

## REMUNERATION FOR MEMBERS OF GOVERNING BODIES

### REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS

The amount of remuneration for members of the Board of Directors depends on the Company's financial results and is approved annually by shareholders. The ability of shareholders to engage in discretionary intervention eliminates the risk of potential abuse of the remuneration programme.

In accordance with the decision of the General Meeting of Shareholders, members of the Board of Directors who do not hold positions within the Company's executive bodies (who are not executive directors) were paid remuneration in the amount of 0.005% of EBITDA for 2015 according to the Company's consolidated IFRS financial statement for 2015.

Besides the base portion of remuneration, members of the Board of Directors were paid additional remuneration for performing the functions of Chairman of the Board of Directors (50% of the remuneration for a member of the Board of Directors), a member of the Board of Directors (10% of the remuneration for a member of the Board of Directors) and chairman of a committee of the Board of Directors (50% of the remuneration for a committee member).

The total amount of remuneration paid to members of the Board of Directors in 2016 based on the results of 2015 amounted to RUB 269.2 million (remuneration includes personal income tax). No compensation was paid to members of the Board of Directors for expenses related to participation on the Board of Directors in 2016.

### PAYMENT OF REMUNERATION TO MEMBERS OF THE GAZPROM NEFT PJSC BOARD OF DIRECTORS IN 2016 FOR PARTICIPATING IN THE BOARD'S WORK OF THE GOVERNING BODY<sup>1</sup>

| Name                    | Position  | Substitution of government positions and civil service positions | Amount, RUB          |
|-------------------------|---|--|----------------------|
| <b>A. B. Miller</b>     | Chairman of the Board of Directors  | No substitution  | 30,360,825           |
| <b>V. A. Golubev</b>    | Member of the Board of Directors, Member of the Audit Committee   | No substitution  | 22,264,605           |
| <b>A. V. Kruglov</b>    | Member of the Board of Directors, Member of the Audit Committee, Member of the Human Resources and Remuneration Committee   | No substitution  | 22,264,605           |
| <b>A. V. Dyukov</b>     | Executive Member of the Board of Directors  | No substitution  | No remuneration paid |
| <b>M. L. Sereda</b>     | Member of the Board of Directors, Chairman of the Audit Committee   | No substitution  | 23,276,633           |
| <b>K. G. Seleznev</b>   | Member of the Board of Directors  | No substitution  | 20,240,550           |
| <b>Y. V. Mikhailova</b> | Member of the Board of Directors  | No substitution  | 20,240,550           |
| <b>N. N. Dubik</b>      | Member of the Board of Directors, Member of the Audit Committee, Chairman of the Human Resources and Remuneration Committee | No substitution  | 25,300,688           |
| <b>V. I. Alisov</b>     | Member of the Board of Directors  | No substitution  | 20,240,550           |
| <b>V. V. Cherepanov</b> | Member of the Board of Directors, Member of the Human Resources and Remuneration Committee                                  | No substitution  | 22,264,605           |
| <b>V. P. Serdyukov</b>  | Member of the Board of Directors  | No substitution  | 20,240,550           |
| <b>M. M. Garayev</b>    | Member of the Board of Directors  | No substitution  | 20,240,550           |
| <b>S. A. Fursenko</b>   | Member of the Board of Directors, Member of the Human Resources and Remuneration Committee                                  | No substitution  | 22,264,605           |
| <b>TOTAL</b>            |   |  | <b>269,199,315</b>   |

<sup>1</sup> Payment includes personal income tax.

## REMUNERATION FOR MEMBERS OF THE MANAGEMENT BOARD

The Company has a clearly structured and objective remuneration programme for top and senior executives that ensures a connection between short-term goals and the amount of bonus payments. In addition to bonuses tied to short-term results, the Company has a motivation system based on the dynamics of the Company's market capitalisation over a three-year period.

Remuneration for Management Board members consists of three parts:

- > base portion of remuneration,
- > annual bonus,
- > long-term incentive programme.

The base portion of remuneration is determined on an individual basis and fixed in the employment contract.

The annual bonus aims to motivate key management personnel to achieve the annual goals. When determining the size of the annual bonus, the degree to which executives fulfilled a fixed set of KPIs and business initiatives is analysed and approved. This set of KPIs includes performance indicators with respect to the Company's strategic goals as well as corporate, financial and performance targets, and starting in 2016 it also comprises indicators demonstrating compliance with industrial safety and occupational safety standards.

The long-term incentive programme is based on the appreciation of share value and was approved by the Board of Directors in 2012. The programme is an integral component of the Company's long-term growth strategy and envisages the payment of remuneration to management for increasing the value of Gazprom Neft for shareholders over a certain period. The Company's value is determined on the basis of its market capitalisation. The programme is available

to management employees of the Gazprom Neft Group, subject to the performance of specific duties. The remuneration is assessed at fair value at the end of each reporting period and paid at the end of the three-year programme term. Remuneration depends on certain market conditions and responsibilities that are taken into account when determining the amount payable to such employees. Expenses are recognised over the duration of the action plan. In 2015, a new three-year plan took effect for the long-term incentive programme.

Income accrued for members of the Management Board totalled RUB 1.094 billion in 2016. Payments included salary for the reporting period, taxes charged for such salary and other mandatory payments to the relevant budgets and extra-budgetary funds, annual paid leave for work during the reporting period and payment for treatment and medical care.

No additional remuneration is paid to members of the Management Board for work in the governing bodies of Gazprom Neft or its subsidiaries and affiliates. Members of the Management Board may be paid additional remuneration based on the decision of the Board of Directors.

The Company did not issue any loans (credits) to members of the Board of Directors or Management Board.

### TOTAL REMUNERATION FOR 2016 WITH A BREAKDOWN BY EACH TYPE OF PAYMENT (RUB 1,000)

|  | Board of Directors | Management Board | Total            |
|--|--------------------|------------------|------------------|
| Remuneration for participating in governing bodies | 269,199            | –                | 269,199          |
| Salary   | –                  | 605,354          | 605,354          |
| Bonuses  | –                  | 481,519          | 481,519          |
| Other payments                                     | –                  | 7,440            | 7,440            |
| <b>TOTAL</b>                                       | <b>269,199</b>     | <b>1,094,313</b> | <b>1,363,512</b> |