

APPROVED  
by Resolution of the General Meeting of Shareholders  
of JSC Gazprom Neft  
\_\_\_\_ 2015  
(Minutes № \_\_ dated \_\_\_\_ 2015)

**Joint Stock Company Gazprom Neft  
Corporate Governance Code  
(new version)**

## **1. GENERAL PROVISIONS**

- 1.1. Open Joint Stock Company Gazprom Neft (hereinafter “the Company”), together with its subsidiaries, is a vertically integrated oil company (VIOC) whose core activities are the exploration, development, production and sale of oil and gas, as well as the production and sale of oil products.
- 1.2. The Company’s mission is to provide consumers with high-quality energy resources; to be honest and responsible in everything it does; to look after its employees; and to be a market-leading, competitive company, committed to long-term and sustainable growth.
- 1.3. This Corporate Governance Code (hereinafter “the Code”) has been developed pursuant to current legislation of the Russian Federation, the Corporate Governance Code of the Central Bank of the Russian Federation, and the Company’s own internal regulations, and consistent with generally accepted corporate governance standards and principles, and the company’s core strategic objectives.
- 1.4. This Code aims to ensure the effective protection of the Company’s rights and interests, and those of its shareholders, and to ensure the equitable treatment of the Company’s shareholders, transparency in decision making by Company management, professional and ethical responsibility on the part of the Company’s managerial and supervisory agencies with respect to the Company itself, its employees and counterparties, increased transparency of information, and the development of ethical business standards.
- 1.5. The Company’s corporate governance policy is based around the principle of sustainable growth and increasing shareholder value in the long term. The Company implements this policy through building trust and ensuring consistently responsible interaction with its employees, suppliers and clients, as well as the wider public throughout those regions in which it operates.
- 1.6. Adherence to the provisions of this Code will allow a new level of corporate governance to be achieved, promoting positive collaboration between Company management and shareholders, supporting sustainable financial growth and the successful conduct of the Company’s core business, as well as creating a positive image of the Company in the eyes of its shareholders, employees, contractors, and potential investors.

Recognising the importance of high standards of corporate governance for the successful conduct of business, the Company voluntarily undertakes to adhere to the principles and standards set out in this Code.

## **2. MAIN PRINCIPLES OF CORPORATE GOVERNANCE**

- 2.1. Corporate governance is a system of principles, rules and standards facilitating the management and control of the Company. This system regulates relations between the Company’s shareholders, its Board of Directors, its executive bodies, and other participants in the Company’s corporate relations.
- 2.2. The Company is committed to maintaining the following key principles of corporate governance in its business:
  - compliance with all laws currently in force in the Russian Federation, with the Company’s Charter and internal documents, and with all generally accepted principles and standards of corporate governance;

- observance and efficient protection of the rights of Company shareholders, consistent with current law;
- observance of the rights of stakeholders and Company employees;
- provision to Company shareholders of a genuine opportunity to exercise their rights to participate in the Company's business;
- equal treatment of shareholders owning shares of the same type (category);
- a high standard of business ethics in relations with shareholders, investors, employees, contractors and other market participants;
- prevention of corruption both within the Company and in relations with third parties;
- high standards of corporate social responsibility in the Company's business;
- that the Board of Directors carries out strategic management of the Company's business and efficient supervision of the activities of its executive bodies, and that members of the Board of Directors are accountable to the General Meeting of Shareholders;
- rational, conscientious and efficient control of the Company's business by the Company's executive bodies, and their accountability to the Board of Directors and the General Meeting of Shareholders;
- efficient control of the company's financial and operating activities;
- an effective system of internal control and audit;
- full and timely disclosure of accurate information regarding the Company, including its financial situation, economic performance, and ownership and management structure;
- use of insider information regarding the Company by those with access to such information in a way that is strictly in compliance with law; and
- the prevention, exposure and suppression of any illegal use of insider information and/or any manipulation of the market for the Company's securities.

