

Approved by

**the Annual General Meeting of
Slavneft's Shareholders**

30.06.2016

Minutes of Meeting 05.07.2016 No.52

Preliminary approved by

the Slavneft Board of Directors

23.05.2016

Minutes of Meeting 26.05.2016 No.7



ANNUAL REPORT **of Open Joint-Stock Oil and Gas** **Company Slavneft** **for 2015**

Company's location: Moscow, Russian Federation
Post address: 4th Lesnoi pereulok, 4, Moscow, Russia, 125047

President of OAO NGK Slavneft

M.L. Osipov

Chief Accountant of OAO NGK Slavneft

A.A. Shuvayev

Date of signing: 23.05.2016

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MAIN PART

1. GENERAL INFORMATION

The Enterprises of OAO NGK Slavneft Group (the Slavneft Group) form the holding's vertically integrated structure that ensures the full operating cycle starting from field development and hydrocarbons production to feedstock refining.

Slavneft (the Company for this part of the Annual Report) is an oil production enterprise in this structure and also the company, which assets include major blocks of voting shares of oil production/ refining enterprises.

This Annual Report contains assessments and forecasts of the Company's authorized governing bodies regarding future events and/ or actions, development prospects in the economy sector where the Company carries out its main business, and regarding Company's performance results, including Company's plans, probability of definite events occurrence and certain actions fulfillment. Users of this Report shall not completely rely on the assessments and forecasts of the Company's governing bodies, since Company's actual performance results may differ from the forecasted ones for many reasons in future.

1.1. Information about the Company

1.1.1.	Full legal name:	<i>Open Joint-Stock Oil and Gas Company Slavneft</i>
1.1.2.	Abbreviated legal name:	<i>OAO NGK Slavneft</i>
1.1.3.	Location:	<i>Moscow, Russian Federation</i>
1.1.3.1.	Post address:	<i>4-th Lesnoi pereulok, 4, Moscow, Russia, 125047</i>
1.1.4.	Date of Company's state registration and registration number:	<i>The Company was registered by the Moscow Registration Chamber on August 26, 1994; Registration Certificate No.033.530.</i>
		<i>Primary State Registration Number: 1027739026270</i>

1.2. Company's branches and representative offices

Slavneft does not have any branches and representative offices.

1.3. Composition of the Company's Board of Directors

Information about the Slavneft Board of Directors

General information about the number and composition of the Board of Directors, changes made in the composition of the Company's Board of Directors during 2015:

Periods	Composition of the Company's Board of Directors, which is current within the specified period	Comments
19.09.2014-30.06.2015	<ol style="list-style-type: none"> 1. Vladimir G. Aladin 2. Vitaliy V. Baranov 3. Didier Casimiro 4. Rostislav R. Latysh 5. Eric Maurice Liron 6. Igor V. Pavlov 7. Sergei A. Papenko 8. Anatoly M. Cherner 9. Vadim V. Yakovlev 10. Alexei V. Yankevich 	The specified composition of the Company's Board of Directors (hereinafter referred to as the Company Board or the Board) was elected by the resolution of the Extraordinary General Shareholders Meeting on September 19, 2014 (Minutes of Meeting No.49). The powers of this Board composition were terminated due to election of the Company Board's new composition at the Annual General Meeting of Slavneft's Shareholders on June 30, 2015 (Minutes of Meeting No.50).
30.06.2015-31.12.2015	<ol style="list-style-type: none"> 1. Vladimir G. Aladin 2. Vitaliy V. Baranov 3. Svetlana V. Gritskevich 4. Didier Casimiro 5. Rostislav R. Latysh 6. Eric Maurice Liron 7. Sergei A. Papenko 8. Anatoly M. Cherner 9. Vadim V. Yakovlev 10. Alexei V. Yankevich 	The specified composition of the Company's Board was elected at the Annual General Meeting of Slavneft's Shareholders on June 30, 2015 (Minutes of Meeting No.50).

Within the reporting period, the Company Board's members did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; they did not settle any transactions on acquisition or divestment of Slavneft's shares.

Background profile for the members of the Company's Board of Directors elected by the resolution of the Annual General Shareholders Meeting on June 30, 2015, Minutes of

Full name: **Vladimir G. Aladin**

Status: **member of the Board of Directors**

Year of birth: **1958**

Education: **higher professional**

Information about the primary place of employment (company, job position)¹:

OJSC Rosneft Oil Company, Deputy Manager of the Security Service (till December 2015)

Full name: **Vitaliy V. Baranov**

Status: **member of the Board of Directors**

Year of birth: **1966**

Education: **higher professional**

Information about the primary place of employment (company, job position):

PJSC Gazprom Neft, Deputy Chairman of the Management Board, Deputy CEO for Administration

Full name: **Svetlana V. Gritskevich**

Status: **member of the Board of Directors**

Year of birth: **1974**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OJSC Rosneft Oil Company, Director of the Corporate Governance Department – Corporate

¹ Hereinafter in Clause 1.3, the job position is specified as of the reporting period end.

Secretary

Full name: **Didier Casimiro**

Status: **member of the Board of Directors**

Year of birth: **1966**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OJSC Rosneft Oil Company, member of the Management Board, Vice President for Refining, Petrochemical, Commerce and Logistics

Full name: **Rostislav R. Latysh**

Status: **member of the Board of Directors**

Year of birth: **1973**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OJSC Rosneft Oil Company, Director of the Consolidated Planning and Reporting Department

Full name: **Eric Maurice Liron**

Status: **member of the Board of Directors**

Year of birth: **1954**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OJSC Rosneft Oil Company, member of the Management Board, First Vice President

Full name: **Sergei A. Papenko**

Status: **member of the Board of Directors**

Year of birth: **1973**

Education: **higher professional**

Information about the primary place of employment (company, job position):

PJSC Gazprom Neft, Head of the Department for Business Performance and Liaison with Joint Ventures

Full name: **Anatoly M. Cherner**

Status: **member of the Board of Directors**

Year of birth: **1954**

Education: **higher professional**

Information about the primary place of employment (company, job position):

PJSC Gazprom Neft, Deputy Chairman of the Management Board, Deputy CEO for Logistics, Processing and Sales

Full name: **Vadim V. Yakovlev**

Status: **member of the Board of Directors**

Year of birth: **1970**

Education: **higher professional**

Information about the primary place of employment (company, job position):

PJSC Gazprom Neft, Deputy Chairman of the Management Board, First CEO

Full name: **Alexei V. Yankevich**

Status: **member of the Board of Directors**

Year of birth: **1973**

Education: **higher professional**

Information about the primary place of employment (company, job position):

PJSC Gazprom Neft, member of the Management Board, Deputy CEO for Economics and Finance

Within the reporting period, the Company Board's members did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; they did not settle any transactions on acquisition or divestment of Slavneft's shares.

1.4. Information about the person holding the position of the Sole Executive Body and members of the Company's Collegial Executive Body

Information about the person holding the position of the Slavneft Sole Executive Body:

Job position: **President**

Full name: **Mikhail L. Osipov**

Year of birth: **1961**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OAO NGK Slavneft, President, Chairman of the Management Board

Within the reporting period, Mikhail L. Osipov did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

Information about the members of the Slavneft Collegial Executive Body:

Full name: **Mikhail L. Osipov**

Status: **Chairman of the Management Board**

Year of birth: **1961**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OAO NGK Slavneft, President

Within the reporting period, Mikhail L. Osipov did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

Full name: **Alexei V. Bureyev**

Status: **member of the Management Board**

Year of birth: **1967**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OAO NGK Slavneft, Manager of the Accounting and Tax Control Block

Within the reporting period, Alexei V. Bureyev did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

Full name: **Andrei V. Kovalenko**

Status: **member of the Management Board**

Year of birth: **1976**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OAO NGK Slavneft, Vice President for Economics and Finance (till August 2015)

Within the reporting period, Andrei V. Kovalenko did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

Full name: **Vladimir V. Krylov**

Status: **member of the Management Board**

Year of birth: **1955**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OAO NGK Slavneft, Vice President for Downstream (till May 2015)

Within the reporting period, Vladimir V. Krylov did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

Full name: **Ilya B. Medvedev**

Status: **member of the Management Board**

Year of birth: **1970**

Education: **higher professional**

Information about the primary place of employment (company, job position):

OAO NGK Slavneft, Vice President for Administration (till August 2015)

Within the reporting period, Ilya B. Medvedev did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

Full name: **Andrei N. Trukhachev**

Status: **member of the Management Board**

Year of birth: **1964**

Education: **higher professional**

Information about the primary place of employment (company, job position):

ОАО NGK Slavneft, Vice President for Corporate Relations

Within the reporting period, Andrei N. Trukhachev did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; he did not settle any transactions on acquisition or divestment of Slavneft's shares.

1.5. Criteria for determination of the remuneration (expenses reimbursement) amount to be paid to the members of the Company's governing bodies

2014	Salary, RUB	Bonus, RUB	Benefits and/or expenses reimbursement, RUB	Other remuneration payments, RUB	Remuneration payments for performance of executive body's functions	Total remuneration payments, RUB
Members of the Collegial Executive Body	178,550,685	181,119,791	-	-	-	359,670,476
Board's members	-	-	-	-	-	-

Within the reporting period, the General Meeting of Company's Shareholders did not consider the items on remuneration payment and (or) expenses reimbursement to the Company Board's members.

Information on the criteria and ground for determining the remuneration (expenses reimbursement) amount to be paid to the person holding the position of the Sole Executive Body and members of the Collegial Executive Body:

The amount, procedure and conditions of remuneration payment (expenses reimbursement) to the person holding the position of the Sole Executive Body and members of the Company's Collegial Executive Body are stipulated by terms and conditions of the labor contracts made between the Company and specified officers.

Labor contract signing, including determination of the amount, procedure and conditions of remuneration payment (expenses reimbursement) to the above-mentioned officers, falls within the competence of the Company's Board of Directors.

Information on the criteria and ground for determining the remuneration (expenses reimbursement) amount to be paid to the members of the Company's Board of Directors:

The Regulations on the Company's Board of Directors envisage the procedure for determining the amount of remuneration to be paid to the Board's members and for determining the amount of expenses to be reimbursed to them for exercising the functions of the Board's members. Remunerations are paid and (or) expenses related to exercising the functions of the Board's members are reimbursed to the Board's members upon the resolution adopted by the General Meeting of Company's Shareholders.

1.6. Information about the persons included into the composition of the Company's financial and economic activity control bodies

Name of the body that controls Slavneft's financial and economic activity: **Audit Commission**

In accordance with the resolution adopted at the Annual (under the 2014 results) General Meeting of Slavneft's Shareholders on June 30, 2015, the Audit Commission consisting of the following 6 (six) persons was elected:

1. **Roman V. Babich**
2. **Galina Yu. Delvig**
3. **Anzor A. Dzhabrailov**
4. **Artyom R. Zhdanov**
5. **Margarita I. Mironova**
6. **Nadezhda N. Shafir**

1.7. Company's authorized capital

1.7.1. Information about the Slavneft authorized capital

Authorized capital amount:	4,754,238 RUB
Par value of ordinary shares:	0.1 kopeks
Number of outstanding ordinary registered uncertified shares (ea):	4,754,238,000/100%
The Company did not issue preferred shares.	
During the reporting period, the resolution on changing the Company's authorized capital amount was not passed.	

1.7.2. Information on major shareholders owning 5% at least of the Company's voting shares as of the reporting period end

Full legal name/ status of a major shareholder	Abbreviated legal name	Taxpayer identification number	Location	Stake in the Company's authorized capital	Interest of issuer's ordinary shares owned to this shareholder
1	2	3	4	5	6
Non-Bank Credit Organization and Closed Joint-Stock Company National Settlement Depository/ nominee holder of the Central Depository	<i>NBC CJSC NSD</i>	7702165310	<i>Spartakovskaya str. 12, Moscow, Russia, 105066</i>	86.7348%	86.7370%
<i>Select Holdings Limited / holder of securities</i>	<i>SELECT HOLDINGS LIMITED</i>	Not applicable. The entity is not an RF resident.	<i>Agios Tychona, 70, Agios Tychonas, 4521, Limassol, Cyprus</i>	7.7037%	7.7037%

1.7.3. Information about the Company's reserve fund

In accordance with the Slavneft Articles of Association, the Company established the reserve fund in the amount of 100% of the authorized capital, which is equal to RUB 4,754 ths.

The reserve fund was not used in the reporting year.

1.7.4. Information about Company's securities, including information on placement of Company's issue-grade securities (except for the shares) in the reporting period

In 2015, Slavneft did not issue securities.

1.8. Information about yield on Company's securities

1.8.1. Company's dividend policy

Dividends are paid out from the Company's net income.

Resolutions on payment (declaration) of dividends on the shares of each category, the dividend amount and form of its payment are adopted by the General Meeting of Shareholders. The dividend amount may not exceed the amount recommended by the Company's Board of Directors.

The dividends are paid out in monetary terms.

When adopting the resolution on dividend payment (declaration), the Company follows the rules specified in Chapter 5 of the Federal Law on Joint-Stock Companies and provisions of the Slavneft Articles of Association.

1.8.2. Earnings per share from ordinary and preferred shares in the reporting year (declared dividends)

No.	Security type	Yield on securities in the reporting period	
		Amount (RUB)	% to a par value
1.	Ordinary share	0	0
2.	Preferred share	The Company did not issue preferred shares.	

1.8.3. Report on payment of the declared (accrued) dividends on Company's shares

On June 30, 2015 (Minutes of Meeting No.50), the Annual General Meeting of Company's Shareholders adopted the resolution not to declare the dividends on Slavneft's ordinary shares under performance results of the 2014 financial year.

The General Meeting of Company's Shareholders did not pass resolutions on payment of interim dividends (under QI/ HII/ 9-month performance results) in the reporting period.

1.9. Information on observance of the Corporate Governance Code by the Company

The Code of Corporate Conduct (Governance) of Open Joint-Stock Oil and Gas Company Slavneft was approved in the Company (resolution of the Slavneft Board of Directors dd. November 17, 2008, Minutes of Meeting No.1).

To review the above-mentioned Code, please follow the link: http://www.slavneft.ru/upload/doc/corp_behav_codex.pdf.

Open Joint-Stock Oil and Gas Company Slavneft adheres to corporate governance principles based on the provisions of the respective Russian legislation, the Russian Code of Corporate Governance recommended by Letter No.06-52/2463 of the Bank of Russia dd. April 10, 2014 (hereinafter referred to as the Corporate Governance Code), as well as applicable international corporate governance standards.

The report on observance of the Corporate Governance Code principles and recommendations reflects the information and assessments related to observance of the Corporate Governance Code principles and recommendations by the Company and reasons for partial observance/ non-observance of the above-mentioned principles (Attachment No.1 hereto).

Observance of the corporate governance principles in the Company was assessed using the following procedure: Slavneft had developed a questionnaire on the basis of the corporate governance principles and recommendations to these principles set forth in the Corporate Governance Code. The questionnaire consists of 7 sections. The content of these sections reflects the corporate governance principles and recommendations thereto.

Scores for observance of the Corporate Governance Code principles and recommendations were determined:

- *Fully observed;*
- *Partially observed;*
- *Not observed.*

In December 2015, the RAEX (Expert RA) rating agency assigned the A+.gq management quality rating to Slavneft that means the Very High Management Quality Level. The RAEX rating was assigned to the Company for the first time.

The Slavneft informational transparency, high level of the corporate social responsibility and effective interaction between the Company's governing bodies had a positive impact on the expert opinion. Agency experts gave a high assessment to arrangement of the activity of Slavneft's Board of Directors and its Committees, Executive Bodies, to the risk management level, and to control over financial and economic operations.

The management quality rating is an integrated characteristic of the Company's activity and expresses the Expert RA opinion on how the management quality system enables to observe and protect stakeholders' rights. The rating scale includes assessments from C.gq (the low management quality rating) up to A++.gq (the highest management quality level). You can find the rating assignment methods on the Agency's official website: <http://www.raexpert.ru/ratings/corporate/method/>.

The corporate governance model, which is in effect in Slavneft, is aimed to ensure making of effective managerial decisions that facilitate the Company's progressive and sustainable development in the interests of all shareholders.

The General Shareholders Meeting is the Company's supreme governing body in accordance with the Slavneft Articles of Association.

The Board of Directors carries out strategic management of the Company's business (http://slavneft.ru/company/corporate/management/board_of_directors/).

The Board of Directors established the Audit Committee and the Staff and Remuneration Committee. The Committees' activities are of advisory and consultative nature and serve to ensure the efficient function performance by the Board of Directors.

The President (sole executive body) and the Management Board (collegial executive body) are responsible for management of Slavneft's current business (http://slavneft.ru/company/corporate/management/executive_bodies/).

The Slavneft corporate governance practice includes three main components:

- Informational transparency;
- Guarantee of ownership rights;
- Activity of governing and control bodies.

