

## Strategy in detail: 2019 highlights

Gazprom Neft's business development efforts in 2019 and its short-term plans are consistent with the long-term development areas and goals set out in the Strategy 2030.

### BUSINESS GOALS

In the upstream segment, the company continues to develop mature fields. A wide range of opportunities for further development is grouped into several strategic areas.

# +3.5%

year on year  
growth in hydrocarbon  
production

#### Yamal development

Developing the resource base of the Yamal Peninsula and building a gas pipeline connecting the Novoportovskoye field to the Unified Gas-Supply System.

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#### Nadym-Pur-Tazovsky region

Developing and monetising uniquely high volumes of liquid hydrocarbon reserves in a region of strategic importance to the company.

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#### Sakhalin

Developing a hydrocarbon production cluster on Sakhalin Island's continental shelf.

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### LEADERSHIP AREAS

#### Strategic initiatives:

*in exploration and production, improving efficiency in:*

- reserves growth;
- production growth;
- ongoing production;

*in logistics, processing and sales:*

- optimising the product portfolio and improving operational efficiency in refining;
- Improving efficiency in sales and distribution.

#### Safety

'Target Zero: zero harm to people, the environment, or property in our operations.'

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#### Efficiency

Maximising the added value of every barrel in any oil market development scenario.

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### COMPANY TRANSFORMATION

In the downstream sector, the company continues to modernise its refineries and improve its operating efficiency, as well as expanding its retail network and making it more efficient.

**Areas for long-term strategic development:**

**Increasing the conversion rate and light-product yield**

Adding value throughout the company's oil product portfolio to ensure refineries' economic viability and technological flexibility under any market conditions.

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**Improving efficiency and technological advancement**

Optimising resources, cutting costs and transforming processes throughout the value chain to secure market leadership in new and existing markets.

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**Developing the petrochemical business**

Increasing the sustainability of the company's traditional business by developing petrochemicals.

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**Developing the marketing and sales business**

Maintaining market leadership and increasing market share in existing and new product sectors.

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**APG utilisation**

Commissioning gas infrastructure facilities, and increasing APG utilisation volumes.

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**Non-traditional resources**

Developing non-traditional reserves of the Bazhenov Formation (Domanic and Palaeozoic deposits).

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**Technological development**

Bringing currently unprofitable remaining recoverable reserves into production by developing and implementing new technologies.

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**New prospecting areas**

Preparing the resource base for production beyond 2025.

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**Creating technologies for future development:**

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- Improving the oil recovery factor at mature fields;
- Developing multi-phase deposits and low-permeability reservoirs;
- Operating in the challenging environment of the Arctic;
- safe and efficient offshore operations;
- Catalyst production;
- Deployment of proprietary processes throughout the company's refineries;
- Using import substitution as a tool to help Gazprom Neft become a technological leader and achieve sustainability.

**Operational**

Implementing the "Etalon (Touchstone)" Operational Management System (OMS) to ensure systemic safety and efficiency in all day-to-day activities.

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**Organisational**

Becoming a flexible organisation with a streamlined and agile operating environment. Developing an ecosystem beyond the company.

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**Cultural**

Moving from "management and control" to "leadership by engagement" as a new collaborative ideology.

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**Digital**

Improving speed and quality of decision making by deploying digital technologies.

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