2.3. The Company appreciates the importance of cohesiveness throughout its activities and those of its employees for the success of its operations, and values each employee's contribution to achieving the Company's objectives. The key values and principles, upon which such efficient and cohesive operations are predicated are outlined in the Company's Corporate Code, and can be summarised as follows:

- **mutual respect and trust** – the Company's employees show respect for themselves and others, work together in resolving complex problems, confident in each other's professionalism, and help their colleagues to succeed;
- **leadership** – the Company's employees demonstrate initiative and strive to be the best in everything they do, setting ambitious goals for themselves and taking responsibility for the achievement of results;
- **a sense of responsibility and ownership** – the Company's employees have a sense of responsibility for the Company's assets and resources, taking care to preserve and augment them;
- **winner mentality** – the Company's employees are positive, believe in success, do not fear challenges and strive to develop the skills necessary for resolving major and complex tasks; and
- **honesty** – the Company's employees are open and honest in their dealings with each other, with the Company, its partners and competitors, and with society as a whole.

- 2.4. The Company appreciates the importance of continual improvement of corporate governance at its subsidiaries and strives to ensure that they implement the modern principles of corporate governance outlined in this Code.

### **3. COMPANY SHAREHOLDERS**

- 3.1. The Company's shareholders enjoy all rights provided under the Company's Charter, the Law on Joint Stock Companies, and other laws of the Russian Federation. The Company's Board of Directors, Chief Executive Officer and Management Board are responsible for ensuring the enforcement and protection of such rights.
- 3.2. The Company is responsible for ensuring that shareholders are given the opportunity to exercise their right to participate in the management of the company, to receive a share in the profits of the Company, and to receive relevant and material information about the Company.

The Company is responsible for ensuring the equal and fair treatment of all shareholders owning shares of the same class (category), including minority shareholders and foreign shareholders, and for ensuring their equal treatment by the Company.

The Company is responsible for ensuring the fair and equal treatment of every shareholder by the Company's governing bodies and controlling entities, including by ensuring the prevention of abuse of minority shareholders by major shareholders.

The Company may not infringe the right of existing and potential shareholders by setting any restrictions on the sale and purchase of shares.

- 3.3. The Company is responsible for ensuring that its shareholders are provided with a reliable and efficient means of recording their rights to shares. To that end, the Company is responsible for maintaining a register of the Company's shareholders with an independent, reputable registrar that has well established and reliable technologies enabling it to record, as efficiently as possible, the rights of the Company's shareholders and the exercise of such rights.
- 3.4. The Company is responsible for ensuring the protection of shareholders' ownership rights by undertaking, together with the registrar, all actions necessary to ensure the updating of shareholder information contained in the register of shareholders.
- 3.5. The Company's shareholders have the right to participate in the management of the Company by making resolutions on the most important aspects of the Company's business at the General Meeting of Shareholders. To that end, the Company is responsible for ensuring, consistent with current legislation, the right of shareholders to call a General Meeting of Shareholders, to submit items for inclusion on the agenda, to nominate candidates for election to the Company's governing bodies, to be given every opportunity to prepare for participation in the General Meeting of Shareholders, and for ensuring that every shareholder has the opportunity to exercise their right to vote.
- 3.6. The Company maintains a dedicated e-mail address for communication with its shareholders, [shareholders@gazprom-neft.ru](mailto:shareholders@gazprom-neft.ru).
- 3.7. The Company is responsible for ensuring the rights of its shareholders to share in the Company's profits. To that end, the Company is committed to putting in place the most transparent and simple mechanism possible for determining the amount of dividends, and their payment.
- 3.8. The Company's shareholders shall not abuse any rights extended to them, and are required to comply with the Company's Charter and all current laws. The Company's

shareholders shall not take any actions intended to cause harm or damage to other shareholders in the Company, or to the Company itself.

