sets an ambition to become a global player with a regionally diversified portfolio of assets across the entire value chain.

2006

Expanding into the Central Asian market

Gazprom Neft steps into the Central Asian retail market with a dedicated subsidiary, Gazprom Neft Asia, selling the Company’s oil products in Kyrgyzstan, Tajikistan and Kazakhstan.

2007

Acquisition of Tomskneft

In December 2007, the Company acquires 50% of Tomskneft involved in oil and gas production in the Tomsk Region and the Khanty-Mansi Autonomous Area, with a view to expanding its resource base.

Splitting business lines

Separate business units are set up by line of business, including Gazpromneft Marine Bunker, Gazpromneft-Lubricants and Gazpromneft-Aero.

2008

Venezuelan projects

In 2008, Gazprom Neft, Rosneft, Lukoil, TNK-BP and Surgutneftegas sign a memorandum of understanding on cooperation and joint participation in projects in Venezuela as part of the National Oil Consortium.

2009

Resource base expansion

Gazprom Neft expands its resource base and refining capacities by acquiring Naftna Industrija Srbije A.D., Novi Sad (NIS) and a controlling stake in Sibir Energy, while also increasing its share in the Moscow Refinery and getting access to the Salym oil fields. In April 2009, the Company closes a deal with Chevron Global Energy to purchase Chevron Italia s.p.a., an oils and lubricants production plant located in Bari (Italy). Another milestone for the Company in 2009 is the launch of a major rebranding programme for the Gazprom Neft filling station network.

2010

Global oil and gas market

Gazprom Neft continues rapid expansion in the global oil and gas market, signing a contract to develop the Badra field in Iraq and being appointed to lead the Junin-6 project in Venezuela. The Company continues entering new fuel markets outside of Russia with the acquisition of a retail network of 20 filling stations and 9 land plots in Kazakhstan, among other things. It also expands its presence in the Russian market by joining the project to develop promising fields in the north of the Yamal-Nenets Autonomous Area covered by the development licences held by SeverEnergiya. In February, Gazprom Neft strikes a deal to buy STS-Service, a production unit of Sweden's Malka Oil, which develops fields in the Tomsk Region.

2011

Production growth

Gazprom Neft gives a major boost to its operating performance by acquiring new assets and enhancing efficiency of the existing fields development. The Company buys a further 5.15% stake in Serbia's NIS, raising its total interest to 56.15%, while also becoming the sole shareholder in Sibir Energy and acquiring its first assets in the Orenburg Region – the Tsarichanskoye and Kapitonovskoye fields as well as the eastern part of the Orenburg field. Drilling begins at the Badra field in Iraq.

Premium-class fuels

The Company begins producing Euro 4 petrol at its oil refineries and launches sales of a new G-Drive premium-class motor fuel via its Gazpromneft filling station network, which is further expanded when the Company steps into Russia's Southern Federal District.

High-quality bitumen materials

The Company launches treatment of raw materials for bitumen production at the Omsk Refinery, ensuring stable quality of feedstock for bitumen production and the high quality of finished products manufactured by the refinery. Another addition is a manufacturing unit for polymer-bitumen binders and bitumen emulsions supplied by Italy's Massenza.

2012

Leader in efficiency

Gazprom Neft leads the Russian market in terms of hydrocarbon production and refining growth rates along with a range of efficiency metrics. The Company launches pilot oil production at two new major fields in the north of the Yamal-Nenets Autonomous Area (Vostochno-Messoyakhskoye and Novoportovskoye). The first stage of commercial production begins at the Samburgskoye oil and gas condensate field owned by the Russian-Italian company SeverEnergiya, in which Gazprom Neft holds a 25% stake. The formation and development of a new production cluster continues in the Orenburg Region. The Company enters into new upstream projects in Iraq. The Moscow Refinery transitions to producing Euro 4 petrols, while the Omsk Refinery begins producing Euro 4 and Euro 5 petrols and Euro 5 diesel fuel. Gazprom Neft starts developing a retail network in Europe (in Serbia and Romania) under the Gazprom brand.

GeoNavigator Drilling Control Centre is set up

To enhance the efficiency of advanced well construction, Gazprom Neft sets up GeoNavigator Drilling Control Centre. It relies on a geonavigation technology enabling prompt transfer of information about the geological model of the field and adjustment of the well trajectory based on this model. The use of modern technologies enables real-time data transfer to the Drilling Control Centre while drilling. The data updated throughout the process is shown as part of the existing geological model of the field.