2. DESCRIPTION OF THE SLAVNEFT BUSINES

2.1. Priority types of the Company's business

2.1.1. Brief description of the Slavneft priority activities

Slavneft is a part of the vertically integrated oil and gas holding. The Holding structure ensures the full operating cycle starting from hydrocarbons exploration and production to feedstock refining and products sale.

The main (priority) types of the Company's business are as follows:

- Crude oil and gas production;
- Management of holding companies.

Resource base

Slavneft holds the license for development of the Achimovsky license area (XMH 01578 HЭ).

In 2015, the supplement to license XMH 01578 HЭ for the right to use subsurface mineral resources for the purpose of hydrocarbons exploration, prospecting and production within the Achimovsky license area **as of March 31, 2015** was received that allowed extending the area borders. Due to this extension, the volume of all joined reserves (ABC₁+C₂) made 7.122 million tons.

As of January 01, 2016, ABC₁+C₂ remaining recoverable oil reserves in the Achimovsky LA increased and amounted to 36.833 million tons in line with the Russian classification.

Oil production

In the reporting period, Slavneft produced 438.090 thousand tons of crude oil.

Year-to-date, Slavneft placed 13 new wells on production with the average flow rate of 44.2 tpd. The incremental oil production from the new wells made 68.382 thousand tons.

In the reporting period, the oil water cut made 81.2%.

In 2015, Slavneft **delivered** 440.3 thousand tons of **crude oil**.

In the reporting period, gas production was recorded at the level of 2.4 mln m³.

As of January 01, 2016, the Slavneft operating well stock included 83 wells; the idle well stock consisted of 17 wells (20% of the operating well stock).

Actual indicators of the production (works, services) volume

Indicator	UoM	2014	2015
		actual	actual
Revenue (less VAT)	RUB mln	10,331.1	11,211.9
Revenue from main sales	RUB mln	5,311.3	5,397.2
Crude oil	RUB mln	5,311.2	5,397.1
Gas	RUB mln	0.1	0.1
Revenue from other sales	RUB mln	5,019.9	5,814.7

2.1.2. Main types of products, works, services

- Crude oil production – 438.1 thousand tons;
- Crude oil sale – 441.1 thousand tons;
- Services for shipment of commercial petroleum products – 12,374.5 thousand tons.

2.2. Board's report on results of the Company's development by priority business types

The Slavneft Investment Program is focused on decreasing the oil production decline rates, developing the resource base, enhancing the exploration efficiency. In 2015, the CAPEX for Upstream made RUB 1,711.5 mln.

Major project	Project goal	Actual expenses for the project in the reporting year* (RUB ths)	Brief information about goal achievement/ about work progress – for uncompleted projects
Producing well drilling	Oil production increment	1,556,176	68.382 thousand tons of increment
Investments in base production	Base production maintenance	49,213	Crude oil production was maintained at the level of 351.290 thousand tons.

*Actual CAPEX for the projects

2.3. Prospects for the Company's development. Information about the programs (projects), which are planned for implementation in 2016.

Within the 10Y period, the Company plans to implement the programs on oil production maintenance, operational efficiency enhancement.

2.4. Company's position in the industry

2.4.1. Industry sector profile of the Company

OKVED (Russian Classifier of Economic Activities)	
11.10	Crude oil and gas production
23.20	Manufacturing of petroleum products
50.50	Retail sales of motor fuel
51.12.1	Activity of agents for fuel wholesale
51.51.2	Wholesale of motor fuel, including aviation gasoline
51.70	Other wholesale
52.63	Other non-shop retailing
65.23	Financial intermediation not included into other groups
67.11.1	Activity of Stock Exchange, Commodity Exchange, Currency Exchange, Currency and Stock Exchange
73.10	Research and development in the field of natural and engineering sciences
74.13.1	Survey of the market environment
74.15.2	Activity for management of holding companies
74.20.2	Exploration, geophysical and geochemical works in the field of subsurface studies
74.40	Advertising activity

2.4.2. Markets for sale of Company's products (works, services)

Slavneft sells crude oil and associated petroleum gas, renders services for oil transportation through the Transneft system and services for shipment of petroleum products in the domestic market of the Russian Federation. Main buyers (consumers), which procure 10% and more of Slavneft's products (works, services), are legal entities registered in the Russian Federation.

Information by regions of buyer's presence

Product	% in the total amount of revenues from sales
Crude oil is sold to producers' metering stations in West Siberia.	100
Associated petroleum gas is sold in West Siberia.	100
Services for crude oil delivery and transportation are rendered in Moscow.	100

2.4.3. Main competitors

Crude oil and associated petroleum gas are sold in the domestic market of the Russian Federation. Russian vertically integrated oil companies can be considered as the Company's potential competitors.

Crude oil production by Russian oil companies

ths tn

Company	2014	2015
PJSC LUKOIL	86,571.31	85,654.336
OJSC Surgutneftegaz	61,425.0	61,621.549
PJSC Tatneft named after V.D. Shashin	26,529.17	27,248.518
PJSC Bashneft Oil Company	17,940.753	19,919.276
OAO NGK Slavneft (Group)	16,185.584	15,475.404
JSC RussNeft Oil Company	8,552.061	7,387.027

*according to InfoTEK data and without considering the production volume by proportionally consolidated companies

2.5. Utilities consumption

When performing the main business in 2015, the Company consumed the following types of utilities purchased from suppliers:

Type of utilities	Consumption volume in physical terms	UoM	Consumption in RUB ths
Nuclear power		not consumed	
Thermal power	882	Gcal	1,109
Electric power	915,816	kWh	3,580
Electromagnetic power		not consumed	
Crude oil		not consumed	
Motor gasoline	14,105	l	410
Diesel oil	29,592	l	831
Fuel oil		not consumed	
Natural gas		not consumed	
Coal		not consumed	
Combustible shale		not consumed	
Peat		not consumed	
Other		not consumed	

3. DESCRIPTION OF THE MAIN RISK FACTORS RELATED TO THE COMPANY'S BUSINESS

3.1. Industry risks by types of the Company's business

Slavneft holds the license for exploration, prospecting and production of raw hydrocarbons at the Achimovsky LA in the Khanty-Mansi Autonomous Area-Yugra.

Company's proved oil reserves, which comply with the definitions of such reserves specified in the rules and regulations of the US Securities and Exchange Commission (SEC), made 6.128 million tons and 7.480 million tons as of January 01, 2015 and as of January 01, 2016, respectively. Considering the 2015 oil production (0.438 million tons), the oil reserves increment for 2015 amounted to 1.790 million tons.

Slavneft assigns a high priority to development of the resource base and oil production. The Company's enterprises use the high-performance subsurface exploration methods. In recent years, crude oil production decreased due to the high water cut of formations and reduction in the oil flow rate from the wells of the Achimovskoye field, which is at the last near-depleted development stage. The oil production drop is also stipulated by the deteriorated quality of the reserves that have been brought into development over the last years. Slavneft tends to reduce the oil production decrease rates by increasing the operating well stock and by fulfilling a full range of wellwork jobs, including, along with development drilling, hydraulic fracturing, sidetracking, inflow stimulation, recompletion, and other jobs.

3.2. Financial risks

3.2.1. Risks related to funds raising

The portfolio of Slavneft's borrowed funds mainly consists of long-term loans denominated in US dollars and rubles. Interest rates on a part of loans are not fixed and change depending on the levels of funding cost indicators in interbank markets (the Bank of Russia key rate – for the loans denominated in rubles and LIBOR – for the loans denominated in US dollars). The increase in these interest rates may cause the appreciation of Company's debt servicing. The rise in loan costs may have a negative impact on financial solvency and liquidity indicators. For management of the rate risk, Slavneft diversifies the debt portfolio by including instruments with the fixed and floating interest rates therein.

Slavneft ensures availability of the sufficient funds for proper execution of loan commitments. No facts of failure to execute the Company's loan commitments in due time were discovered.

3.2.2. Risks related to change in currency exchange rates

All revenues of Slavneft are denominated in Russian rubles. Main expenses and a great part of financial liabilities are also denominated in Russian rubles. But availability of the financial liabilities denominated in USD exposes the Company to the risk related to changes in the exchange rates of foreign currencies against the Russian ruble. Slavneft holds activities for decreasing a share of financial liabilities denominated in foreign currencies in the debt portfolio.

3.3. Legal risks

As of December 31, 2015, the Company didn't have any material court proceedings that may have an impact on its financial and economic activity.

On a regular basis, Slavneft monitors verdicts delivered by Supreme Courts, assesses trends in the law enforcement practice, and actively uses this practice not only during protection of its rights and legal interests through judicial proceedings, but also during settlement of law matters that arise in the course of Company's normal business. Thus, the risks related to changes in the judicial practice are believed to be negligible.

No restrictions were imposed on the Company's activity; no Slavneft property was seized.

3.4. Other risks related to the Company's business

Slavneft takes all the actions necessary for receiving licenses, keeping them in force, and mitigating the probability of license suspension, change or withdrawal; the Company also implements the programs aimed at fulfillment of license obligations.

At the moment of this Report preparation, Slavneft did not have any risks, which might significantly influence the Company's business and which were related to the probability of incurring the liability for third parties' debts, under which a surety, guarantee, and surety for a bill had been granted.

The Company's operating activity, which covers exploration of oil and gas fields, drilling of new wells and maintenance of active well performance, is a complicated process associated with a wide range of technical risks.

Slavneft's sustainable work for PP&E maintenance and upgrading, selection of highly qualified specialists and cooperation with the leading Russian and international scientific organizations specialized in the oil industry enabled to mitigate the impact of technical risks on the Company's operating processes.

Property, plant and equipment are regularly assessed for their conformance to the applicable industrial safety laws and regulations; the actual condition of the equipment, technical devices and pipelines is inspected. Programs and methods for industrial and occupational safety training and certification of the Slavneft personnel, including the programs and methods for incident/ emergency response activities, are constantly enhanced and supported.

Company's operating activities have a significant impact on the environment of the regions where these activities are performed. Slavneft envisages the actions, which are necessary for execution of all jobs in line with the environment protection requirements, carries out the intensive work focused on enhancing environmental safety of the production facilities.

In order to prevent oil spillage and soil contamination, the Company fulfills regular jobs on ensuring the field pipeline integrity. Slavneft developed and is implementing the Action Program on Associated Gas Utilization Enhancement to meet the legislation requirements about 95% associated gas utilization by oil production companies (the law came into force on January 01, 2012) and to mitigate the risk of penalties for associated gas excessive flaring.

Slavneft's operating activity is exposed to the negative impact of natural factors (fires, floods and other natural calamities).

The important lines of the Company's activity are as follows:

- Permanent improvement of the HSE status, guarantee of control over fulfillment of HSE obligations;
- Continuous decrease in the indicators of occupational injuries, accidents and environment adverse impact;
- Increase in occupational and environmental safety of the production facilities.

Slavneft performs the risk insurance in accordance with the RF legislation requirements.

4. REPORT ON THE 2015 COMPANY'S FINANCIAL AND ECONOMIC ACTIVITY

4.1. Key operating and economic indicators

No	Indicator	UoM	2015	2014	Variance (ea)	Variance (%)
1	2	3	4	5	6	7
1	Raw hydrocarbons production:					
1.1	Crude oil and gas condensate	ths tn	438.1	513.4	-75.3	-14.7
1.2	Associated petroleum gas (APG)	mln m ³	2.4	3.9	-1.4	-36.7
2	Process losses during crude oil production	ths tn	0.2	0.5	-0.3	-55.8
3	Crude oil delivery to OJSC Transneft	ths tn	440.3	507.5	-67.2	-13.2
4	Average oil well rate	tpd	18.7	22.6	-3.9	-17.3
5	Active well stock	well	67.0	64.0	3.0	4.7
6	Revenue from sales, including:	RUB ths	11,211,893	10,331,149	880,744	8.5
6.1	from crude oil sale	RUB ths	5,397,074	5,311,165	85,909	1.6
7	Revenue from crude oil sale per ton of the oil produced	RUB/t	12,319	10,345	1,974	19.1
8	Production costs (cost, G&A, selling), including:	RUB ths	11,938,487	11,138,331	800,156	7.2
8.1	oil and gas productions costs (cost, G&A, selling)	RUB ths	6,200,670	6,180,461	20,209	0.3
9	Costs per ton of the oil produced	RUB/t	14,154	12,038	2,116	17.6
10	Net income/ loss	RUB ths	2,645,840	-6,324,000	8,969,840	-141.8
11	Net income/ loss to revenue	%	24	-61	85	-139.3

4.2. Analysis of the Company's financial position and brief explanatory notes to the 2015 Slavneft Financial Statements

4.2.1 Analysis of change in the structure of Company's assets and liabilities in the reporting period

Line of Form No.1	Line code	Variance in physical terms				Variance of the specific weight in assets/ liabilities		
		As of the period beginning	As of the period end	Variance	Variance in % against the period beginning	Specific weight in assets/ liabilities as of the period beginning, %	Specific weight in assets/ liabilities as of the period end, %	Specific weight variance, %
Intangible assets	1110	87,037	244,415	157,378	180.8	0.2	0.6	0.4
PP&E	1150	6,553,966	6,918,020	364,054	5.6	12.2	16.5	4.3
Financial investments	1170	28,215,630	18,831,917	-9,383,713	-33.3	52.7	45.0	-7.7

RUB ths

Deferred tax assets	1180	3,291,385	3,933,097	641,712	19.5	6.1	9.4	3.3
Other non-current assets	1190	118,793	118,793	0	0.0	0.2	0.3	0.1
Inventory	1210	110,453	84,859	-25,594	-23.2	0.2	0.2	0.0
Value added tax on purchased assets	1220	123,743	139,242	15,499	12.5	0.2	0.3	0.1
Accounts receivable	1230	9,573,265	10,975,037	1,401,772	14.6	17.9	26.2	8.3
Cash and cash equivalents	1250	5,461,162	601,402	-4,859,760	-89.0	10.2	1.4%	-8.8
Authorized capital (pooled capital, charter capital, partners' contributions)	1310	4,754	4,754	0	0.0	0.0	0.0	0.0
Additional paid-in capital	1350	1,977,373	1,977,373	0	0.0	3.7	4.7	1.0
Reserve capital	1360	4,754	4,754	0	0.0	0.0	0.0	0.0
Retained earnings (uncovered loss)	1370	4,424,912	7,070,752	2,645,840	59.8	8.3	16.9	8.6
Loans and borrowings	1410	6,813,910	11,507,276	4,693,366	68.9	12.7	27.5	14.8
Deferred tax liabilities	1420	147,189	134,925	-12,264	-8.3	0.3	0.3	0.0
Estimated liabilities	1430	349,358	183,752	-165,606	-47.4	0.7	0.4	-0.3
Other liabilities	1450	0	3,599,522	3,599,522	-	0.0	8.6	8.6
Loans and borrowings	1510	32,289,115	11,510,216	-20,778,899	-64.4	60.3	27.5	-32.8
Accounts payable	1520	6,715,624	5,351,913	-1,363,711	-20.3	12.5	12.8	0.3
Deferred income	1530	3,082	3,082	0	0.0	0.0	0.0	0.0
Estimated liabilities	1540	801,664	494,807	-306,857	-38.3	1.5	1.2	-0.3
Other liabilities	1550	3,699	3,656	-43	-1.2	0.0	0.0	0.0

The main reason for the increase in *Intangible Assets* (line 1110) by RUB 157,378 ths against the year beginning is the growth in the cost of the oil extraction license by RUB 175,360 ths due to extension of the Achimovsky LA acreage. The increase was partially compensated by amortization of the intangible assets for 2015.

In 2015, construction of the facilities, including construction of the wells, at the Achimovskoye field and purchase of the rail tank cars caused the *PP&E* rise (line 1150) by RUB 364,054 ths.

The main reason for the decrease in *Financial Investments* (line 1170) by RUB 9,383,713 ths is a partial repayment of the Slavneft-YaNOS loan.

The main reason for the rise in *Deferred Tax Assets* (line 1180) by RUB 641,712 ths is an increase in the deferred tax assets due to the loss generation under data of the 2015 tax accounting.

The main reason for the *Accounts Receivable* growth (line 1230) by RUB 1,401,772 ths is a rise in advance payments to service vendors, mainly to OJSC Transneft, caused by the increase in oil transportation tariffs.

The main reason for the decrease in the *Cash* balance (line 1250) by RUB 4,859,760 ths is a reduction in the funds on short-term bank deposits against the year beginning, which had temporarily been placed as of December 31, 2014.

The main reason for the rise in *Retained Earnings (Uncovered Loss)* (line 1370) is the 2015 financial result. The net income made RUB 2,645,840 ths.

Long-term fund raising and maturity on earlier signed loan facilities are the reasons for the increase in *Long-Term Loans and Borrowings* (line 1410) by RUB 4,693,366 ths and the indebtedness reduction in *Short-Term Loans and Borrowings* (line 1510) by RUB 20,778,899 ths.