#### **4. THE GENERAL MEETING OF SHAREHOLDERS**

- 4.1. The practice of corporate governance gives shareholders the right to receive from the Company's governing bodies an account of the Company's policy, strategy, situation and achievements. Shareholders exercise this right through the General Meeting of Shareholders, at which they are provided with a detailed report on the Company's performance and plans.
- 4.2. The General Meeting of Shareholders is the Company's supreme governing body. The authority of the General Meeting of Shareholders is defined by current legislation and the Company's Charter.
- 4.3. Procedures governing the preparation for and conduct of the General Meeting of Shareholders are determined by the Company's Charter and the Regulations on the General Meeting of Shareholders (hereinafter "the Regulations on the General Meeting") and these procedures must not be excessively expensive or complex. The Company is also responsible for ensuring the equal treatment of all shareholders in the Company without any compromise of their legitimate interests or rights.
- 4.4. The Company must advise all shareholders, concurrently, of the convening of any General Meeting of Shareholders, and the date by which a list will be compiled of those persons entitled to attend:
  - except where legislation provides for a longer lead-time, notice of the convening of any General Meeting of Shareholders (and access to materials pertaining thereto) must be made no less than 30 days prior to the date of such Meeting;
  - information on the date of compilation of the list of those persons entitled to participate in a General Meeting of Shareholders must be provided no less than seven days prior to the date of such Meeting.
- 4.5. In order to ensure the proper communication to all shareholders of information about forthcoming General Meetings of Shareholders, the Company shall place notification of the convening of such General Meetings of Shareholders on its official website, at [www.gazprom-neft.ru](http://www.gazprom-neft.ru). The Company may additionally inform shareholders of the convening of a General Meeting of Shareholders by other means.
- 4.6. In the event that a person included in the shareholders' register is a nominee shareholder, any notice of the convening of a General Meeting of Shareholders, and any materials provided to those persons entitled to participate in the General Meeting of Shareholders in preparing for such meeting, must be supplied, in electronic format, to such nominee shareholder. Such nominee shareholder is responsible for informing its beneficial owners of any such notice and any materials received in the manner and within the lead-times established under current law.
- 4.7. The Company is responsible for ensuring that shareholders whose rights are registered in the register receive notification of the convening of the General Meeting of Shareholders and that they have access to all materials, in electronic format, pertaining thereto, at any shareholder's request.
- 4.8. In drafting the agenda for the General Meeting of Shareholders the Company shall ensure that agenda items are formulated in such a way as to avoid any alternative or ambiguous interpretation.

- 4.9. In determining the time, date and place of the General Meeting of Shareholders the Company shall do everything possible to give shareholders a genuine opportunity to take part in the Meeting.
- 4.10. The Company is responsible for ensuring that shareholders with no less than a one-percent holding in the Company are given the opportunity to acquaint themselves with the list of individuals entitled to participate in the General Meeting of Shareholders.
- 4.11. Materials pertaining to the General Meeting of Shareholders shall be made available for shareholders' perusal for a period of 20 days prior to the Meeting and, in the event that the agenda contains any question regarding the reorganisation of the Company, for a period of 30 days prior to the Meeting, provided that Federal Law "On Joint Stock Companies" does not provide for a longer period.
- 4.12. The Company is responsible for managing the conduct of the General Meeting of Shareholders, guaranteeing an equal opportunity to all shareholders attending the Meeting to express their opinions and pose questions regarding the agenda.
- 4.13. Registration procedures for the General Meeting of Shareholders adopted by the Company shall not create barriers to participation.
- The Company shall strive to ensure that every shareholder is given the opportunity to exercise their right to vote by a means convenient to them, either by direct participation in the General Meeting of Shareholders, or through the direct return of completed voting ballots to the designated Company address. The Company has the right – and, where the shareholders' register includes any nominee account held on the Central Securities Depository, is obliged to – ensure that shareholders are given the opportunity to participate in the General Meeting of Shareholders by means of returning an electronic document (or electronic documents) signed by electronic signature.
- 4.14. Pursuant to current regulation, the role of the Counting Commission is fulfilled by the registrar.
- 4.15. In order to avoid any doubt arising as to the correct conduct of the General Meeting of Shareholders (where it is held in the form of joint presence), the Company shall strive to ensure the counting of votes and the announcement thereof on the same day as the General Meeting of Shareholders (prior to its conclusion).
- 4.16. Resolutions adopted at the General Meeting of Shareholders and the results of voting thereon shall be communicated to shareholders by their being posted on the Company's official website in the Internet.

## **5. THE BOARD OF DIRECTORS**

- 5.1. The Company views the existence of a professional and efficient Board of Directors as the chief element of high-quality corporate governance.
- The Board of Directors is a collegiate governing body, created to implement the overall strategic management of the Company except for issues referred to the competence of the General Meeting of Shareholders.
- 5.2. The purpose of the Board of Directors is the conscientious and competent performance of its duties in the interests of the Company and its shareholders, taking account of the interests of other stakeholders, including employees, creditors and counterparties of the Company, as well as the general public living in territories where the Company operates.