2013

Strategy

The Gazprom Neft Board of Directors approves the Company's development strategy extended through 2025. It builds on the strategy through 2020 and outlines the plans for achieving the earlier set targets by key business segments – hydrocarbon production, refining and sales of petroleum products – in line with the changing industry landscape and global economic environment and with a view to continued rapid growth in shareholder value through 2025. The strategy for the development of the Company's bunkering, aviation fuel and lubricants businesses is also updated through 2025.

Launch of Arctic Shelf production

In December 2013, Gazprom Neft produces the first ever oil from the Arctic Shelf at the Prirazlomnoye field in the Pechora Sea.

Euro 5 fuels

The commissioning of catalytic cracking hydrotreating and light naphtha isomerisation facilities at Gazprom Neft's Moscow Refinery enables the plant to fully switch to the production of Euro 5 petrols. This completes the transition of all the Company's refineries to Euro 5 fuels, well ahead of the regulatory deadlines in Russia.

Bitumen business development

The Company acquires assets in Russia (Ryazan) and Kazakhstan to develop its bitumen business. In 2013, Gazprom Neft and France's Total establish a joint venture to produce and sell polymer-modified bitumen used for road construction under the G-Way Styrelf brand, as well as bitumen emulsions as part the Moscow Refinery operations.

2014

Development of production projects

Gazprom Neft gets the first oil at the Badra oil field in Iraq and begins commercial supply of oil into the Iraqi pipeline system. The Company also makes the first summer shipment from the Novoportovskoye field, marking the field's first-ever sea delivery of oil intended for European consumers.

Arctic Shelf production

Production of the first million barrels of the new Arctic Crude Oil (ARCO) blend is reached at the Prirazlomnoye field. The drilling of a new exploration well begins at the Dolginskoye oil field on the Pechora Sea shelf.

New licences acquired

Gazprom Neft obtains licences to develop the Kuvaysky and Yagodny licence blocks in the Orenburg Region. The resources of these blocks will help maintain and increase the Company's oil production levels.

2015

New capacities on stream

Together with SIBUR, Gazprom Neft lunches Yuzhno-Priobsky Gas Processing Plant (GPP).

Russia's best employer

Gazprom Neft is named Russia's Best Employer in the 2015 Russia's Best Employers ranking released by HeadHunter Group, up two places from last year.

New licences acquired

Gazprom Neft acquires the licence to develop the Zapadno-Yubileynoye field in the Yamal-Nenets Autonomous Area and a number of new licences – for the Yuilsky-3, Lyaminsky-6, Severo-Ityakhsky-1, Maloyugansky and Zapadno-Zimny license blocks – in the Khanty-Mansi Autonomous Area.

Production milestones

The Prirazlomnoye field in Russia hits the production milestone of one million tonnes of the Arctic Crude Oil, with the one-million tonne/barrel milestones also reached at the Badra field in Iraq and the Sarqala field in the Kurdistan Region of Iraq.

2016

Arctic assets

Gazprom Neft puts all its Arctic assets fully on stream, including the Prirazlomnoye and Novoportovskoye fields, the Messoyakha group of fields, and the Arctic Gate oil terminal in the Gulf of Ob.

Catalyst production

Gazpromneft Catalytic Systems subsidiary is set up as part of the Gazprom Neft Group to develop a cracking and hydrogenation catalysts facility awarded the status of a national project by the Ministry of Energy of Russia.

Acquisition of Rospolychem

In June 2016, Gazpromneft-Lubricants acquired a 100% stake in Rospolychem Group, gaining an asset with a full production cycle of complex esters.

Acquisition of NOVA-BRIT

Gazpromneft Bitumen Materials acquires a 75% stake in NOVA-BRIT, a company specialising in the production of bituminous sealants under the BRIT® brand for the construction, repair and maintenance of motor roads, airfields and other areas.

2017

New oil field discoveries

The Neptune field with 415 mt of oil in place is discovered in the Sea of Okhotsk near the Sakhalin Island. Another discovery is made in the Khanty-Mansi Autonomous Area, with the new field boasting 2.74 mtoe of 2P reserves and named after the Company's former head of production Alexander Zhagrin.

Bazhen Technology Centre national project

Gazprom Neft's project to set up a centre for developing the Bazhenov formation based on domestically produced advanced equipment and technology is qualified by the Russian Ministry of Energy as nationally important, with the Bazhen Technology Centre launched in the Khanty-Mansi Autonomous Area.

Digital Production Control Centre

Gazpromneft-Khantos launches the Digital Production Control Centre set up as part of the Digital Field programme. The centre brings together solutions for improving efficiency of production into a single integrated environment.

Deep conversion at Pančevo Refinery

Naftna Industrija Srbije (NIS, 56.15% owned by Gazprom Neft) commences the construction of a new deep conversion facility based on delayed coking technology at its Pančevo Refinery, Serbia.