Cancellation of the Long-Term Incentive Program is the main reason for the decrease in *Long-Term Estimated Liabilities* (line 1430) by RUB 165,606 ths and in *Short-Term Estimated Liabilities* (line 1540) by RUB 306,857 ths.

The main reason for creation of other long-term liabilities (line 1450) is occurrence of the long-term accounts payable in the amount of RUB 3,599,522 ths to be paid to OAO SN-MNG for fulfillment of the exploration jobs.

The main reason for the reduction in *Short-Term Accounts Payable* (line 1520) by RUB 1,363,711 ths is a decrease in the debt to OAO SN-MNG under agency agreements.

4.2.2 Analysis of changes in the indicators of the Slavneft Profit and Loss Statement in the reporting period

RUB ths

Line of Form No.2	Line No.	In the reporting period	In the similar period of the previous year	Variance	Variance in %% against the previous period
Revenue	2110	11,211,893	10,331,149	880,744	8.5
Cost of sales	2120	- 9,538,955	- 8,501,843	- 1,037,112	12.2
Gross income (loss)	2100	1,672,938	1,829,306	-156,368	-8.5
Administrative expenses	2220	-2,399,532	-2,636,488	236,956	-9.0
Profit (loss) from sales	2200	-726,594	- 807,182	80,588	-10.0
Income from equity participation in other entities	2310	5,563,596	4,288,025	1,275,571	29.7
Interest receivable	2320	1,004,386	492,208	512,178	104.1
Interest payable	2330	-1,940,610	-919,246	-1,021,364	111.1
Other income	2340	7,858,466	6,811,275	1,047,191	15.4
Other expenses	2350	- 9,714,157	-18,795,450	9,081,293	-48.3
Income (loss) before taxes	2300	2,045,087	- 8,930,370	10,975,457	-122.9
Current income tax	2410	-53,223	-27	-53,196	197,022.2
Net income (loss)	2400	2,645,840	-6,324,000	8,969,840	-141.8

The main reason for the increase in *Revenue* (line 2110) by RUB 880,744 ths is a growth in the scope of shipment services.

The growth in the scope of services for petroleum products shipment in own rail tank cars and the increase in the crude oil cost due to the MET rate growth are the main reasons for the rise in the *Cost of Sales* (line 2120) by RUB 1,037,112 ths.

The main reason for the essential growth in *Income from Equity Participation in Other Entities* (line 2310) by RUB 1,275,571 ths is dividend receipt from OOO Slavneft-Nizhnevartovsk.

The main reason for the increase in *Interest Receivable* (line 2320) by RUB 512,178 ths is an interest accrual on the long-term loan granted to Slavneft-YaNOS in 2014.

The main reason for the essential rise in *Interest Payable* (line 2330) by RUB 1,021,364 ths is an increase in the loans denominated in Russian rubles with the higher interest rate in the credit portfolio.

The main reason for the significant increase in *Other Income* (line 2340) by RUB 1,047,191 ths and in *Other Expenses* (line 2350) by RUB 9,081,293 ths is the forex difference caused by the USD rate fluctuation and related to the amount of the indebtedness under the currency loan facilities.

Considering all the above-listed factors, the 2015 net income made RUB 2,645,840 ths that is RUB 8,969,840 ths more than the 2014 loss in the amount of RUB -6,234,000 ths.

4.3. Additional financial performance indicators of Slavneft in the reporting period

4.3.1. Information on the amount of Company's net assets

No.	Financial indicator	Indicator amount in the reporting period, RUB ths
1.	Net assets amount (RUB ths) ²	9,060,715
2.	Authorized capital (RUB ths)	4,754
3.	Reserve fund (RUB ths)	4,754
4.	Ratio of net assets to authorized capital (line 1/line 2) (%)	190,591
5.	Ratio of net assets to authorized capital + reserve fund (line 1/ (line 2 + line 3) (%).	95,296

The net assets increased by RUB 2,645,840 ths or by 41% in the reporting period.

The margin between the Company's net assets and authorized capital is positive and makes RUB 9,055,961 ths. The net assets are equal to 190,591% of the Slavneft authorized capital.

The margin between the Company's net assets and the sum of the authorized capital and reserve fund is positive and makes RUB 9,051,207 ths. The net assets are equal to 95,296 % of the Slavneft authorized capital summed up with the reserve fund.

The net assets amount does not change due to the net income distribution. The Company does not have any restrictions on dividend payment envisaged by Clause 1, Article 43 of Federal Law No.208-FZ On Joint-Stock Companies dd. December 26, 1995.

4.3.2. Information about profit application in the reporting year in accordance with the resolutions on net income distribution and cover of prior year losses adopted by General Shareholders' Meetings

On June 30, 2015, the Annual General Meeting of Slavneft's Shareholders passed the following resolution (Minutes of Meeting No.50):

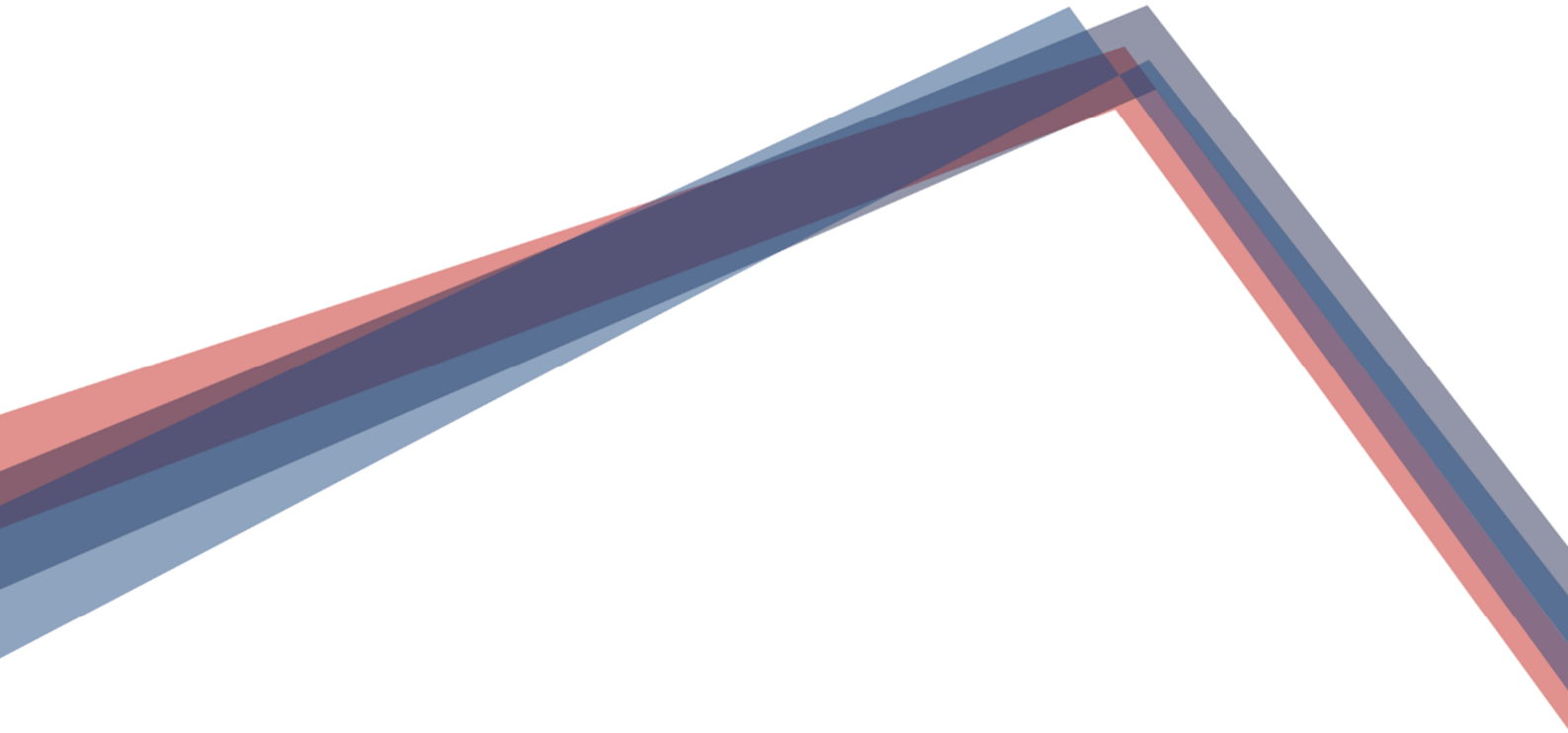
- Not to distribute the Slavneft net income under performance results of the 2014 financial year due to its lack (the Slavneft loss under performance results of the 2014 financial year made RUB 6,323,738,000);
- Not to declare dividends on Slavneft's ordinary shares under performance results of the 2014 financial year.

4.3.3. Taxes, levies and other charges paid to the budget by the Company in the reporting year

No.	Indicator	Outstanding balance as of the year beginning (-) – for budget; (+) – for Company	Accrued for the year (-)	Paid for the year (+)
1.	Value added tax	-131,078	-671,059	597,250
2.	Property tax	-31,981	-132,759	131,059
3.	Income tax	12,727	-30,743	18,240
5.	Land use tax	0	0	0
6.	Excise	0	0	0

² This financial indicator is determined in accordance with the Procedure for Estimation of the Cost of Joint-Stock Companies' Net Assets approved by Joint Decree No.10H of the RF Ministry of Finance and No.03-6/IT3 of the Federal Securities and Exchange Commission dd. January 29, 2003.

No.	Indicator	Outstanding balance as of the year beginning (-) – for budget; (+) – for Company	Accrued for the year (-)	Paid for the year (+)
7.	Export customs duties	0	0	0
8.	Import customs duties	0	0	0
9.	Individual income tax	1	-228,211	228,211
10.	Vehicle tax	-21	-78	79
11.	Insurance contributions	762	-312,824	313,244
12.	MET	-187,666	-2,755,281	2,782,106
13.	Pollution charge	0	-40,334	40,334
14.	Water tax	-77	-254	260
15.	Other taxes	1,410	-251	0
	Total	-335,923	-4,171,794	4,110,783



5. INFORMATION DISCLOSURE

5.1. Transactions made by the Company in the reporting year and recognized as major ones under Federal Law No.208 on Joint-Stock Companies dated December 26, 1995, and other transactions, which the major transaction approval procedure shall be applied to in line with the Slavneft Articles of Association

In the reporting year, Slavneft did not make any transactions recognized as major ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

5.2. Transactions made by the Company in the reporting year and recognized as related-party ones under Federal Law No.208 on Joint-Stock Companies dated December 26, 1995

In the reporting year, Slavneft did not make any transactions recognized as related-party ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

SUPPLEMENT

I. GENERAL INFORMATION

Results of the Slavneft activity related to management of Subsidiaries/ Affiliates are disclosed in this part of the Annual Report.

In the Supplement of the Annual Report, Open Joint-Stock Oil and Gas Company Slavneft discloses the material information about the Slavneft Group Enterprises, which financial and economic indicators are reflected in the 2015 Slavneft Group Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards.

The main Enterprises of the Slavneft Group (the Enterprises, which indicators make 5% and more of the Group's assets) are as follows:

- OAO NGK Slavneft (hereinafter referred to as the Company);
- OAO SN-MNG;
- OAO Slavneft-YaNOS;
- OAO ONGG;
- OOO Slavneft-Krasnoyarskneftegaz;
- OOO Slavneft-Nizhnevartovsk.

1.1. Information about the main Enterprises of the Slavneft Group

Full legal name	Abbreviated legal name	Location	Date of state registration and registration number
1.1.1.	1.1.2.	1.1.3	1.1.4.
Open Joint-Stock Oil and Gas Company Slavneft	OAO NGK Slavneft	Moscow, Russian Federation Post address: 4 th Lesnoi pereulok, 4, Moscow, Russia, 125047	26.08.1994 Registration number: 033.530 Primary State Registration Number: 1027739026270
Open Joint-Stock Company Slavneft-Megionneftegaz	OAO SN-MNG	Kuzmina str., 51, Megion, Khanty-Mansi Autonomous Area-Yugra, Russian Federation	23.09.1996 Registration number: 64648 Primary State Registration Number: 1028601354088
Open Joint-Stock Company Slavneft-Yaroslavnefteorgsintez	OAO Slavneft-YaNOS	Moskovsky prospekt, 130, Yaroslavl, Russian Federation, 150023	07.05.1993 Registration number: 160 Primary State Registration Number: 1027600788544
Open Joint-Stock Company Obneftegazgeologia	OAO ONGG	Fyodorova str., 68a, Surgut, Khanty-Mansi Autonomous Area-Yugra, Russian Federation	23.05.1996 Registration number: 07-8036 Primary State Registration Number: 1028600579985

Full legal name	Abbreviated legal name	Location	Date of state registration and registration number
Limited Liability Company Slavneft-Krasnoyarskneftegaz	OOO Slavneft-Krasnoyarskneftegaz	Gladkova str., 2a, Krasnoyarsk, Russian Federation	26.03.2001 Registration number: 283 Primary State Registration Number: 1022402296465
Limited Liability Company Slavneft-Nizhnevartovsk	OOO Slavneft-Nizhnevartovsk	Lenina str., 4-п, bld.19, Nizhnevartovsk, Khanty-Mansi Autonomous Area-Yugra, Russian Federation, 628600	28.12.2000 Registration number: 124154 Primary State Registration Number: 1038603650612

1.2. Branches and representative offices of the Slavneft Group main Enterprises

In the reporting year, the Slavneft Group Enterprises didn't have any branches and representative offices.

1.3. Composition of the Board of Directors of the Slavneft Group Main Enterprises

General information about the number and composition of the Board of Directors, changes made in the composition of the Board of Directors during 2015:

Information about the Slavneft Board of Directors

Period	Composition of the Slavneft Board of Directors, which is current within the specified period	Comments
19.09.2014-30.06.2015	1. Vladimir G. Aladin 2. Vitaliy V. Baranov 3. Didier Casimiro 4. Rostislav R. Latysh 5. Eric Maurice Liron 6. Igor V. Pavlov 7. Sergei A. Papenko 8. Anatoly M. Cherner 9. Vadim V. Yakovlev 10. Alexei V. Yankevich	The specified composition of the Slavneft Board was elected by the resolution of the Extraordinary General Shareholders Meeting on September 19, 2014 (Minutes of Meeting No.49). The powers of this Board composition were terminated due to election of the Company Board's new composition at the Annual General Meeting of Slavneft's Shareholders on June 30, 2015 (Minutes of Meeting No.50).
30.06.2015-31.12.2015	1. Vladimir G. Aladin 2. Vitaliy V. Baranov 3. Svetlana V. Gritskevich 4. Didier Casimiro 5. Rostislav R. Latysh 6. Eric Maurice Liron 7. Sergei A. Papenko 8. Anatoly M. Cherner 9. Vadim V. Yakovlev 10. Alexei V. Yankevich	The specified composition of the Slavneft Board was elected at the Annual General Meeting of Slavneft's Shareholders on June 30, 2015 (Minutes of Meeting No.50).

Within the reporting period, the Company Board's members did not hold Slavneft's ordinary registered uncertified shares and any stake in the Slavneft authorized capital; they did not settle any transactions on acquisition or divestment of Slavneft's shares.

The background profile for the members of the Slavneft Board of Directors is disclosed in Clause 1.3 of the main part of this Annual Report.

Information about the Board of Directors of OAO SN-MNG

Period	Composition of the SN-MNG Board of Directors, which is current within the specified period	Comments
27.06.2014 - 25.06.2015	<ol style="list-style-type: none"> 1. Vadim V. Yakovlev 2. Yuri V. Shulyev 3. Larisa V. Balashova 4. Sergei A. Papenko 5. Sergei N. Rezayev 6. Rustem I. Bakirov 7. Igor S. Afanasyev 8. Elena V. Plavkova 	The specified composition of the SN-MNG Board was elected by the resolution of the Annual General Meeting of Enterprise's Shareholders on June 27, 2014 (Minutes of Meeting No.40). The powers of this Board composition were terminated due to election of the SN-MNG Board new composition at the Annual General Meeting of Enterprise's Shareholders on June 25, 2015 (Minutes of Meeting No.42).
25.06.2015 - 31.12.2015	<ol style="list-style-type: none"> 1. Vadim V. Yakovlev 2. Alexander V. Zhagrin 3. Larisa V. Balashova 4. Sergei A. Papenko 5. Sergei N. Rezayev 6. Sergei M. Nesterenko 7. Alexei V. Timonov 8. Elena V. Plavkova 	The specified composition of the SN-MNG Board was elected by the resolution of the Annual General Shareholders Meeting on June 25, 2015 (Minutes of Meeting No.42).