- 5.3. In accordance with current law, the Board of Directors shall be liable to the Company and its shareholders and shall ensure the implementation of the rights of shareholders.
- 5.4. Members of the Board of Directors shall be judged to act reasonably and conscientiously if they make resolutions taking account of all available information, without conflict of interest, according equal treatment to shareholders of the Company, within the bounds of standard business risk.
- 5.5. In instances where resolutions of the Board of Directors may have different effects on different groups of shareholders, the Board of Directors behaves fairly towards all shareholders.
- 5.6. The main functions of the Board of Directors are:
- defining the business priorities and strategy of the Company;
  - ensuring the implementation of resolutions of the General Meeting of Shareholders;
  - increasing the market capitalisation of the Company;
  - ensuring transparent mechanisms for the election of the Board of Directors and executive bodies;
  - monitoring and regular assessment of the efficiency of the Company's business and of its executive bodies;
  - ensuring observance by the Company of existing law, the implementation and protection of the rights and legitimate interests of its shareholders, and the prevention, detection and resolution of internal conflicts between the Company, its shareholders and employees of the Company;
  - ensuring efficient mechanisms of internal control over the Company's finances and operations and their efficient functioning;
  - defining principles and approaches for risk management and internal control inside the Company, ensuring the objectivity of financial reporting and external audit;
  - the design of a policy for remuneration of the Board of Directors, executive bodies and other key executives of the Company;
  - overseeing the organisation and effectiveness of the system of information disclosure by the Company, and the provision of information to shareholders. Regulations on Information Policy have been adopted by the Company for this purpose and have been approved by the Board of Directors;
  - assessment of the quality of work by the Board of Directors and key executives of the company;
  - oversight of corporate governance practices at the Company and assessment of corporate governance;
  - managing conflict of interest, settlement of internal conflicts between Company bodies.
- 5.7. The principles and procedures of the Board of Directors, including the conduct of its meetings, the competence of the Board, and the rights and duties of the Board are enshrined in the Charter and the Regulations on the Board of Directors of the Company.
- 5.8. The membership of the Board of Directors is such as to ensure the most efficient performance of its functions.
- 5.9. The Company recognises the importance of the inclusion of independent directors in the Board of Directors in order to achieve a balanced and objective position on matters in the Board's competence and the Company will seek to increase the number of independent directors on the Board of Directors.

5.10. The Company adheres to the criteria of independence set out in the Corporate Governance Code of the Central Bank of the Russian Federation, according to which an independent member of the Board shall:

- not, when elected, or during the last three years, be a member of the executive bodies or an employee of the Company, of an organisation controlled by the Company and (or) of a managing organisation of the Company;
- not be an affiliate of the Company, including a shareholder, officer (other than a member of the Board of Directors), or employee of the Company, nor a consultant, appraiser, auditor of the Company or a representative of the rating agencies that provide services to the Company;
- not have received in any of the past three years remuneration and (or) other material benefits from the Company and (or) its controlled organisations, nor from a major shareholder of the Company (legal entity in a group of companies, which includes a major shareholder of the Company) in excess of half the value of the fixed annual remuneration of a member of the Board of Directors, nor shall participate in option programmes or incentive schemes that are based on the business results of the Company;
- not represent the interests of any major shareholder of the Company (not be in the year preceding the election, a state or municipal official, employee or member of the governing bodies of an organisation under the control of the Russian Federation (or a region of the Russian Federation), and not have other links with a major shareholder of the Company);
- not be a member of the Board of Directors of a legal entity that controls the company or is controlled by it, or of its managing organisation;
- not own Company shares or be a beneficiary of Company shares, representing more than 1 percent of the authorised capital or of the total number of voting shares of the Company, or own Company shares, the market value of which is more than 20 times the fixed annual remuneration of a member of the Board of Directors of the Company;
- not be an employee and (or) member of the governing bodies of a major counterparty of competitor of the Company, or of legal entities that control a significant counterparty or competitor of the Company or of its controlled organisations;
- not own shares (participatory titles) or be a beneficiary of shares (participatory titles) of a major counterparty or competitor of the Company, which constitute more than five percent of its authorised capital or of its total voting shares (participatory titles);
- not be a party to obligations in respect of the Company, by which the director may acquire property (receive money) equal in value to 10 percent or more of his/her total annual income, except remuneration for participation in the work of the Board of Directors;
- not be an employee and (or) member of the executive bodies of a legal entity, if his/her remuneration is defined (considered) by the committee for personnel and remuneration of that legal entity and if any employees and (or) members of the executive bodies of the Company are members of the said committee;
- not be a member of the Board of Directors for more than seven years from the date of first election;
- not be a member of the Board of Directors of more than two entities controlled by a major shareholder of the Company;
- not provide consulting services to the Company, a controlling entity or entities controlled by the Company and not be a member of organisations, providing such

services to the Company or such entities, or an employee of organisations that are directly involved in the provision of such services;