Biological treatment facilities at Moscow Refinery

Gazprom Neft completes the construction of cutting-edge Biosphere biological treatment facilities at its Moscow Refinery as part of a ₺ 9 bn investment project.

2018

New strategy to set a global industry benchmark

Gazprom Neft's Board of Directors approves a new Strategy through 2030 for the Company to become a global leader in efficiency, safety and technology-driven production.

To embrace new opportunities and meet new challenges in line with the updated strategy, the Company launches a major operational, organisational, cultural and digital transformation covering all aspects of its operations.

Advanced icebreakers

Gazprom Neft completes its Arctic fleet of support vessels, including the Alexander Sannikov and Andrey Vilkitsky icebreakers,

both being the most powerful and advanced vessels in their class and featuring zero emissions just like all other Gazprom Neft's facilities. The icebreakers support the Company's tankers en route along the Gulf of Ob from the Arctic Gate terminal to the floating storage tanker in the Kola Bay.

New oil field discoveries

The Triton field with 137 mtoe of hydrocarbons in place is discovered in the Sea of Okhotsk near the Sakhalin Island to become the second newly found field in the area, paving the way to the formation of the Company's new strategic production cluster in the Russian Far East.

A total of 4 new fields and 27 hydrocarbon deposits are discovered and booked on the Russian State Register of Mineral Reserves in 2018.

New approach to exploration

Gazprom Neft establishes Gazpromneft-GEO, a competence centre for the management of large-scale exploration projects. Its goal is to bring together the Company's financial and exploration management resources, offer turn-key project management and ensure a stable discovery of new cost-effective reserves to replenish the Company's resource base.

Downstream Efficiency Control Centre

Gazprom Neft's Downstream Efficiency Control Centre goes fully operational. Designed to provide a single digital platform for managing efficiency throughout the value chain, from oil delivery to refineries to end-user sales of petroleum products, it relies on the use of predictive analytics, neural networks, artificial intelligence and digital twin technology. The automated integrated planning system, unique to the Russian oil and gas industry, streamlines the refinery's processing volumes, feedstock deliveries and the product mix sixty days ahead.

Digital transformation

Gazprom Neft's Digital Transformation Directorate is set up with a view to developing and implementing the Company's digitalisation strategy. The digitalisation strategy and roadmaps are already in place, with two innovation centres set up. Gazprom Neft's Digital Innovation Centre connects startups, developers and R&D teams seeking to design disruptive digital solutions for Gazprom Neft's integrated downstream platform.

The Company's St Petersburg-based House of Innovations draws together experts in neural networks, digital platforms, the industrial Internet of things, blockchain technologies, augmented and virtual realities, machine learning and other Industry 4.0 innovations. It is used by the Company's units as a platform for joint work relevant to Gazprom Neft's goals.

New system of workplace safety

The Company is seeking to join the ranks of global workplace safety champions by 2030 in line with its updated Development Strategy. The safety system transformation will rely on a risk-based approach and comprise a number of initiatives, including the Goals, Safety Measures, and Certification, Examination, and Investigation projects focused on priority risks identification, risk mitigants development and implementation, and control over the mitigants' roll-out across the Company, respectively.

Setting up JVs

Gazprom Neft, Mubadala Petroleum and the Russian Direct Investment Fund (RDIF) set up a joint venture to develop oil fields in the Tomsk and Omsk regions in Russia's Western Siberia using the capacities of Gazpromneft-Vostok. The JV's key opportunities lie in the area of exploring an developing hard-to-recover pre-Jurassic (Paleozoic) hydrocarbon deposits.

In addition, Gazprom Neft and Spain's Repsol establish a joint venture to explore Karabashsky block 10 located in the Khanty-Mansi Autonomous Area. The block adjoins the Karabashsky zone licence blocks that are already controlled by Evrotek-Yugra, another joint venture of Gazprom Neft and Repsol.

Acquisition of new assets

Gazprom Neft acquires 100% in Enerkom controlling the Solnechny licence block in the Orenburg Region. The asset will be part of the Company's Orenburg production cluster.

2018 also saw the completion of Arcticgas reorganisation, which established equal participation (50/50) of Gazprom Neft and NOVATEK. The 50/50 shareholding split creates the perfect synergy, making it possible to reap the benefits of shared access to vast expertise in hydrocarbon production, regional experience and infrastructure.

In addition, Gazprom Neft acquires a bitumen logistics terminal in Salsk, the Rostov Region, to reinforce its logistics system that will ensure the supply of innovative bitumen products throughout Russia's southern regions.