

Corporate governance

Gazprom Neft's corporate governance is underpinned by sustainability and the mission to enhance the shareholder value in the long term. To achieve that, the company is focused on responsible engagement and building trust-based relations with its employees, suppliers, customers, and local communities.



Gazprom Neft
at a glance



Sustainable
development
management



Customer
care



Health
and safety



Environmental
safety



Employee
development



Social
policy



Appendices

Corporate governance principles

- Effective mechanisms to protect shareholder rights
- Protecting the rights of all stakeholders, including employees
- Strong business ethics
- Preventing corruption both within the company and when dealing with third parties
- High level of social responsibility
- Strategic management of the company's business and effective oversight of the company's executive bodies by the Board of Directors
- Timely and full disclosure of accurate information
- Reasonable and fair approach to management by executive bodies, development of an effective risk management and internal control system to provide assurance regarding the achievement of the company's objectives
- No misuse of insider information

Gazprom Neft has a Corporate Governance Code in place which aims at building good communications between governance bodies and shareholders, ensuring the company's stable, long-term development and growing shareholder and investor confidence. In December 2020, the Corporate Governance Code was revised to include new provisions on shareholder engagement, disclosure of information about the performance of governance and control bodies, and insider information.

The company's corporate governance framework encompasses all key elements typical of public companies with established governance structures and is fully aligned with applicable legal requirements and the Listing Rules of Moscow Exchange.

Gazprom Neft PJSC is the Corporate Centre of the Gazprom Neft Group. As at 31 December 2020, the corporate structure of Gazprom Neft comprised 152 legal entities in Russia and abroad.

Corporate governance at Gazprom Neft is characterised by the fact that the company has a single majority shareholder, Gazprom PJSC, which owns 95.68% of company shares. The remaining shares are held by minority shareholders, which include both individuals and legal entities, representing the balance of power between various stakeholders involved in corporate relations.

FOCUS AREAS:

- establish and monitor the risk management (including ESG risks) and internal control system;
- annual review of sustainability reports by the Board of Directors;
- increase the level of integration of the ESG agenda into the company's activities and the quality of compliance with respective practices;
- integrate ESG factors into the company's long-term strategy.

In 2020, the main changes in corporate governance were related to the abolition of the Audit Commission and the Board of Directors' increased role in internal control and risk management. The updated versions of the said internal regulations were brought into compliance with the current legislation and the company's corporate governance practices.

In 2020, the Board of Directors approved the Risk Management and Internal Control Policy, which is designed to further develop and improve Gazprom Neft's risk management and internal control system.

In late 2020, the Board of Directors approved a new version of the company's Dividend Policy Regulation, according to which the target level of dividend payments is set at no less than 50% of IFRS net profit.

A new Policy on Remuneration and Compensation of Expenses of Members of the Board of Directors was also approved in 2020 to replace the 2010 version, which no longer complied with the current legislation and the Corporate Governance Code.

The main element of the company's high-level corporate governance is its highly competent and effective Board of Directors.

The Board of Directors determines the key principles and approaches to HSE matters, HR management, regional policy, risk management and internal control, and oversees Gazprom Neft's executive bodies.

There are two Board committees, the Audit Committee and the Human Resources and Compensation Committee. The Audit Committee facilitates the Board's involvement in overseeing the company's financial and business operations by assessing the effectiveness of internal controls and monitoring the risk management and internal control system. The Human Resources and Compensation Committee reviews HR matters, executive succession planning and remuneration to members of the company's governance bodies.

In constantly improving its corporate governance framework, the company closely monitors the development of corporate laws and best practices, both in Russia and globally

50% of net profit – target dividend payout

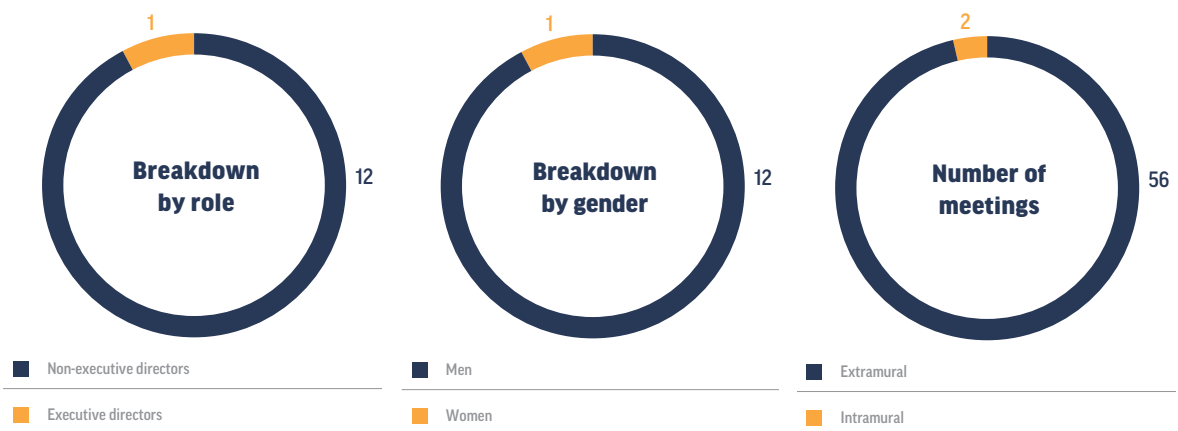


In 2020, new versions of the following internal documents were approved:

- Company Charter;
- Regulation on the General Meeting of Shareholders;
- Regulation Governing the Board of Directors;
- Regulation on the Management Board;
- Regulation on the Chief Executive Officer;
- Corporate Governance Code;
- Dividend Policy Regulation;
- Risk Management and Internal Control Policy;
- Policy on Remuneration and Compensation of Expenses of Members of the Board of Directors.

+ For more details on the work of the Board of Directors in the reporting year, see Gazprom Neft's Annual Report 2020

The Board of Directors' composition and meetings in 2020



Sustainability management structure



 Gazprom Neft at a glance

 Sustainable development management

 Customer care

 Health and safety

 Environmental safety

 Employee development

 Social policy

 Appendices