- not, during the last three years, have provided services to the Company or its controlled legal entities in the field of appraisal, tax consulting, auditing or accounting services, or not, during the last three years, have been a member of governing bodies of organisations providing such services to the specified legal persons or of the Company's rating agency or have been an employee of such organisations or of a rating agency directly involved in the provision of the respective services to the Company;
- not be a representative of the state, i.e., a person who represents the Russian Federation (or a region of the Russian Federation) in the Board of Directors of companies, in respect of which it has been decided to use a special right ("golden share"), nor a person elected as a member of the Board of Directors from among candidates nominated by the Russian Federation (or a region of the Russian Federation) if such member of the Board of Directors must vote on the basis of written directives of the Russian Federation (or a region of the Russian Federation).

5.11. The members of the Board of Directors of the Company shall have the knowledge, skills and experience that are necessary and sufficient for the efficient performance of the functions of the Board of Directors.

5.12. The members of the Board of Directors of the Company shall:

- be loyal to the Company;
- perform their duties honestly and reasonably in the interests of the Company;
- act within their powers in accordance with the goals, objectives and principles of the Company's business;
- make every effort to participate actively in the work of the Board of Directors;
- not disclose confidential and/or insider information of the Company for their personal benefit or for the benefit of third parties;
- make informed resolutions on the agenda of the Board of Directors following acquaintance with all the necessary materials and information, and appreciating the potential risks and negative consequences for the Company;
- abstain from voting on matters if they have a personal interest in the decision to be made on those matters;
- refrain from actions that will or may result in a conflict of interest. In the event of a conflict of interest arising or existing, members of the Board of Directors are obliged to bring it to the attention of the Board of Directors;
- notify the Board of Directors no less than five days in advance of their intention, the intention of their close relatives or of entities controlled by themselves or their close relatives to carry out transactions with Company securities;
- notify the Company of transactions, which they have carried out with the Company's securities.

Board members are entitled to:

- use the services of independent consultants in case of need;
- request the management of the Company to provide explanations and additional information on agenda items;
- gain acquaintance with the Company's business;
- improve their qualifications at the Company's expense.

- 5.13. The Board of Directors is headed by the Board Chairman, who shall have an impeccable reputation.
- 5.14. The Board Chairman ensures the efficient organisation of work by the Board of Directors as well as constructive cooperation with other Company bodies.
- 5.15. Meetings of the Board are held on the basis of its work plan, which is prepared taking into account the proposals of the Chairman and members of the Board, the CEO and the Management Board, the Audit Commission and the Company auditor.
- 5.16. The Company strives to ensure that resolutions on important matters in the competence of the Board of Directors are made exclusively at meetings in the form of joint presence.
- 5.17. The Board of Directors creates committees that carry out preliminary consideration of the most important matters in the competence of the Board of Directors and that operate on the basis of Regulations on the relevant committees.

## **6. THE SECRETARY OF THE BOARD OF DIRECTORS**

- 6.1. The Board Secretary ensures efficient ongoing interaction with shareholders of the Company, coordinates actions by the Company to protect the rights and interests of shareholders, and supports efficient work by the Board of Directors.
- 6.2. The Board Secretary reports directly in his/her official functions to the Board of Directors.
- 6.3. The Board Secretary has knowledge, experience and expertise sufficient for the performance of his/her duties and has an impeccable reputation.
- 6.4. For the purposes of exchange of experience the Board Secretary shall maintain a regular professional interaction with the corporate secretaries of other companies and participate in the activities of the professional association of corporate secretaries.
- 6.5. The Company shall disclose information on the Board Secretary on its website on the Internet and in the Company's annual report in the same amount as the amount of information, which is required to be disclosed regarding members of the Board of Directors and the Management Board.
- 6.6. The post of Board Secretary is assigned to a person who is not affiliated with the Company, not related to an entity that controls the Company or with the executive management of the Company, since this may lead to a conflict of interest and improper performance by the Secretary of his/her tasks.
- 6.7. The Board Secretary shall promptly inform the Chairman of the Board of Directors in case of any conflict of interest.
- 6.8. The Board Secretary shall notify the Board of Directors no later than five days in advance of his/her intention, the intention of his/her close relatives or of legal entities controlled by him/herself or close relatives to carry out transactions with Company securities.
- 6.9. The Board Secretary shall notify the Company of transactions, which he/she has carried out with securities of the Company.