Within the reporting period, the SN-MNG Board members did not hold Enterprise's ordinary registered uncertified shares and any stake in the SN-MNG authorized capital; they did not settle any transactions on acquisition or divestment of SN-MNG's shares.

The background profile for the members of the Enterprise's Board of Directors is disclosed in Clause 1.3 of the SN-MNG Annual Report, which is posted on the Enterprise's web-site ([www.sn-mng](http://www.sn-mng.com)) and on the following web-page: <http://www.e-disclosure.ru/portal/company.aspx?id=568>.

Information about the Board of Directors of OAO Slavneft-YaNOS:

Period	Composition of the SN-YaNOS Board of Directors, which is current within the specified period	Comments
20.06.2014- 18.06.2015	<ol style="list-style-type: none"> 1. Larisa V. Balashova 2. Didier Casimiro 3. Vladimir K. Konstantinov 4. Igor G. Kuzmin 5. Sergei N. Menshonkov 6. Igor V. Pavlov 7. Alexander L. Sannikov 8. Anatoly M. Cherner 	The specified composition of the SN-YaNOS Board was elected by the resolution of the Annual General Meeting of Enterprise's Shareholders on June 20, 2014 (Minutes of Meeting No.36). The powers of this Board composition were terminated due to election of the SN-YaNOS Board new composition at the Annual General Meeting of Enterprise's Shareholders on June 18, 2015 (Minutes of Meeting No.38).
18.06.2015- 31.12.2015	<ol style="list-style-type: none"> 1. Larisa V. Balashova 2. Didier Casimiro 3. Vladimir K. Konstantinov 4. Igor G. Kuzmin 5. Sergei N. Menshonkov 6. Alexander A. Romanov 7. Alexander L. Sannikov 8. Anatoly M. Cherner 	The specified composition of the SN-YaNOS Board was elected by the resolution of the Annual General Meeting of Enterprise's Shareholders on June 18, 2015 (Minutes of Meeting No.38).

Within the reporting period, the SN-YaNOS Board members did not hold Enterprise's ordinary registered uncertified shares and any stake in the SN-YaNOS authorized capital; they did not settle any transactions on acquisition or divestment of SN-YaNOS's shares.

The background profile for the members of the Enterprise's Board of Directors is disclosed in Clause 1.3 of the SN-YaNOS Annual Report, which is posted on the Enterprise's web-site www.refinery.yaroslavl.ru and on the following web-page: <http://www.e-disclosure.ru/portal/company.aspx?id=947>.

Information about the Board of Directors of OAO ONGG

Period	Composition of the ONGG Board of Directors, which is current within the specified period	Comments
25.06.2014-23.06.2015	1. Mikhail L. Osipov 2. Konstantin M. Mulyavin 3. Oleg V. Tsurtsumia 4. Vladimir A. Yagutkin 5. Andrei A. Shustrov 6. Andrei N. Trukhachev 7. Vyacheslav V. Orekhov	The specified composition of the ONGG Board was elected by the resolution of the Annual General Meeting of Enterprise's Shareholders on June 25, 2014 (Minutes of Meeting No.25). The powers of this Board composition were terminated due to election of the ONGG Board new composition at the Annual General Meeting of Enterprise's Shareholders on June 23, 2015 (Minutes of Meeting No.26).
23.06.2015-31.12.2015	1. Mikhail L. Osipov 2. Konstantin M. Mulyavin 3. Oleg V. Tsurtsumia 4. Vladimir A. Yagutkin 5. Andrei A. Shustrov 6. Andrei N. Trukhachev 7. Vyacheslav V. Orekhov	The specified composition of the ONGG Board was elected by the resolution of the Annual General Shareholders Meeting on June 23, 2015 (Minutes of Meeting No.26).

Within the reporting period, the ONGG Board members did not hold Enterprise's ordinary registered uncertified shares and any stake in the ONGG authorized capital; they did not settle any transactions on acquisition or divestment of ONGG's shares.

The background profile for the members of the Enterprise's Board of Directors is disclosed in Clause 1.3 of the ONGG Annual Report, which is posted on the following web-page: <http://disclosure.1prime.ru/Portal/Default.aspx?emid=8602016394>.

Information about the Board of Directors of OOO Slavneft-Nizhnevartovsk

The Board of Directors is not envisaged by the Enterprise's Articles of Association.

Information about the Board of Directors of OOO Slavneft-Krasnoyarskneftegaz

The Board of Directors is not envisaged by the Enterprise's Articles of Association.

1.4. Information about the person holding the position (exercising the functions) of the Sole Executive Body and members of the Collegial Executive Body of the Slavneft Group Enterprises

OAO NGK Slavneft

Full name	Year of birth	Education	Information about the primary place of employment		Stake in the authorized capital	Interest of ordinary shares
			Job position occupied at the end of the reporting period	Enterprise		
1	2	3	4	5	6	7
<i>Information about the person holding the position of the Sole Executive Body</i>						
Mikhail L. Osipov	1961	higher	from 01.07.2015	OAO NGK Slavneft	-	-
			President			
<i>Information about the members of the Collegial Executive Body</i>						
Chairman of the Management Board						
Mikhail L. Osipov	1961	higher	from 01.07.2015	OAO NGK Slavneft	-	-
			President			
Members of the Management Board						
Alexei V. Bureyev	1967	higher	Manager of the Accounting and Tax	OAO NGK Slavneft	-	-

			Control Block			
Andrei V. Kovalenko	1976	higher	Vice President for Economics and Finance <i>(the job position is specified as of the appointment date).</i> He is not an employee of OAO NGK Slavneft as of the reporting period end.	-	-	
Vladimir V. Krylov	1955	higher	Vice President for Downstream <i>(the job position is specified as of the appointment date).</i> He is not an employee of OAO NGK Slavneft as of the reporting period end.	-	-	
Ilya B. Medvedev	1970	higher	Vice President for Administration <i>(the job position is specified as of the appointment date).</i> He is not an employee of OAO NGK Slavneft as of the reporting period end.	-	-	
Andrei N. Trukhachev	1964	higher	Vice President for Corporate Relations	OAO NGK Slavneft	-	-

Within the reporting period, the person holding the position (exercising the functions) of the Sole Executive Body and members of the Collegial Executive Body did not settle any transactions on acquisition or divestment of Slavneft's shares.

OAO SN-MNG

Full name	Year of birth	Education	Information about the primary place of employment		Stake in the authorized capital	Interest of ordinary shares
			Job position occupied at the end of the reporting period	Enterprise		
1	2	3	4	5	6	7
<i>Information about the person holding the position of the Sole Executive Body</i>						
Alexei G. Kan	1966	higher	General Director	OAO SN-MNG	-	-
<i>Information about the members of the Collegial Executive Body</i>						
Irina L. Kovalenko	1964	higher	Director for Economics and Finance	OAO SN-MNG	-	-
Nina M. Nikhti	1957	higher	Chief Accountant	OAO SN-MNG	-	-
Stanislav A. Ilyichev	1973	higher	Managing Director for Oilfield Services	OAO SN-MNG	-	-
Andrei M. Pyatayev	1978	higher	Deputy General Director - Chief Engineer	OAO SN-MNG	-	-
Danil A. Nikolayev	1979	higher	Deputy General Director - Director for Capital Construction	OAO SN-MNG	-	-
Maksim A. Kuznetsov	1978	higher	Deputy General Director - Chief Geologist	OAO SN-MNG	-	-

Within the reporting period, the person holding the position (exercising the functions) of the Sole Executive Body and members of the Collegial Executive Body did not settle any transactions on acquisition or divestment of SN-MNG's shares.

OAO Slavneft-YaNOS

Full name	Year of birth	Education	Information about the primary place of employment		Stake in the authorized capital	Interest of ordinary shares
			Job position occupied at the end of the reporting period	Enterprise		
1	2	3	4	5	6	7
<i>Information about the person holding the position of the Sole Executive Body</i>						
Alexander A. Nikitin	1962	higher	General Director	OAO Slavneft-YaNOS	-	-
<i>Information about the members of the Collegial Executive Body</i>						

Chairman of the Management Board						
Alexander A. Nikitin	1962	higher	Генеральный директор	OAO Slavneft-YaNOS	-	-
Members of the Management Board						
Evgeny N. Karasyov	1966	higher	Chief Engineer	OAO Slavneft-YaNOS	-	-
Oleg E. Nenilin	1977	higher	Chief Legal Officer	OAO Slavneft-YaNOS	-	-

Within the reporting period, the person holding the position (exercising the functions) of the Sole Executive Body and members of the Collegial Executive Body did not settle any transactions on acquisition or divestment of SN-YaNOS's shares.

ОАО ОНГГ

Full name	Year of birth	Education	Information about the primary place of employment		Stake in the authorized capital	Interest of ordinary shares
			Job position occupied at the end of the reporting period	Enterprise		
1	2	3	4	5	6	7
<i>Information about the person holding the position of the Sole Executive Body</i>						
Oleg V. Pirogov	1966	higher	General Director (concurrently)	OAO ОНГГ	-	-
<i>Information about the members of the Collegial Executive Body</i>						
Chairman of the Management Board						
Oleg V. Pirogov	1966	higher	General Director	OAO ОНГГ	-	-
Members of the Management Board						
Lina N. Pozharova	1961	higher	Chief Accountant	OAO ОНГГ	-	-
Vladimir V. Golovin	1961	higher	Deputy General Director	OAO ОНГГ	-	-
Larisa M. Khvostova	1954	higher	Deputy General Director for Economics and Finance	OAO ОНГГ	-	-

Within the reporting period, the person holding the position (exercising the functions) of the Sole Executive Body and members of the Collegial Executive Body did not settle any transactions on acquisition or divestment of ОНГГ's shares.

ООО Slavneft-Krasnoyarskneftegaz

Full name	Year of birth	Education	Information about the primary place of employment		Stake in the authorized capital
			Job position occupied at the end of the reporting period	Enterprise	
1	2	3	4	5	6
<i>Information about the person holding the position of the Sole Executive Body</i>					
Sergei V. Gnatchenko	1962	higher	from 07.07.2015	ООО Slavneft-Krasnoyarskneftegaz	-
			General Director		
<i>Information about the members of the Collegial Executive Body</i>					
The Collegial Executive Body is not envisaged by the Enterprise's Articles of Association.					

Within the reporting period, the person holding the position (exercising the functions) of the Sole Executive Body did not settle any transactions on acquisition or divestment of the stakes in the Enterprise's authorized capital.

OOO Slavneft-Nizhnevartovsk

Full name	Year of birth	Education	Information about the primary place of employment		Stake in the authorized capital
			Job position occupied at the end of the reporting period	Enterprise	
1	2	3	4	5	6
<i>Information about the person holding the position of the Sole Executive Body</i>					
Oleg V. Pirogov	1966	higher	General Director	OOO Slavneft-Nizhnevartovsk	-
<i>Information about the members of the Collegial Executive Body</i>					
The Collegial Executive Body is not envisaged by the Enterprise's Articles of Association					

Within the reporting period, the person holding the position (exercising the functions) of the Sole Executive Body did not settle any transactions on acquisition or divestment of the stakes in the Enterprise's authorized capital.

The background profiles for the persons holding the positions (exercising the functions) of the Sole Executive Body and for the members of the Collegial Executive Bodies in the Slavneft Group Public Enterprises are disclosed in the Annual Reports of the mentioned Public Enterprises, which are posted on the following web-sites and web-pages:

- www.sn-mng.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=568> – for OAO SN-MNG;
- www.refinery.yaroslavl.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=947> – for OAO Slavneft-YaNOS;
- www.slavneft.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=560>, and the respective information is disclosed in Clause 1.5 of the main part of this Annual Report – for OAO NGK Slavneft;
- <http://disclosure.1prime.ru/Portal/Default.aspx?emid=8602016394> – for OAO ONGG.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

1.5. Criteria for determination of the remuneration (expenses reimbursement) amount to be paid to members of the governing bodies of the Slavneft Group Enterprises

Information about the criteria and ground for determination of the remuneration amount to be paid to the person holding the position of the Sole Executive Body and members of the Collegial Executive Body of the Slavneft Group Enterprises:

The remuneration amount, procedure and conditions of its payment to the person holding the position of the Sole Executive Body and members of the Collegial Executive Body are stipulated by terms and conditions of the labor contracts signed with the specified officers.

Information about the criteria and ground for determination of the remuneration amount to be paid to members of the Boards of Directors of the Slavneft Group Enterprises:

The Regulations on the Board of Directors envisage the procedure for determination of the remuneration amount to be paid to the Board's members and for determination of the amount for reimbursement of expenses related to exercising the functions of the Board's members. Remunerations are paid and (or) expenses related to exercising the functions of the Board's members are compensated upon the resolution adopted by the General Shareholders Meeting.

In the reporting period, the General Meeting of Enterprises' Shareholders did not consider the items on remuneration payment and (or) expenses reimbursement to the members of the Boards of Directors of the Slavneft Group Enterprises.

The information about the aggregate amount of remuneration (expenses reimbursement) paid to the members of the governing bodies of the Slavneft Group Public Enterprises is disclosed in the Annual Reports of the above-mentioned Enterprises, which are posted on the following web-sites and web-pages:

- www.sn-mng.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=568> - for OAO SN-MNG;
- www.refinery.yaroslavl.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=947> - for OAO Slavneft-YaNOS;
- www.slavneft.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=560>, and the respective information is disclosed in Clause 1.5 of the main part of this Annual Report – for OAO NGK Slavneft;
- <http://disclosure.1prime.ru/Portal/Default.aspx?emid=8602016394> – for OAO ONGG.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

1.6. Information about the persons included into the composition of the bodies for control over the financial and economic activity of the Slavneft Enterprises

Composition of the Slavneft Audit Commission, which is current in the reporting period	Comments
Roman V. Babich Galina Yu. Delvig Anzor A. Dzhabrailov Artyom R. Zhdanov Margarita I. Mironova Nadezhda N. Shafir	The specified composition of the Audit Commission was elected by the resolution of the Annual General Shareholders Meeting on June 30, 2015 (Minutes of Meeting No.50).
Composition of the SN-MNG Audit Commission, which is current in the reporting period	Comments
Elena L. Maslova Vadim S. Kozlov Andrei I. Kuklin	The specified composition of the Audit Commission was elected by the resolution of the Annual General Shareholders Meeting on June 25, 2015 (Minutes of Meeting No.42).
Composition of the SN-YaNOS Audit Commission, which is current in the reporting period	Comments
Sergei A. Gerasimov Margarita R. Makareikina Yuri L. Moshkin Tatyana A. Rummyantseva Sergei D. Semyonov	The specified composition of the Audit Commission was elected by the resolution of the Annual General Shareholders Meeting on June 18, 2015 (Minutes of Meeting No.38).
Composition of the ONGG Audit Commission, which is current in the reporting period	Comments
Vladislav V. Pashin Tatyana A. Rummyantseva Nadia Z. Blazhko	The specified composition of the Audit Commission was elected by the resolution of the Annual General Shareholders Meeting on June 23, 2015 (Minutes of Meeting No.26).
Auditor of OOO Slavneft-Krasnoyarskneftegaz who is acting in the reporting period	Comments
Lilia N. Prokhorova	The specified Auditor was elected by the resolution of the Annual General Participants Meeting on April 27, 2015.

Auditor of OOO Slavneft-Nizhnevartovsk who is acting in the reporting period	Comments
Sergei S. Kolesnikov	The specified Auditor was elected by the resolution of the Annual General Participants Meeting on March 18, 2015.

1.7. Authorized capital

1.7.1. Information about the authorized capital

Information about the authorized capital of OAO NGK Slavneft:

Authorized capital amount:	4,754,238 RUB
Par value of ordinary shares:	0.1 kopecks
Number of outstanding ordinary registered uncertified shares (ea):	4,754,238,000/100%
The Company did not issue preferred shares.	
During the reporting period, the resolution on changing the Company's authorized capital amount was not passed.	

Information about the authorized capital of OAO SN-MNG:

Authorized capital amount:	3,313,289,500 RUB
Par value of ordinary and preferred shares:	25 RUB
Number of ordinary shares (ea/%):	99,474,705/75.06%
Number of preferred shares (ea/%):	33,056,875/24.94%
During the reporting period, the Enterprise's authorized capital amount was not changed.	

Information about the authorized capital of OAO Slavneft-YaNOS:

Authorized capital amount:	1,243,539,297 RUB
Par value of ordinary and preferred shares:	1 RUB
Number of ordinary shares (ea/%):	932,654,723/75%
Number of preferred shares (ea/%):	310,884,574/25%
During the reporting period, the Enterprise's authorized capital amount was not changed.	

Information about the authorized capital of OAO ONGG:

Authorized capital amount:	3,368,542 RUB
Par value of ordinary and preferred shares:	1 RUB
Number of ordinary shares (ea/%):	2,526,406/75%
Number of preferred shares (ea/%):	842,136/ 25%
During the reporting period, the Enterprise's authorized capital amount was not changed.	