## **7. EXECUTIVE BODIES OF THE COMPANY**

- 7.1. Operational management of the Company and management of its day-to-day business is the responsibility of the Chief Executive Officer (CEO) and Management Board. Chairmanship of the Board is part of the duties of the CEO of the Company.
- 7.2. The CEO and the Management Board act in the interests of the Company, exercise their rights and perform their duties conscientiously and reasonably, and manage Company business in such a way as to ensure growth in the value of Company assets and the development of the Company.
- 7.3. The Company's executive bodies are guided in their work by the Charter and the Regulations on the CEO and the Management Board.
- 7.4. The CEO and the Management Board are elected by the Board of Directors of the Company. The number of members of the Management Board is such as to ensure productive and constructive discussion of matters and the adoption of timely and informed resolutions.
- 7.5. The Company sets high standards for personal and professional qualities of the officials of executive bodies in order to ensure confidence in those bodies on the part of shareholders.
- 7.6. The CEO and Management Board are accountable to the Board of Directors and the General Meeting of Shareholders.
- 7.7. The competence of the CEO and the Management Board is defined in the Charter of the Company.
- 7.8. The joint work of the Management Board and CEO is based on a principle of separation of the competences of executive bodies: the CEO is not entitled to take decisions on matters that are in the competence of the Management Board.
- 7.9. Board meetings are held on a scheduled basis at reasonable intervals in order to ensure the efficiency of work by the Management Board. Any member of the Board shall be entitled to make proposals to convene an extraordinary meeting of the Board and to propose questions which, in his/her opinion, should be considered at a meeting of the Board.
- 7.10. The Company strives to ensure that the amount of remuneration of the CEO and members of the Management Board corresponds to their professional qualifications, reflects their real contribution to the results of Company business and is competitive in comparison with similar companies.
- 7.11. Members of the Board of Directors, the CEO and members of the Management Board shall be liable for damages caused by their culpable actions.
- 7.12. The Company takes liability insurance for members of the Board of Directors, Management Board and the CEO at its own expense to ensure that losses can be compensated in the event of damages being caused to the Company or to third parties by the actions of these persons.
- 7.13. The CEO and members of the Management Board shall notify the Board of Directors no later than 5 days in advance of their intention, the intention of their close relatives or of legal entities controlled by them or their close relatives to carry out transactions with securities of the Company.

7.14. The CEO and members of the Management Board are obliged to notify the Company of transactions carried out by them with securities of the Company.

## **8. COMPANY EMPLOYEES HAVING ACCESS TO INSIDER INFORMATION OF THE COMPANY**

Individuals who are included in the list of Company insiders in connection with their access to the Company's insider information on the basis of employment and (or) civil-law contracts concluded with the Company (hereinafter "insider employees") are required to notify the Company about transactions, which they have carried out with securities of the Company. Such notification shall be sent by any means, which ensures confirmation of its receipt, within 10 working days from the date when the respective transaction was carried out.

## **9. RISK MANAGEMENT AND INTERNAL CONTROL**

- 9.1. The Company strives to build an effective system of risk management and internal control at various levels of its organisational structure.
- 9.2. The system of internal control enables the Company to respond to emerging risks and represents a set of organisational arrangements, methods, procedures, norms of corporate culture and actions by the heads of the Company and its controlled companies, designed to ensure the financial sustainability of the Company, achieve an optimal balance between growth of Company value, profitability and risks, enable orderly and efficient conduct of business, safeguard assets, detect, correct and prevent violations, ensure the timely preparation of accurate financial reporting, and thereby to increase the attractiveness of the Company as an object for investment.
- 9.3. The Board of Directors is responsible for defining principles and approaches to risk management and internal control in the Company.
- 9.4. The Company has established an Audit Committee, the functions of which include assessment of the efficiency of internal control procedures in the Company and preparing proposals for their improvement.
- 9.5. The Audit Committee of the Board of Directors assesses on a regular basis the efficiency of the system of risk management and internal control and reports the results of this assessment to shareholders as part of the materials for the Annual General Meeting of Shareholders.
- 9.6. The Management Board and the CEO of the Company create and maintain an efficient system of risk management and internal control in the Company, and apply sanctions for non-compliance with resolutions of the Board of Directors and the Audit Commission in the sphere of risk management and internal control.
- 9.7. A secure, confidential and accessible "hot line" has been put in place in the Company as part of the risk management and internal control system, enabling information to be communicated concerning violations of law, internal procedures and of the Company's Corporate Code by any of its employees and (or) any member of a management body or body that oversees the Company's finances and operations.
- 9.8. In order to ensure greater independence of the Audit Commission the Company strives to ensure that it does not include Company employees.
- 9.9. The Company Audit Commission carries out audit of finances and operations and provides an independent opinion on the state of affairs within the Company on the basis of the Charter and the Regulations on the Audit Commission. The conclusions

reached by the Audit Commission are reported to Company shareholders at the General Meeting of Shareholders in the form of the opinion of the Audit Commission, which is attached to the annual report of the Company.

- 9.10. Each year the Company hires a professional auditing organisation from among the largest international audit companies, which does not have property interests in common with the Company or its shareholders, in order to verify and validate accuracy of the annual financial statements. Preliminary assessment of candidates firms for this role is carried out by the Audit Commission.
- 9.11. The Company strives to ensure that the Auditor does not provide audit-related services to the Company or that the value of non-audit services do not exceed 25% of the total cost of audit services rendered to the Company.
- 9.12. The Auditor of the Company is approved by the General Meeting of Shareholders based on the proposal of the Board of Directors following the results of a competition for the selection of audit firms in accordance with current law.
- 9.13. The Company conducts internal audit in order to obtain systematic, independent assessment of the reliability and efficiency of the risk management and internal control system, and of corporate governance practice.
- 9.14. Internal audit is carried out by the Company's internal audit unit, the head of which is appointed by agreement with the Board of Directors.
- 9.15. The internal audit unit is functionally accountable to the Audit Committee of the Board of Directors and is directly subordinate to the Company CEO.

## **10. DISCLOSURE OF INFORMATION ABOUT THE COMPANY**

- 10.1. The Company recognises the importance of providing shareholders and other stakeholders with accurate and objective information about the Company.
- 10.2. The Company aims to provide information on Company business regularly and promptly to all stakeholders who wish to receive it to the extent necessary for them to make an informed decision about participation in the Company or the performance of other actions that may affect the finances and operations of the Company.
- 10.3. The Company has designed and implemented an information policy that ensures efficient communication between the Company, its shareholders, investors and other stakeholders.

The main principles of the Company's information policy are as follows:

- regularity, consistency and timeliness of the information;
- ensuring equal, unimpeded and easy access to the information for all stakeholders;
- objectivity, reliability, completeness and comparability of disclosed data;
- neutrality of the information, i.e. the exclusion of any possibility of preferential satisfaction of the interests of one audience as opposed to some other audience (information is not neutral if the selection of its content or form aims to achieve specific results or consequences);
- ensuring free and unimpeded access for shareholders and other stakeholders to the information disclosed by the Company;
- maintaining a reasonable balance between the Company's openness and due regard for its business interests.

- 10.4. The Company provides full and timely disclosure of material corporate events, following the norms of current Russian legislation, requirements of the Charter and the

Regulations on Information Policy of the Company. These Regulations define the information to be disclosed and provided to shareholders and other stakeholders.

- 10.5. The Company makes every effort to protect its commercial interests when ensuring information transparency. Regulations on the Information Policy of the Company set out the criteria for classifying information as confidential and the responsibility of executive bodies for ensuring confidentiality.
- 10.6. The information disclosed by the Company is balanced and objective, and the Company does not seek to avoid disclosing negative information about itself, understanding the importance of such information for shareholders and potential investors.
- 10.7. The official website of the Company's in the Internet, [www.gazprom-neft.ru](http://www.gazprom-neft.ru), contains the Charter and internal documents of the Company, as well as information about the structure of its share capital, the Company's management bodies, the Company's independent auditor and registrar, and information that is subject to disclosure in forms provided for by current law and by internal documents of the Company, including the Company's annual reports.
- 10.8. The Company maintains a special page in the Internet, [www.ir.gazprom-neft.ru](http://www.ir.gazprom-neft.ru), at which the answers to frequently asked questions of shareholders and investors, a regularly updated calendar of corporate events, dividend history, key performance indicators, and other information of use to shareholders and investors can be found; The Company organises regular presentations and meetings of members of its executive bodies and other key senior employees of the Company with investors and analysts; including presentations and meetings that accompany the disclosure (publication) of the Company's financial statements or that relate to the Company's major investment projects and strategic development plans. The Company's information policy is implemented by executive bodies of the Company. The Board of Directors of the Company monitors compliance with the information policy.