Information about the authorized capital of OOO Slavneft-Krasnoyarskneftegaz:

Authorized capital amount:	3,864,063,559 RUB
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Information about the authorized capital of OOO Slavneft-Nizhnevartovsk:

Authorized capital amount:	108,905,151 RUB
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1.7.2. Information about major shareholders owning 5% at least of voting shares/ interests of the Slavneft Group main Enterprises as of the reporting period end

Full legal name	Abbreviated legal name	Taxpayer identification number	Location	Stake in the Enterprise's authorized capital	Interest of issuer's ordinary shares owned to this shareholder
1	2	3	4	5	6
OAO NGK Slavneft					
Non-Bank Credit Organization and Closed Joint-Stock Company National Settlement Depository/ nominee holder of the Central Depository	NBC CJSC NSD	7702165310	Spartakovskaya str. 12, Moscow, Russia, 105066	86.7370%	86.7370%

Full legal name	Abbreviated legal name	Taxpayer identification number	Location	Stake in the Enterprise's authorized capital	Interest of issuer's ordinary shares owned to this shareholder
1	2	3	4	5	6
Select Holdings Limited / holder of securities	SELECT HOLDINGS LIMITED	Not applicable. The entity is not an RF resident.	Agiou Tychona, 70, Agios Tychonas, 4521, Limassol, Cyprus	7.7037%	7.7037%
OAO SN-MNG					
Open Joint-Stock Oil and Gas Company Slavneft	OAO NGK Slavneft	7707017509	Moscow, Russian Federation	56.4240%	69.1170%
Edie Holdings Limited	Edie Holdings Limited	Not applicable. The entity is not an RF resident.	Arch. Makaraïou III, 284 Fortuna Court Block B, 2nd floor, 3105, Limassol, Cyprus	15.7946%	9.7397%
Hassla Holdings (Overseas) Limited	Hassla Holdings (Overseas) Limited	Not applicable. The entity is not an RF resident.	Eptakomis, 2 AGIOS ATHANASIOS COURT, Flat/Office 103, Ag. Athanasios, 4105, Limassol, Cyprus	16.6571%	9.8844%
Select Holdings Limited	Select Holdings Limited	Not applicable. The entity is not an RF resident.	Agiou Tychona, 70, Agios Tychonas, 4521, Limassol, Cyprus	5.9143%	7.8797%
OAO Slavneft-YaNOS					
Open Joint-Stock Oil and Gas Company Slavneft	OAO NGK Slavneft	7707017509	Moscow, Russian Federation	39.20%	50.78%
EDIE HOLDINGS LIMITED	EDIE HOLDINGS LIMITED	Not applicable. The entity is not an RF resident.	Arch. Makaraïou III, 284 FORTUNA COURT BLOCK B, 2nd floor, P.C. 3105, Limassol, Cyprus	19.48%	17.16%
Hassla Holdings (Overseas) Limited	Hassla Holdings (Overseas) Limited	Not applicable. The entity is not an RF resident.	Eptakomis, 2, AGIOS ATHANASIOS COURT, Flat/Office 103, Ag. Athanasios, P.C. 4105, Limassol, Cyprus	19.48%	17.16%
Select Holdings Limited	Select Holdings Limited	Not applicable. The entity is not an RF resident.	Agiou Tychona, 70 Agios Tychonas, 4521, Limassol, Cyprus	16.01%	11.92%
OAO ONGG					
Open Joint-Stock Oil and Gas Company Slavneft	OAO NGK Slavneft	7707017509	Moscow, Russian Federation	79.6674%	91.7413%
Non-Bank Credit Organization and Closed Joint-Stock Company National Settlement Depository/ nominee holder of the Central Depository	NBC CJSC NSD	7702165310	Spartakovskaya str. 12, Moscow, Russia, 105066	15.3549%	7.1242%
OOO Slavneft-Krasnoyarskneftegaz					
Open Joint-Stock Oil and Gas Company Slavneft (holder of the majority share)	OAO NGK Slavneft	7707017509	Moscow, Russian Federation	99.993%	-
OOO Slavneft-Nizhnevartovsk					
Open Joint-Stock Oil and Gas Company Slavneft (holder of the majority share)	OAO NGK Slavneft	7707017509	Moscow, Russian Federation	99.985%	-

1.7.3. Information about the reserve fund of the Slavneft Group Enterprises

In the reporting year, the Slavneft Group Enterprises did not use the reserve fund.

OAo NGK Slavneft

The reserve fund is established in the amount of 100% of the authorized capital that is equal to RUB 4,754 ths in accordance with the Slavneft Articles of Association.

OAo SN-MNG

The reserve fund is established in the amount of 100% of the authorized capital that is equal to RUB 3,313,289.500 ths in accordance with the SN-MNG Articles of Association.

OAo Slavneft-YaNOS

The reserve fund is established in the amount of 15% of the authorized capital that is equal to RUB 186,531 ths in accordance with the SN-YaNOS Articles of Association.

OAo ONGG

The reserve fund in the amount of RUB 3,368,542 is established in accordance with the ONGG Articles of Association. The Enterprise's reserve fund is fully established in the amount of 100% of the authorized capital under the ONGG Articles of Association.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

1.7.4. Information about securities of the Slavneft Group Enterprises, including information on placement of issue-grade securities (except for the shares) in the reporting period

In 2015, the Slavneft Group Enterprises did not issue securities.

1.8. Information about yield on securities of the Slavneft Group Enterprises

1.8.1. Dividend policy of the Slavneft Group Enterprises

OAo NGK Slavneft

Dividends are paid from the Company's net income.

Resolutions about payment (declaration) of dividends on the shares of each category, the dividend amount and form of its payment are adopted by the General Meeting of Shareholders. The dividend amount may not exceed the amount recommended by the Company's Board of Directors.

The dividends are paid out in monetary terms.

When adopting the resolution on dividend payment (declaration), Slavneft follows the rules specified in Chapter 5 of the Federal Law on Joint-Stock Companies and provisions of the Slavneft Articles of Association.

OAo SN-MNG

When adopting the resolution on dividend payment (declaration), the Enterprise follows the rules specified in Chapter 5 of Federal Law No.208 on Joint-Stock Companies dd. December 26, 1995 and provisions of the SN-MNG Articles of Association.

OAo Slavneft-YaNOS

In accordance with the Enterprise's Articles of Association:

A holder of preferred shares is entitled to collect an annual dividend on shares in the amount of 1% at least of the share par value. Herewith, if the amount of dividends paid out on each ordinary share by the Enterprise in a specific year exceeds the amount to be paid out as a dividend on each preferred share, the amount of the dividend on preferred shares shall be increased up to the amount of the dividend paid out on ordinary shares.

Resolutions about payment of dividends on shares, the dividend amount and form of its payment are passed by the Shareholders' Meeting considering proposals of the Enterprise's Board of Directors. The dividend amount may not exceed the amount recommended by the Board of Directors, but can be reduced by the Shareholders' Meeting.

OAO ONGG

When adopting the resolution on dividend payment (declaration), the Enterprise follows the rules of Federal Law on Joint-Stock Companies and provisions of the ONGG Articles of Association.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

1.8.2. Earnings from ordinary and preferred shares/ interests in the reporting year

OAO NGK Slavneft

No.	Security type	Yield on securities in the reporting period	
		Amount (RUB)	% to a par value
1.	Ordinary share	-	-
2.	Preferred share	Preferred shares were not issued.	

OAO Slavneft-Megionneftegaz

No.	Security type	Yield on securities in the reporting period	
		Amount (RUB)	% to a par value
1.	Ordinary share	-	-
2.	Preferred share	-	-

OAO Slavneft-YaNOS

No.	Security type	Yield on securities in the reporting period	
		Amount (RUB)	% to a par value
1.	Ordinary share	-	-
2.	Preferred share	-	-

OAO ONGG

No.	Security type	Yield on securities in the reporting period	
		Amount (RUB)	% to a par value
1.	Ordinary share	-	-
2.	Preferred share	-	-

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it

is not a public enterprise.

1.8.3. Report on payment of the declared (accrued) dividends on shares/ interests of the Slavneft Group Enterprises

OAo NGK Slavneft

On June 30, 2015, the Annual General Meeting of Slavneft's Shareholders passed the resolution (Minutes of Meeting No.50) not to declare the dividends on Company's ordinary shares under performance results of the 2014 financial year.

In the reporting period, the General Meeting of Company's Shareholders did not pass resolutions on payment of interim dividends (under QI/ HI/ 9-month performance results).

OAo SN-MNG

On June 25, 2015, the Annual General Meeting of SN-MNG's Shareholders passed the resolution (Minutes of Meeting No.42) not to declare the dividends on ordinary and preferred shares under performance results of the 2014 financial year.

In the reporting period, the General Meeting of Enterprise's Shareholders did not pass resolutions on payment of interim dividends (under QI/ HI/ 9-month performance results).

OAo Slavneft-YaNOS

In accordance with Sub-Clause 5 of Article 10.2 of the Slavneft-YaNOS Articles of Association, the draft resolution on payment (declaration) of dividends on SN-YaNOS's shares is submitted for consideration of the Annual General Shareholders Meeting upon its approval by the Board of Directors.

Under Minutes No.6 of the SN-YaNOS Board Meeting dd. May 12, 2015, the draft resolution on the specified item was not approved. Voting on that item included into the agenda of the Annual General Meeting of Enterprise's Shareholders was not carried out.

In the reporting period, the General Meeting of SN-YaNOS's Shareholders did not pass resolutions on payment of interim dividends (under QI/ HI/ 9-month performance results).

OAo ONGG

On June 23, 2015, the Annual General Meeting of ONGG's Shareholders passed the resolution (Minutes of Meeting No.26) not to declare the dividends on ordinary and preferred shares under performance results of the 2014 financial year.

In the reporting period, the General Meeting of Enterprise's Shareholders did not pass resolutions on payment of interim dividends (under QI/ HI/ 9-month performance results).

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

1.9. Information about observance of the Corporate Governance Code by the Slavneft Group Enterprises

The Public Enterprises of the Slavneft Group strive for observing the corporate governance principles based on regulations of the respective Russian legislation, Russian Corporate Governance Code recommended by Letter No.06-52/ 2463 of the Bank of Russia dd. April 10, 2014 (hereinafter referred to as the Corporate Governance Code), and applicable international corporate governance standards.

Observance of the corporate governance principles by the Public Enterprises of the Slavneft Group was assessed using the following procedure: Slavneft had developed a questionnaire on the basis

of the corporate governance principles and recommendations to these principles set forth in the Corporate Governance Code. The questionnaire includes 7 sections. The content of these sections reflects the corporate governance principles and recommendations thereto.

Scores for observance of the Corporate Governance Code principles and recommendations were determined.

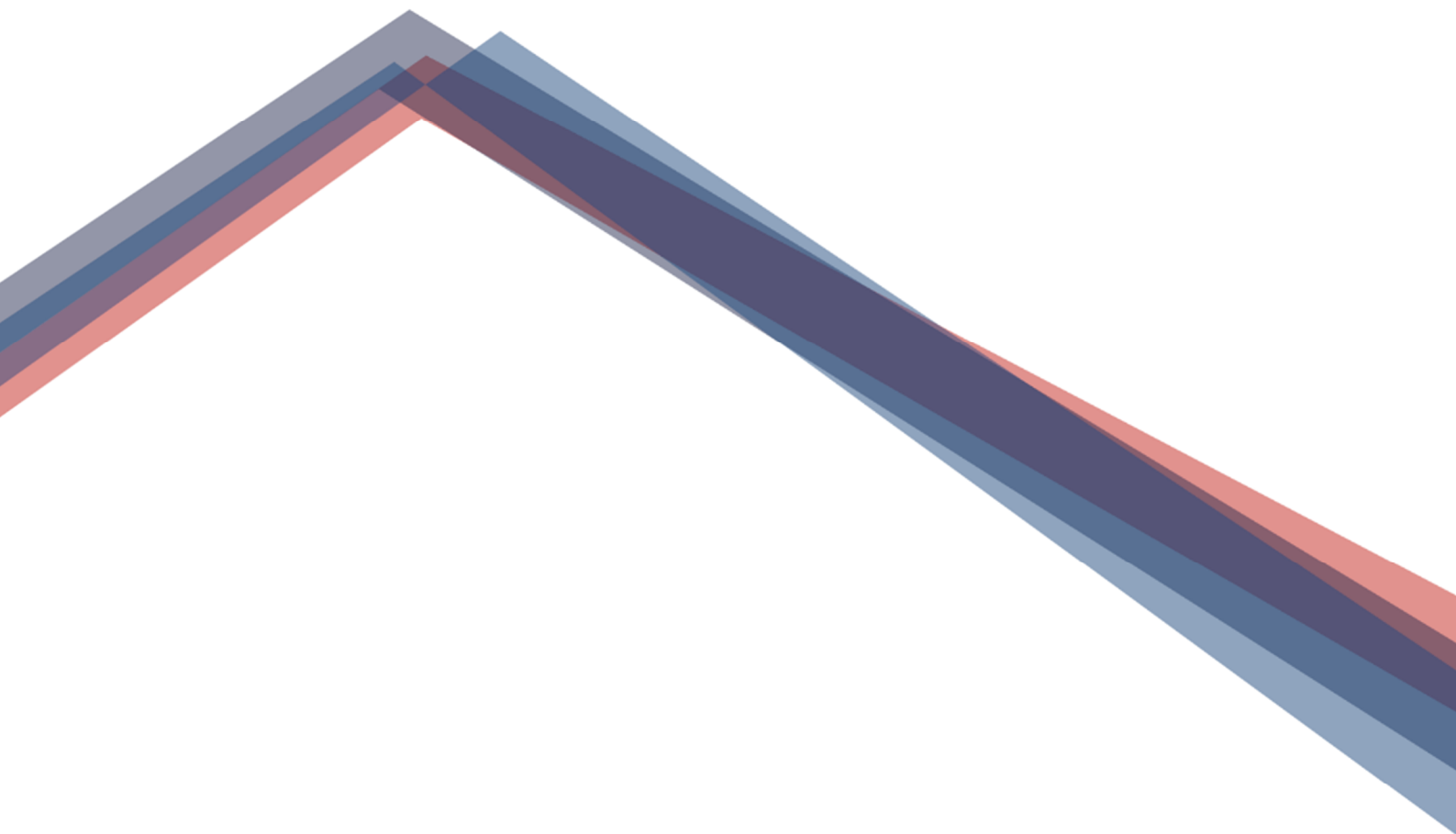
The report on observance of the principles and recommendations set forth in the Corporate Governance Code contains the information on observance of these principles and recommendations by the Public Enterprises of the Slavneft Group; reasons for partial observance of these principles or for failure to observe them are explained in the report.

The reports on observance of the principles and recommendations set forth in the Corporate Governance Code by the Slavneft Group Enterprises are disclosed in the Annual Reports of these Enterprises, which are posted on the following web-sites:

- www.sn-mng – for OAO SN-MNG;
- www.refinery.yaroslavl.ru – for OAO Slavneft-YaNOS;
- www.slavneft.ru, the respective information is also disclosed in Clause 1.9 of the main part of this Annual Report – for OAO NGK Slavneft.

The Code of Corporate Conduct (Governance) of Open Joint-Stock Oil and Gas Company Slavneft was approved in the Company (Resolution of the Slavneft Board of Directors dd. November 17, 2008, Minutes of Meeting No.1). The Code can be reviewed on the Company's web-site: http://www.slavneft.ru/_upload/doc/corp_behav_codex.pdf.

The corporate governance model, which is in effect in the Slavneft Group Enterprises, serves to ensure making of effective managerial decisions that facilitate the progressive and sustainable development of the Enterprises in the interests of all shareholders.



II. DESCRIPTION OF THE SLAVNEFT GROUP BUSINESS

2.1. Priority types of the Slavneft Group business

The Slavneft Group Enterprises form the vertically integrated holding structure, which ensures the full operating cycle starting from field development and hydrocarbons production to feedstock refining.

The main (priority) types of the **Slavneft** business are as follows:

- Crude oil and gas production;
- Management of holding companies.

The main type of the **SN-MNG** business is as follows:

- Crude oil and gas production.

The main type of the **Slavneft-YaNOS** business is as follows:

- Manufacturing of petroleum products.

The main type of the **ONGG** business is as follows:

- Crude oil and gas production.

The main types of the **Slavneft-Krasnoyarskneftegaz** business are as follows:

- Exploration, geophysical and geochemical jobs;
- Crude oil and gas production.

The main type of the **Slavneft-Nizhnevartovsk** business is as follows:

- Crude oil and gas production.

2.1.1. Brief description of the Slavneft Group's priority activities

EXPLORATION AND CRUDE OIL PRODUCTION

Resource base

As of January 01, 2016, ABC₁ remaining recoverable oil reserves of the Slavneft Group made 704.2 million tons, including 542.5 million tons in West Siberia (KhMAO) and 161.7 million tons in the Krasnoyarsk region. In 2015, the increment in C₁ recoverable oil reserves totally for the Slavneft Group was equal to 26.3 million tons, including 6.5 million tons due to exploration jobs. The increment in C₁ crude oil reserves made 24.2 million tons in KhMAO and 2.1 million tons in the Krasnoyarsk region.

In the reporting period, the resource base was developed due to performing a set of exploration jobs.

Testing of 2 exploration wells in the Tailakovskoye field and appraisal well 3031 in the Zapadno-Ust-Balytsky LA was completed. In 2015, exploration drilling in physical terms was fulfilled for 100% in KhMAO (the Megion Block).

Testing of the Abr-4 well was completed in the Krasnoyarsk region; this scope of work was shifted from 2014. Exploration drilling was executed for 100% totally for the Company.

Crude oil production

In 2015, ***crude oil production*** for the Slavneft Group made 15,475.4 thousand tons. In the reporting period, 15,433.399 thousand tons of crude oil was extracted from the license areas of the Megion Block's Production Enterprises.

In the reporting period, 42.005 thousand tons of crude oil was extracted from appraisal and producing wells of the Kuyumbinskoye field.

In the reporting period, the average oil well rate for the Slavneft Group made 11.3 tpd. The daily average oil production was equal to 42,398 tpd.

In the reporting period, the oil water cut made 92%.

In 2015, **oil delivery** to OJSC Transneft totally for the Company made 15,420.4 thousand tons.

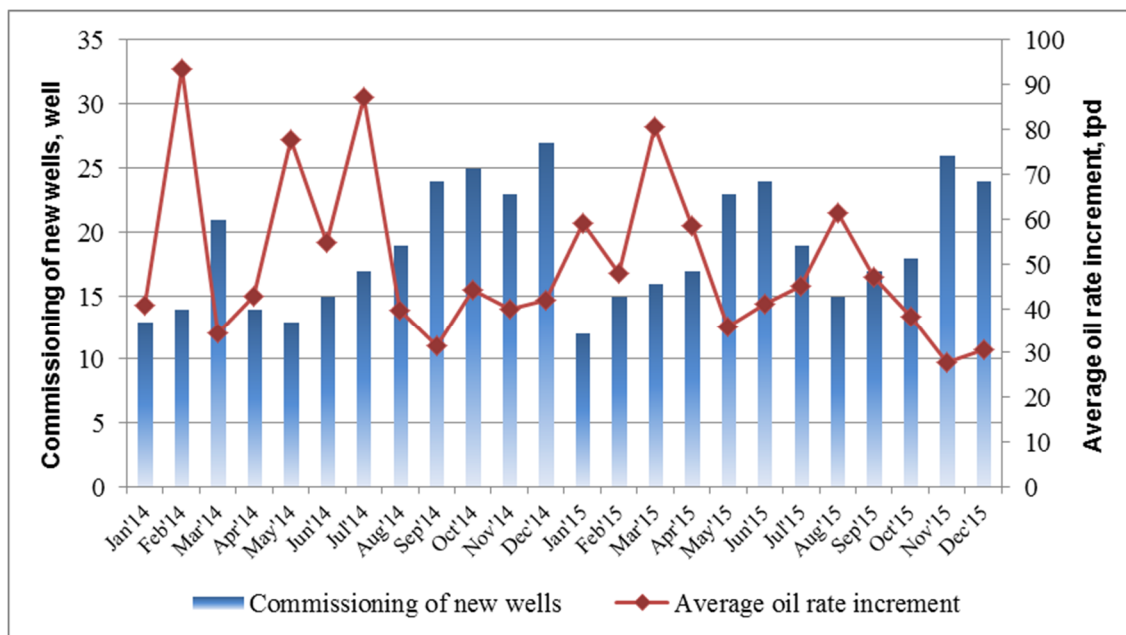
In the reporting period, **gas production** for the Slavneft Group was recorded at the level of 915.7 mln m³. Gas was supplied to the Nizhnevartovsk Gas Processing Plant and Belozyorny Gas Treatment Complex from the Megionskoye, Yuzhno-Aganskoye, Aganskoye, Mykhpaiskoye, Vatinskoye, Severo-Pokurskoye, Lugovoye, Ketovskoye, Severo-Orekhovskoye, Uzunskoye, Kysomskoye fields. On July 30, 2015, the gas pipeline of the Zapadno-Ust-Balykskoye field from the *Booster Pump Station to the Yuzhno-Balyksky Gas Treatment Complex* was put into operation; APG is delivered via this pipeline to the Yuzhno-Balyksky Gas Treatment Complex. Besides, APG was used for in-house needs, i.e. in boiler houses and oil heaters. APG from the left-bank fields was consumed for in-house needs: boiler houses, oil heaters, electric power generation at stand-alone gas turbine power plants and gas engine power plants; gas was sold to OOO Teploneft for heating boiler houses at the oil fields, CPF-1 and SCM³ department building. 12.7% of gas was flared as there were no facilities for gas consumption and due to GPP shutdowns. Construction of gas pipelines of the Zapadno-Asomkinskoye field and Left-Bank Group of Fields was started to achieve 95% of APG utilization.

In 2015, **gas delivery** to GPP increased by 2.9% against the previous year volume and made 702.8 mln m³. The APG utilization was equal to 87.3%.

Oil production from 229 new wells made 1,127.7 thousand tons. The average flow rate of the new wells was equal to 35.3 tpd. In the reporting period, the production drilling progress made 1,138 thousand meters of the rock.

The dynamics of new well commissioning and average oil production rate is show in Figure 1.

Figure 1. Dynamics of new well commissioning and average oil production rate



Besides, 129 **sidetracking jobs** were fulfilled to receive the incremental oil production. 343.1 thousand tons of crude oil was produced due to those jobs.

Hydraulic fracturing was carried out in 167 wells. The incremental oil production due to hydraulic fracturing made 188.7 thousand tons.

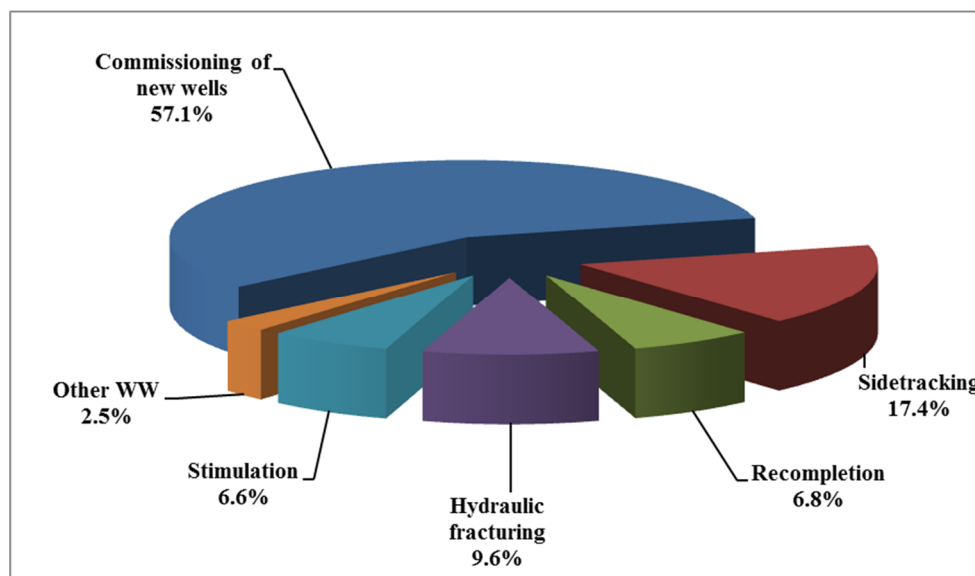
The average oil rate increment per well achieved 6.8 tpd.

³ SCM means supply chain management

350 other WW operations (*recompletion, stimulation, squeeze cementing, casing patch, accident containment*) were performed *in 2015*; this number is 4% above the number of jobs planned. The total oil production increment due to these types of WW operations made 314.8 thousand tons.

In general, *the incremental oil production* amounted to 1,974.3 thousand tons. The structure of incremental oil production by types of WW operations is shown in Figure 2.

Figure 2. Structure of incremental oil production by types of WW operations



In the reporting period, *the base oil production* made 13,501.1 thousand tons.

As of January 01, 2016, the Company's *operating oil well stock* consisted of 4,443 wells.

1,925 workover jobs and 3,181 well servicing jobs were fulfilled on the operating well stock.

In the reporting period, the average MTBF of the pumping equipment grew by 10% versus 2014. Such indicator was achieved due to implementation of the Action Program for the average MTBF increase in order to reduce downhole equipment failures and mitigate risks of the base oil production losses.

CRUDE OIL REFINING

Oil processing is performed by two Refineries, including OAO Slavneft-Yaroslavnefteorgsintez, which is a fuel and lube refinery, and OAO Mozyr Refinery, which is a fuel refinery.

The technological process of OAO Slavneft-Yaroslavnefteorgsintez is based on three units for crude oil distillation with the total capacity of 15,000.0 MTA.

The technological process of OAO Mozyr Refinery is based on two LK-6U combined units, which ensure the distillation of crude oil in the volume of 12,031.5 MTA.

In 2015, the total volume of raw hydrocarbons processing by the Company's Refineries made 27,557.5 thousand tons.

The key performance indicators of the Company's Refineries are disclosed in the table below.

Table. Key performance indicators of the Refineries

Refinery	Oil refining volume*, ths tn		Oil refining depth, %		Yield of light oils**, %	
	2014	2015	2014	2015	2014	2015
OAO Slavneft-YaNOS	15,302.5	15,266.9	63.31	65.76	53.92	55.51
OAO Mozyr Refinery	12,225.5	12,290.6	73.6	73.66	58.2	57.22

* Volume of raw hydrocarbons refining for utilization of the crude capacities

** The yield of light oils is calculated on the basis of desalted oil.

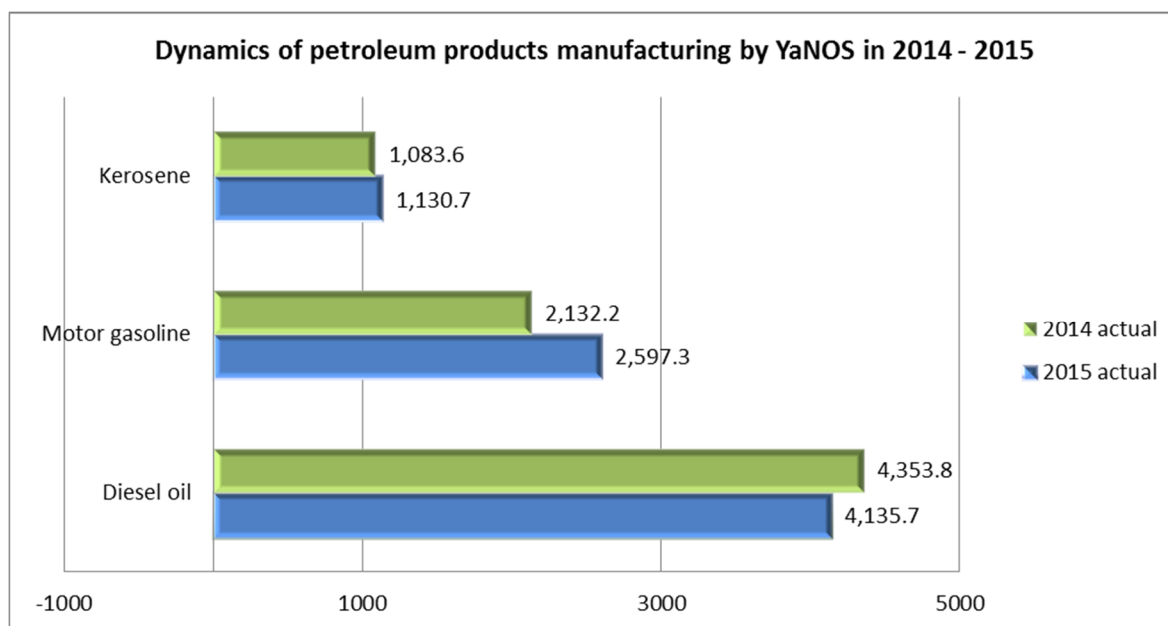
Open Joint-Stock Company Slavneft-Yaroslavnefteorgsintez

In 2015, the volume of raw hydrocarbons refining made 15,266.9 thousand tons.

2015 key performance results:

1. The permits for commissioning of 3 Gasoline Pool Units, which had been revamped in 2014, were received.
2. The Unit of kerosene/ diesel oil leak-proof loading in rail tank cars was constructed, launched and put into operation.
3. Construction and assembly works for the Unit of black oil leak-proof loading in rail tank cars were started.
4. Survey jobs for revamping of the VT-3/ VT-6 Vacuum Distillation Blocks and Visbreaking Unit were started.
5. Construction of the Hydrocracking Block of the Group III Lubes Production Unit is currently underway.
6. The FEED works for construction of the Advanced Oil Refining Plant are underway.

The dynamics for manufacturing of main petroleum products by OAO Slavneft-Yaroslavnefteorgsintez is shown below:



In the reporting period, the Refinery produced 8,474.2 thousand tons of light oils, including:

- 2,597.3 thousand tons of motor gasoline. All produced gasolines conform to the 5th class of the Technical Regulations;
- 1,130.7 thousand tons of aviation kerosene;
- 4,135.7 thousand tons of diesel oil. All produced diesel oil conforms to the 5th class of the Technical Regulations.

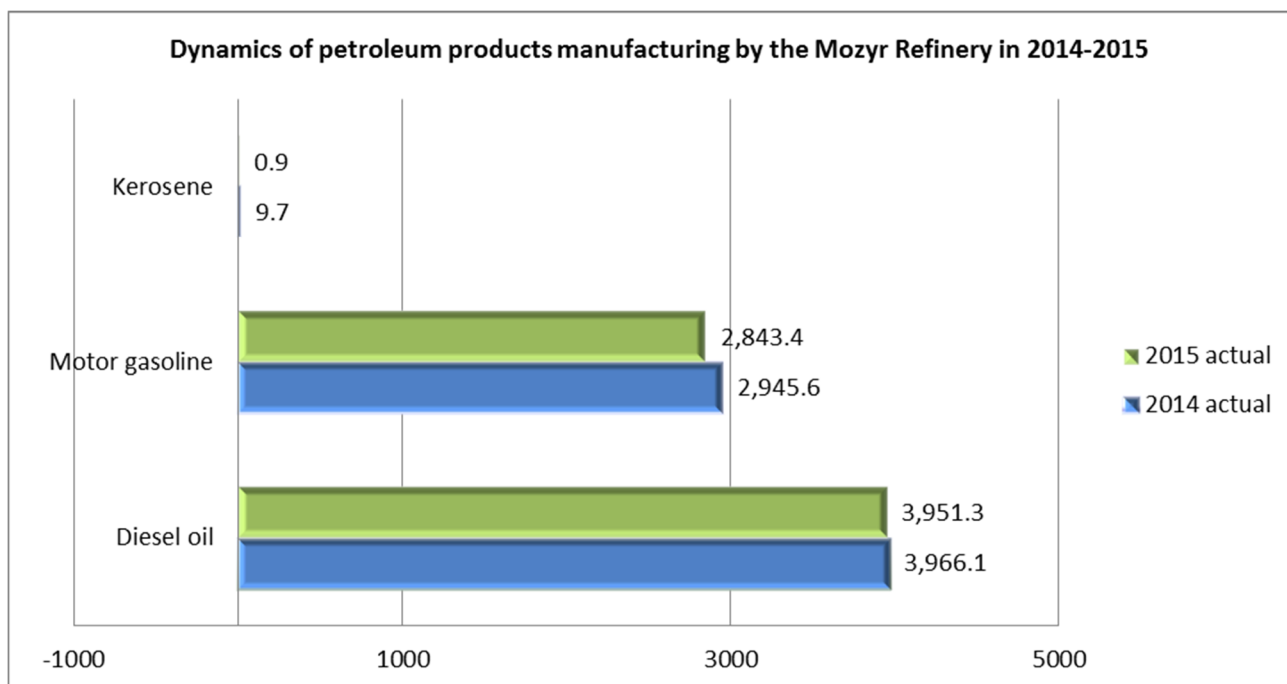
The yield of light oils made 55.51%.

Open Joint-Stock Company Mozyr Refinery

In 2015, the volume of raw hydrocarbons processing by OAO Mozyr Refinery was equal to 12,290.6 thousand.

In the reporting period, the Refinery processed 7,755.6 thousand tons of own feedstock and 4,535.0 thousand tons of customer-supplied feedstock.