## **11. DIVIDENDS**

- 11.1. The Company enables shareholders to take a share of the profits of the Company by establishing a transparent and clear mechanism for determining the amount and payment of dividends, which is enshrined in the Regulations on Dividend Policy.
- 11.2. The Regulations on Dividend Policy are approved by the Board of Directors and disclosed on the Company's official website in the Internet.
- 11.3. The Company adheres to a policy of long-term growth of the Company's capitalisation and the systematic payment of dividends to its shareholders. The Company will seek to increase the amount of dividends paid to shareholders as the value of the Company's assets increases, based on the amount of net profit and the Company's development needs.
- 11.4. The Company seeks to obtain recommendations from the Board of Directors on the amount of dividends no later than the date when a resolution is made on the date of the General Meeting and the date of compiling of the list of persons entitled to participate in the General Meeting.
- 11.5. The resolution of the General Meeting of Shareholders of the Company to pay dividends should enable Company shareholders to obtain necessary information about the amount and manner of payment of dividends. The dividend payment procedure set out in the resolution of the General Meeting of Shareholders should be simple and

clear to shareholders in order to avoid any possibility of misleading shareholders regarding the size of dividends.

- 11.6. The Company undertakes to pay dividends to shareholders in the amount, which is declared.
- 11.7. Dividends are paid by the Company in the manner and within the deadlines set by the resolution of the General Meeting of Shareholders on the payment of dividends.
- 11.8. The procedure for dividend payment should facilitate, to the maximum extent, realisation of the right of shareholders to receive them.

## **12. SETTLEMENT OF CORPORATE CONFLICTS**

- 12.1. Timely prevention and just settlement of corporate conflicts, affecting the interests of the Company, ensures observance and protection of the rights and interests of shareholders, and of the Company's reputation.
- 12.2. The Company makes every effort to ensure the timely prevention and detection of corporate conflicts at the earliest stage of their development. In the event of a corporate conflict the Company strives to ensure its just and unbiased settlement, based on the standards of Russian law.
- 12.3. In case of a potential conflict of interest arising for a member of the Board of Directors, including interest in the completion of a transaction by the Company, the member shall notify the Board of Directors and, in any case, shall put the Company's interests above his/her own interests.

A member of the Board who has a conflict of interest shall not take part in the adoption of the respective resolution. He/she is advised to refrain from voting on matters, in respect of which he/she has a conflict of interest

- 12.4. The Company's governing bodies review and settle corporate conflicts in accordance with their competence. The Company ensures reasonable behaviour towards shareholders in the settlement of corporate disputes and strives to achieve a legitimate and informed settlement that meets the interests of the Company.

## **13. FINAL PROVISIONS**

- 13.1. This Code shall enter into force upon its approval by the General Meeting of Shareholders.
- 13.2. Any amendments to this Code shall be made by a resolution of the General Meeting of Shareholders.
- 13.3. This Code shall apply to all employees of the Company and members of the Board of Directors.
- 13.4. Publication of this Code and of all amendments and additions to it shall be in accordance with the requirements of the Company's internal documents.
- 13.5. This Code will be revised and improved as positive experience of corporate governance is gained, and as new Russian and international standards and recommendations on the corporate governance of joint stock companies appear.
- 13.6. The Board of Directors monitors compliance with the provisions of this Code and proposes amendments to it to the General Meeting of Shareholders as necessary.

- 13.7. In the event that specific provisions of this Code come into conflict with the laws of the Russian Federation and/or the Charter, they cease to apply and the relevant standards of Russian law and/or the Charter are applied.
- 13.8. The invalidation of specific provisions of this Code shall not entail the invalidation of the other provisions of this Code.
- 13.9. Matters not regulated by this Code shall be regulated by international agreements, current Russian law, the Charter and the internal documents of the Company.