Figure 3. Dynamics for manufacturing of main petroleum products by OAO Mozyr Refinery



* Considering shutdowns for turnaround/ maintenance and unscheduled shutdowns

Actual indicators of the production (works, services) volume in monetary and physical terms

Indicator	UoM	2014	2015
		Actual indicators	
Oil refining	ths tn	15,302.5	15,266.9
Revenue	RUB mln	197,453	224,224
Revenue from main sales	RUB mln	192,932	219,515
Crude oil	RUB mln	166,770	190,512
Gas	RUB mln	367	410
Petroleum products	RUB mln	131	275
Refining services	RUB mln	25,666	28,318
Revenue from other sales	RUB mln	4,520	4,709

2.1.2. Main types of the Slavneft Group Enterprises' products, works, services

- Crude oil production – 15,475.4 thousand tons;
- Crude oil sale – RUB 190,512 mln (net of VAT);
- APG sale - RUB 410 mln (net of VAT);
- Oil refining – 15,266.9 thousand tons. OAO Slavneft-YaNOS is a fuel and lube refinery. Motor gasolines, diesel oil, aviation kerosene, aromatic hydrocarbons, furnace fuel, lubes, paraffins and waxes are the main types of petroleum products manufactured by this Refinery.

2.2. Company Board's report on results of the Slavneft Group development by priority business types

The Company's Investment Program for oil extraction activities is focused on decreasing the oil production decline rate, developing the resource base, and enhancing the exploration performance. In 2015, the CAPEX for Upstream made RUB 40,037.3 mln. The 2015 oil production volume was equal to 15.475 million tons.

The Slavneft Investment Program for oil refining activities is focused on increasing the yield of highly marginal products, on enhancing the operations performance and reducing the irrecoverable losses, on bringing the Refineries' facilities into compliance with industrial safety requirements. In 2015, the CAPEX for Downstream made RUB 5,437.1 mln.

Information on Investment Plan execution in the reporting year by projects:

Major project	Project goal	Actual expenses for the project in the reporting year (RUB ths)*	Brief information about goal achievement/ about work progress for uncompleted projects
Kuyumbinsky LA development	Exploration and pilot development, design and survey activities (mitigation of geological and technological risks)	3,658,917	The Project is at the <i>Selection and Determination</i> stage (field pilot development)
Group III Base Oil Production Unit	Extension of the base oils production facilities	1,123,203	The Project is at the <i>Implementation</i> stage.
Substitution of the Hydrogen Unit feedstock for natural gas. Process heater switch-over from liquid fuel to natural gas		644,436	The Project is at the <i>Implementation</i> stage.
Program for operational performance enhancement	Cost optimization and operational performance enhancement	1,073,956	The Project is at the <i>Implementation</i> stage. <ul style="list-style-type: none"> - In 2015, the irrecoverable losses made 0.79%. - In 2015, the actual energy efficiency indicator amounted to 108.3. - The operational availability index was equal to 95.6 in 2015.

* Actual CAPEX for the Projects

2.3. Prospects for the Slavneft Group development. Information on the programs (projects), which are planned to be implemented in 2016

Within the 10Y period, the Company plans to develop the assets in the Khanty-Mansi Autonomous Area. As for crude oil production, the main volume of investments will be allocated for implementation of the Program on oil production maintenance and enhanced oil recovery in the Meign Block Brownfields, as well as for execution of the actions on increased APG utilization.

It is planned to carry out pilot development of the Kuyumbinskoye field (Krasnoyarsk region) in order to further define the reserves volume and quality; exploration of other promising fields in the Krasnoyarsk region is ongoing. It is assumed to start making major investments in the Krasnoyarsk region fields in 2018 considering the deadlines for constructing the transportation infrastructure of

the oil production region.

The major Downstream Projects are construction of the Group III Base Oil Production Unit and process heater switch-over from liquid fuel to natural gas.

Major project	Due date	Project goal
Kuyumbinsky LA development	Phase I shall be brought into development in 2018.	Exploration and pilot development, design and survey activities (mitigation of geological and technological risks)
Group III Base Oil Production Unit	The Project is at the <i>Implementation</i> stage.	Extension of the base oils production facilities
Substitution of the Hydrogen Unit feedstock for natural gas. Process heater switch-over from liquid fuel to natural gas	The Project is at the <i>Implementation</i> stage.	Cost optimization and operational performance enhancement
2016-2020 program for operational performance enhancement	The Project is at the <i>Implementation</i> stage.	

2.4. Slavneft Group's position in the industry

2.4.1. Industry sector profile of the Slavneft Group Enterprises

Name	OKVED codes of the main business types	
1	2	
OAO NGK Slavneft	11.10	Crude oil and gas production
	74.15.2	Activity for management of holding companies
OAO SN-MNG	11.10.11	Production of crude oil and petroleum (associated) gas
OAO Slavneft-YaNOS	23.20	Manufacturing of petroleum products
OAO ONGG	11.10.11	Production of crude oil and petroleum (associated) gas
	74.20.2	Exploration, geophysical and geochemical works
OOO Slavneft-Krasnoyarskneftegaz	11.10.11	Production of crude oil and petroleum (associated) gas
	11.10.11	Production of crude oil and petroleum (associated) gas

2.4.2. Markets for selling products (works, services) of the Slavneft Group main Enterprises

The Slavneft Group Enterprises sell crude oil and associated petroleum gas, render oil refining services (OAO Slavneft-YaNOS) in the domestic market of the Russian Federation. Main buyers (consumers), which procure 10% and more of the Slavneft Group Enterprises' products (works, services), are legal entities registered in the Russian Federation.

Information by regions of buyers' presence

Product	% in the total volume of revenues from sales
Crude oil is sold to producers' metering stations in West Siberia.	100%
Associated petroleum gas is sold to GPP of West Siberia.	100%

2.4.3. Main competitors of the Slavneft Group Enterprises

Crude oil and associated petroleum gas are sold, and oil refining services are rendered in the domestic market of the Russian Federation. Russian vertically integrated oil companies can be considered as the potential competitors of the Slavneft Group Enterprises.

Oil production by Russian oil companies in 2015 (ths tn):

Company	2014	2015
PJSC LUKOIL	86,571.31	85,654.336
OJSC Surgutneftegaz	61,425.0	61,621.549
PJSC Tatneft named after V.D. Shashin	26,529.17	27,248.518
PJSOC Bashneft	17,940.753	19,919.276
OAO NGK Slavneft (Group)	16,185.584	15,475.404
AO NK RussNeft	8,552.061	7,387.027

OAO Slavneft-YaNOS is among the top five Russian refineries in terms of crude oil distillation volumes. In 2015, the YaNOS share in the all-Russia oil processing volume made 5.4%.

In 2015, the domestic market segment of light oils manufacturing occupied by Slavneft-YaNOS was characterized by the following indicators:

- 6.6% of motor gasoline;
- 11.6% of aviation kerosene;
- 5.4% of diesel oil of the entire volume produced by Russian refineries.

The main competitive advantage of Slavneft-YaNOS is that at present the Enterprise is among the leading domestic refineries due to multi-year gradual upgrading of the process facilities. Since July 2012, the Refinery has been producing the entire volume of motor fuels in compliance with the EURO-5 standard. Due to completion of the Gasoline Pool Unit revamping in 2014, Slavneft-YaNOS managed to increase the motor gasoline output; introduction of the catalytic dewaxing process enabled the Refinery to upscale the yield of diesel oil with improved low-temperature properties and offer an additional volume of jet fuel to the market.

2.5. Utilities consumption by the Slavneft Group Enterprises

OAO NGK Slavneft

The following utilities purchased from suppliers were consumed by Slavneft in the course of the main operating activity in 2015:

Type of utilities	Consumption volume in physical terms	UoM	Consumption in RUB ths
Nuclear power		not consumed	
Thermal power	882	Gcal	1,109
Electric power	915,816	kWh	3,580
Electromagnetic power		not consumed	
Crude oil		not consumed	
Motor gasoline	14,105	l	410
Diesel oil	29,592	l	831
Fuel oil		not consumed	
Natural gas		not consumed	
Coal		not consumed	
Combustible shale		not consumed	
Peat		not consumed	
Other		not consumed	

OA0 Slavneft-YaNOS

The following utilities purchased from suppliers were consumed by Slavneft-YaNOS in the course of the main operating activity in 2015:

Type of utilities	Consumption volume in physical terms	UoM	Consumption in RUB ths
Nuclear power		not consumed	
Thermal power	not consumed	-	-
Electric power	1,129,235	ths kWh	2,730,602
Electromagnetic power		not consumed	
Crude oil		not consumed	
Motor gasoline	98	ths l	2,541
Diesel oil	196	ths l	5,251
	43	tn	1,348
Fuel oil		not consumed	
Natural gas	22,081	tn	143,852
Coal		not consumed	
Combustible shale		not consumed	
Peat		not consumed	
Heating water	105,202	Gcal	93,431
	363,571	tn	8,375
Chemically treated water	9,077	Gcal	7,970
	452,344	tn	22,039
Steam	1,016,283	Gcal	981,954
	1,427,130	tn	41,820

OA0 SN-MNG

Information about the volume of each type of the utilities consumed by the Enterprise in the reporting year, including utilities consumed by the Enterprise when rendering the operator oil and gas production services, in physical and monetary terms by license holders:

Type of utilities	Consumption volume in physical terms	UoM	Consumption in RUB ths
Nuclear power		not consumed	
Thermal power	80,633.0	Gcal	193,927
Electric power	4,086,890.4	ths kWh	8,602,822
Electromagnetic power		not consumed	
Crude oil	3.9	ths tn	40,991
Motor gasoline	66.6	tn	1,841
Diesel oil	45,647.9	tn	1,867,590
Fuel oil		not consumed	
Natural gas	61.9	mIn m ³	26,707
Coal		not consumed	
Combustible shale		not consumed	
Peat		not consumed	
Other fuel & lubricants	162.2	tn	21,830

OA0 ONGG

The following utilities purchased from suppliers were consumed by ONGG in the course of the main operating activity in 2015:

Type of utilities	Consumption volume in physical terms	UoM	Consumption in RUB ths
Thermal power	These types of utilities are consumed by the Enterprise to ensure operation of the office. The office is rented. The indicators of consumed utilities in physical and		

Type of utilities	Consumption volume in physical terms	UoM	Consumption in RUB ths
Electric power	monetary terms are not of major importance.		
Nuclear power, electromagnetic power, crude oil, motor gasoline, diesel oil, fuel oil, natural gas, coal, combustible shale	not consumed		

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

III. DESCRIPTION OF THE MAIN RISK FACTORS RELATED TO THE BUSINESS OF THE SLAVNEFT GROUP ENTERPRISES

3.1. Industry risks by types of the Slavneft Group Enterprises' business

Slavneft and its Enterprises hold the licenses for oil and gas exploration, prospecting, and production in 31 subsoil areas. 35 oil and gas fields are located in 30 of these subsoil areas, including:

- Aganskoye, Vatinskoye, Megionskoye, Mykhpaiskoye, Severo-Pokurskoye, Yuzhno-Aganskoye, Ketovskoye, Pokamasovskoye, Yuzhno-Pokamasovskoye, Zapadno-Pokamasovskoye, Severo-Ostrovnoye, Novo-Pokurskoye, Lugovoye, Lokosovskoye, Yuzhno-Ostrovnoye, Tailakovskoye, Travyanoye, Achimovskoye, Chistinnoye, Zapadno-Chistinnoye, Severo-Orekhovskoye, Arigolskoye, Maksimkinskoye, Kysomskoye, Ininskoye, Vakhs koye, Vostochno-Okhteurskoye, Malochernogorskoye, Uzunskoye, Zapadno-Ust-Balykskoye, Zapadno-Asomkinskoye, Ostrovnoye, and Fainskoye fields in the Khanty-Mansi Autonomous Area–Yugra;
- Kuyumbinskoye field territorially located in three license areas (Kuyumbinsky, Kordinsky, and Abrakupchinsky) and the northern part of the Yurubcheno-Tokhoms koye field (in the Tersko-Kamovskoye license area) in the Krasnoyarsk region.

Proved oil reserves, which correspond to the definitions of such reserves described in the rules and regulations of the U.S. Securities and Exchange Commission (SEC), made 244.738 million tons and 241.178 million tons as of January 01, 2015 and as of January 01, 2016, respectively. Considering the 2015 oil production (15.475 million tons), the oil reserves increment made 11.915 million tons in 2015.

The high priority is assigned to development of the resource base and oil production. The Slavneft Enterprises use the high-performance subsurface exploration methods. In recent years, crude oil production decreased due to high water cut of the formations and reduction in the oil flow rate in the KhMAO-Yugra Brownfields, which are at the last near-depleted development stage. At present, reserves depletion in most of these fields, which were put into operation more than 25 years ago, exceeds 50%; reserves depletion is equal to 75-80% in some of these fields. Oil production drop is also stipulated by the deteriorated quality of the reserves that are brought into development in recent years. The Company tends to stop the oil production decrease by actively extending the production base of such Greenfields, as the Achimovskoye, Tailakovskoye, Chistinnoye, Uzunskoye, Lugovoye, Zapadno-Ust-Balykskoye fields, which development was started in recent years. The operating well stock is being increased. A full range of wellwork jobs, including, along with production drilling, hydraulic fracturing, sidetracking, recompletion, inflow stimulation, and other jobs, are fulfilled and the enhanced oil recovery methods are applied.

The Slavneft Group is among the industry leaders in manufacturing of high-quality petroleum products. A range of the products manufactured includes high-octane motor gasoline, eco-friendly diesel oil, aviation turbine kerosene, jet fuel oil, lubricants, roof / road / construction bitumen, paraffins and waxes, aromatic hydrocarbons, and furnace fuel oil. The Company was among the first in the country (2003 - 2007), which mastered production of motor fuels conforming to the Euro-4/Euro-5 emission standards.

Since July 01, 2012, all manufactured gasolines and diesel oil have been in compliance with the up-to-date Euro-5 standard. The Refinery Upgrading Program was approved and is being implemented at the moment. Step-by-step upgrading of the process facilities facilitated the oil processing depth increase from 60.4% in 2002 up to 65.76% in 2015; the yield of light oils grew from 50.86% up to 55.5% within the same period.

The Oilfield Service Enterprises fulfill drilling jobs, in the first instance, for needs of the Slavneft

Group's Production Enterprises. The Company approved and is implementing the Drilling Equipment Fleet Upgrading Program aimed at ensuring the Operational Program performance, mitigating the accident risk, and eliminating the risk of drilling suspension due to Rostekhnadzor improvement notices.

3.2. Financial risks

3.2.1. Risks related to funds raising

The portfolio of Slavneft Group Enterprises' borrowed funds mainly consists of long-term loans denominated in US dollars and rubles. Interest rates on a part of loans are not fixed and change depending on the levels of funding cost indicators in interbank markets (the Bank of Russia key rate – for the loans denominated in rubles and LIBOR – for the loans denominated in US dollars). The increase in these interest rates may cause the appreciation of Group's debt servicing. The rise in loan costs may have a negative impact on financial solvency and liquidity indicators. For management of the rate risk, the Slavneft Group diversifies the debt portfolio by including instruments with the fixed and floating interest rates therein.

The Slavneft Group ensures availability of the sufficient funds for proper execution of loan commitments. No facts of failure to execute the Group's loan commitments in due time were discovered.

3.2.2. Risks related to change in currency exchange rates

All revenues of the Slavneft Group Enterprises are denominated in Russian rubles. Main expenses and a great part of financial liabilities are also denominated in Russian rubles. But availability of the financial liabilities denominated in USD exposes the Slavneft Group to the risk related to changes in the exchange rates of foreign currencies against the Russian ruble. The Company holds activities for decreasing a share of financial liabilities denominated in foreign currencies in the debt portfolio.

3.3. Legal risks

As of December 31, 2015, the Slavneft Group Enterprises didn't have any material court proceedings that may have an impact on its financial and economic activity.

On a regular basis, the Enterprises monitor verdicts delivered by Supreme Courts, assess trends in the law enforcement practice generated at the level of district commercial courts, and actively use this practice not only during protection of their rights and legal interests through judicial proceedings, but also during settlement of law matters that arise in the course of Enterprises' normal business. Thus, the risks related to changes in the judicial practice are believed to be negligible.

No restrictions were imposed on the Enterprises' activity; no property of the Enterprises was seized.

The more detailed information about legal proceedings of the Slavneft Group Public Enterprises is disclosed in the Annual Reports of these Enterprises, which are posted on the following web-sites:

- www.sn-mng.ru, www.e-disclosure.ru/portal/company.aspx?id=568 – for OAO SN-MNG;
- www.refinery.yaroslavl.ru, www.e-disclosure.ru/portal/company.aspx?id=947 – for OAO Slavneft-YaNOS;
- www.slavneft.ru, www.e-disclosure.ru/portal/company.aspx?id=560, and the respective information is specified in Clause 3.3 of the main part of this Annual Report – for OAO NGK Slavneft.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

3.4. Other risks related to the business of the Slavneft Group Enterprises

The Slavneft Group Enterprises take all the actions necessary for receiving licenses, keeping them in force, and mitigating the probability of license suspension, change or withdrawal; the Enterprises also implement the programs aimed at fulfillment of license obligations.

At the moment of this Report preparation, the Slavneft Group Enterprises did not have any risks, which might significantly influence the Enterprises' business and which were related to the probability of incurring the liability for third parties' debts, under which a surety, guarantee, and surety for a bill had been granted.

The operating activity of the Slavneft Group Enterprises, which covers exploration of oil and gas fields, drilling of new wells and maintenance of acting well performance, crude oil transportation and refining, storage and delivery of petroleum products, is a complicated process associated with a wide range of technical risks.

Sustainable work of the Slavneft Group Enterprises for PP&E maintenance and upgrading, selection of highly qualified specialists and cooperation with the leading Russian and international scientific organizations specialized in the oil industry enabled to mitigate the impact of technical risks on the operating processes.

Property, plant and equipment are regularly assessed for their conformance to the applicable industrial safety laws and regulations; the actual condition of the equipment, technical devices and pipelines is inspected. Programs and methods for industrial and occupational safety training and certification of the Enterprises' personnel, including the programs and methods for incident/emergency response activities, are constantly enhanced and supported.

The operating activities of the Slavneft Group Enterprises have a significant impact on the environment of the regions where these activities are performed. The Enterprises envisage the actions that are necessary for execution of all jobs in line with the environment protection requirements.

All Enterprises of the Slavneft Group carry out the intensive work focused on enhancing environmental safety of the production facilities.

In order to prevent oil spillage and soil contamination, the Oil Production Enterprises of the Slavneft Group fulfill regular jobs on ensuring the field pipeline integrity. The Company developed and is implementing the Action Program on Associated Gas Utilization Enhancement to meet the legislation requirements about 95% associated gas utilization by oil production companies (the law came into force on January 01, 2012) and to mitigate the risk of penalties for associated gas excessive flaring. The Program includes the actions for construction of APG collection systems, gas turbine/ gas engine power plants, and increase in gas deliveries to GPP.

The operating activity of the Slavneft Group Enterprises is exposed to the negative impact of natural factors (fires, floods and other natural calamities).

The important lines of the Slavneft Enterprises' activity are as follows:

- Permanent improvement of the HSE status, guarantee of control over fulfillment of HSE obligations;
- Continuous decrease in the indicators of occupational injuries, accidents and environment adverse impact;
- Increase in occupational and environmental safety of the production facilities.

The Slavneft Group Enterprises perform the risk insurance in accordance with the RF legislation requirements.

IV. REPORT ON THE FINANCIAL AND ECONOMIC ACTIVITY OF THE SLAVNEFT GROUP ENTERPRISES IN 2015

4.1. Key operating and economic indicators of the Slavneft Group Enterprises

The key operating and economic indicators of the Slavneft Group are disclosed in accordance with the data of the Consolidated Financial Statements prepared under IFRS.

The information specified below does not contain Mozyr Refinery's indicators, as they are not included into the 2014-2015 consolidation perimeter.

No.	Indicator	UoM	2015	2014	Variance (ea)	Variance (%)
1	2	3	4	5	6	7
1	Raw hydrocarbons production					
1.1	Crude oil and gas condensate	ths tn	15,475.4	16,185.6	-710.2	-4.4
1.2	Associated petroleum gas (APG)	mln m ³	915.7	870.9	44.8	5.1
2	Process losses during crude oil production	ths tn	7.3	12.0	-4.7	-39.3
3	Crude oil delivery to OJSC Transneft	ths tn	15,420.4	16,046.2	-625.8	-3.9
4	Average oil well rate*	tpd				
4.1	West Siberia (KhMAO)	tpd	11.3	12.2	-0.9	-7.1
4.2	Krasnoyarsk region	tpd	38.5	38.7	-0.2	-0.6
5	Operating well stock*					
5.1	West Siberia (KhMAO)	well	3,975.0	3,881.0	94.0	2.4
5.2	Krasnoyarsk region	well	16.0	13.0	3.0	23.1
6	Volume of customer-supplied feedstock (raw hydrocarbons) refining	ths tn	15,266.9	15,302.5	-35.6	-0.2
7	Revenue from sales, including:	RUB mln	224,224	197,453	26,771	13.6
7.1	from sale of crude oil	RUB mln	190,512	166,770	23,742	14.2
7.2	from sale of services on crude oil and other feedstock refining	RUB mln	28,318	25,666	2,652	10.3
8	Revenue from sale of crude oil per ton of the oil produced	RUB/t	12,311	10,304	2,007	19.5
9	Revenue from sale of services on crude oil and other feedstock refining per ton of the feedstock refined	RUB/t	1,855	1,677	178	10.6
10	Production costs (operating costs, except for the goods for resale + selling, G&A expenses + cost of other products sale net of amortization and taxes), including:	RUB mln	54,634	53,241	1,393	2.6
10.1	crude oil production costs**	RUB mln	38,398	37,261	1,137	3.1
10.2	costs of crude oil and other feedstock refining**	RUB mln	12,045	12,340	-295	-2.4
11	Costs per ton of the crude oil produced**	RUB/t	2,481	2,302	179	7.8
12	Production costs per ton of the feedstock refined**	RUB/t	789	806	-17	-2.1
13	Net income/ loss	RUB mln	19,566	-10,282	29,848	-290.3
14	Net income/ loss to revenue	%	9	-5	14	-280.0

* - The indicators are shown separately by the regions, since the Production Enterprises are at different oil production stages.

** - Production costs include operating costs, except for the goods for resale + selling, general and administrative expense + cost of other products sale, net of amortization and taxes.

4.2. Analysis of the Group's financial position and brief explanatory notes to the 2015 Financial Statements of the Slavneft Group prepared under IFRS

4.2.1 Analysis of change in the assets/ liabilities structure of the Slavneft Group in 2015

RUB mln

Line of the Consolidated Financial Position Statement	Variance in physical terms				Variance of the specific weight in assets/ liabilities		
	As of 31.12.2014	As of 31.12.2015	Variance	Variance in % against the period beginning	Specific weight in assets/ liabilities as of the period beginning	Specific weight in assets/ liabilities as of the period end	Specific weight variance
Assets							
Non-current assets							
PP&E	257,948	275,868	17,920	6.9	85.7	88.4	2.7
Financial investments	313	313	-	0.0	0.1	0.1	0.0
Deferred tax assets	7,701	8,096	395	5.1	2.6	2.6	0.0
Other non-current assets	3,705	3,800	95	2.6	1.2	1.2	0.0
Total non-current assets	269,667	288,077	18,410	6.8	89.6	92.3	2.7
Current assets							
Inventory	6,521	6,602	81	1.2	2.2	2.1	-0.1
Accounts receivable and prepayment	8,880	8,062	(818)	-9.2	3.0	2.6	-0.4
Accounts receivable related to income tax	2,152	1,135	(1,017)	-47.3	0.7	0.4	-0.3
Cash and cash equivalents	13,709	8,078	(5,631)	-41.1	4.6	2.6	-2.0
Other current assets	15	31	16	106.7	0.0	0.0	0.0
Total current assets	31,277	23,908	(7,369)	-23.6	10.4	7.7	-2.7
Total assets	300,944	311,985	11,041	3.7			
Equity							
Shareholders' equity – ordinary shares	70	70	-	0.0	0.0	0.0	0.0
Retained earnings	14,305	24,347	10,042	70.2	4.8	7.8	3.0
Other provisions	112	62	(50)	-44.6	0.0	0.0	0.0
Additional paid-in capital	54,812	54,812	-	0.0	18.2	17.6	-0.6
Total equity related to Slavneft's shareholders	69,299	79,291	9,992	14.4	23.0	25.4	2.4
Interest of minority shareholders	71,004	80,056	9,052	12.7	23.6	25.7	2.1
Total equity	140,303	159,347	19,044	13.6	46.6	51.1	4.5
Liabilities							

Non-current liabilities							
Long-term loans and borrowings	46,592	54,562	7,970	17.1	15.5	17.5	2.0
Deferred tax liabilities	10,521	14,287	3,766	35.8	3.5	4.6	1.1
Liabilities for assets decommissioning and environment protection	12,737	13,521	784	6.2	4.2	4.3	0.1
Other non-current liabilities	1,715	2,226	511	29.8	0.6	0.7	0.1
Total non-current liabilities	71,565	84,596	13,031	18.2	23.8	27.1	3.3
Current liabilities							
Short-term loans and borrowings and current portion of long-term loans and borrowings	44,221	26,986	(17,235)	-39.0	14.7	8.6	-6.1
Accounts payable to vendors and contractors	24,553	22,699	(1,854)	-7.6	8.2	7.3	-0.9
Advances received	2,223	1,324	(899)	-40.4	0.7	0.4	-0.3
Unpaid dividends	193	63	(130)	-67.4	0.1	0.0	-0.1
Taxes payable	15,192	14,932	(260)	-1.7	5.0	4.8	-0.2
Other current liabilities	2,694	2,038	(656)	-24.4	0.9	0.7	-0.2
Total current liabilities	89,076	68,042	(21,034)	-23.6	29.6	21.8	-7.8
Total liabilities	160,641	152,638	(8,003)	-5.0	53.4	48.9	-4.5
Total equity and liabilities	300,944	311,985	11,041	3.7			

In 2015, the amount of short-term loans and borrowings decreased by RUB 17,235 mln (-39%) due to repayment of the short-term loans and borrowings and their substitution with new raised long-term loans (RUB +7,970 mln or +17%).

4.2.2 Analysis of change in the indicators of the Profit and Loss Statement and in other comprehensive income of the Slavneft Group in 2015

RUB mln

Line of Form No.2	For 12 months of 2015	For 12 months of 2014	Variance	Variance in %% against the previous period
Revenue	224,224	197,453	26,771	13.6
Operating expenses	(44,825)	(42,942)	(1,883)	4.4
Selling, general and administrative expenses	(5,873)	(6,066)	193	-3.2
Cost of other products sale	(3,514)	(3,193)	(321)	10.1
Taxes, except for the income tax	(100,001)	(97,958)	(2,043)	2.1
Depreciation and amortization	(32,169)	(30,637)	(1,532)	5.0
Expenses for exploration jobs	(623)	(1,157)	534	-46.2
Impairment and losses from assets disposal	(165)	(217)	52	-24.0
Total operating expenses and costs	(187,170)	(182,170)	(5,000)	2.7
Other operating revenue	722	759	(37)	-4.9
Operating income	37,776	16,042	21,734	135.5
Financial income	2,074	1,472	602	40.9
Financial expenses	(5,279)	(1,530)	(3,749)	245.0
Forex difference loss	(8,519)	(28,265)	19,746	-69.9

Net financial expenses	(11,724)	(28,323)	16,599	-58.6
Income/ (loss) before tax	26,052	(12,281)	38,333	-312.1
(Loss)/ profit on the income tax	(6,486)	1,999	(8,485)	-424.5
Income/ (loss) for a year related to:	19,566	(10,282)	29,848	-290.3
– Slavneft’s shareholders	10,274	(11,256)	21,530	-191.3
– interest of minority shareholders	9,292	974	8,318	854.0
Other comprehensive (loss)/ income:	(512)	406	(918)	-226.1
(Loss)/ income to be reclassified to profit or loss in subsequent periods				
Foreign exchange differences due to recalculation of foreign currency transactions	(50)	112	(162)	-144.6
(Loss)/ income not to be reclassified to profit or loss in subsequent periods				
Re-evaluation of the provision for bonus payment upon completion of the labor activity	(462)	294	(756)	-257.1
Total comprehensive income/ (loss) related to:	19,054	(9,876)	28,930	-292.9
– Slavneft’s shareholders	9,992	(10,985)	20,977	-191.0
– interest of minority shareholders	9,062	1,109	7,953	717.1

The main factors of revenue growth are an increase in the oil sale price before MET by 1,957 RUB/t or by 19% (the gain made RUB 30.8 bln) and a concurrent decrease in the oil sale volume by 625 thousand tons or by 4% (the effect made RUB -7.1 bln).

The reduction in the 2015 forex difference loss in the amount of RUB 8.5 bln against the 2014 forex difference loss in the amount of RUB 28.3 bln had a positive impact on the dynamics of net financial expenses (RUB +19.8 bln).

The growth of financial expenses was caused by a rise in interest expenses due to the increased share of loans denominated in Russian rubles in the Company’s credit portfolio (61% in 2015 against 24% in 2014).

4.3. Additional financial indicators of the Slavneft Group’s business in the reporting period

4.3.1. Information about the amount of Slavneft Group’s net assets

No.	Financial indicator	Indicator amount in the reporting period, RUB
1.	Net assets amount (RUB mln) ⁴	159,347
2.	Authorized capital (RUB mln)	70
3.	Ratio of net assets to the authorized capital (line 1 / line 2) (%)	227,639

In the reporting period, the net assets increased by RUB 19,044 mln or by 14%.

4.3.2. Information about profit application in the reporting year in accordance with the resolutions on net income distribution and cover of prior year losses adopted by General Shareholders’ Meetings

⁴ This financial indicator is determined in accordance with the Procedure for Estimation of the Cost of Joint-Stock Companies’ Net Assets approved by Joint Decree No.10H of the RF Ministry of Finance and No.03-6/П3 of the Federal Securities and Exchange Commission dd. January 29, 2003.

OAo NGK Slavneft

On June 30, 2015, the Annual General Meeting of Slavneft's Shareholders passed the resolution specified below (Minutes of Meeting No.50):

- Not to distribute the Slavneft net income under performance results of the 2014 financial year due to its lack (the Slavneft loss under performance results of the 2014 financial year made RUB 6,323,738,000);
- Not to declare dividends on Slavneft's ordinary shares under performance results of the 2014 financial year.

OAo SN-MNG

On June 25, 2015, the Annual General Meeting of SN-MNG's Shareholders passed the resolution specified below (Minutes of Meeting No.42):

- Not to distribute the Enterprise's net income due to its lack (the SN-MNG loss under the 2014 performance results made RUB 2,355,786,234.11).

OAo Slavneft-YaNOS

In accordance with Sub-Clause 5 of Article 10.2 of the Slavneft-YaNOS Articles of Association, the draft resolution on income (loss) distribution is submitted for consideration of the Annual General Shareholders Meeting upon its approval by the Board of Directors.

Under Minutes No.6 of the SN-YaNOS Board Meeting dd. May 12, 2015, the draft resolution on the specified item was not approved. Voting on that item included into the agenda of the Annual General Meeting of Enterprise's Shareholders was not carried out.

OAo ONGG

On June 23, 2015, the Annual General Meeting of ONGG's Shareholders passed the resolution specified below (Minutes of Meeting No.26):

- Not to distribute the Enterprise's net income due to its lack (the ONGG loss under the 2014 performance results made RUB 3,493,265,266.17);
- Not to declare dividends on ordinary and preferred shares under the 2014 performance results.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

4.3.3. Taxes, levies and other charges paid to the budget by the Slavneft Group Enterprises in the reporting year

No.	Indicator	Outstanding balance as of the year beginning (-) – for budget; (+) – for Company	Accrued for the year (-)	Paid for the year (+)
1	Value added tax	-4,044,840	-28,682,679	27,191,252
2	Property tax	-954,342	-3,922,601	3,963,554
3	Income tax	2,165,075	-2,944,620	1,850,241
4	Land use tax	99	-3,019	2,169
5	Excise	-2,466,070	-22,781,609	23,222,906
6	Export customs duties	0	0	0

7	Import customs duties	0	0	0
8	Individual income tax	-71,781	-1,339,782	1,352,672
9	Vehicle tax	-1,177	-5,432	5,292
10	Insurance contributions	-202,908	-2,611,560	2,548,559
11	MET	-6,364,926	-93,164,315	94,170,405
12	Pollution charge	-21,606	-187,663	206,142
13	Water tax	-956	-6,227	5,693
14	Other taxes	-2,533	-211,758	214,560
	Total	-11,965,965	-155,861,265	154,733,445

Including OAO NGK Slavneft

No.	Indicator	Outstanding balance as of the year beginning (-) – for budget; (+) – for Company	Accrued for the year (-)	Paid for the year (+)
1.	Value added tax	-131,078	-671,059	597,250
2.	Property tax	-31,981	-132,759	131,059
3.	Income tax	12,727	-30,743	18,240
5.	Land use tax	0	0	0
6.	Excise	0	0	0
7.	Export customs duties	0	0	0
8.	Import customs duties	0	0	0
9.	Individual income tax	1	-228,211	228,211
10.	Vehicle tax	-21	-78	79
11.	Insurance contributions	762	-312,824	313,244
12.	MET	-187,666	-2,755,281	2,782,106
13.	Pollution charge	0	-40,334	40,334
14.	Water tax	-77	-254	260
15.	Other taxes	1,410	-251	0
	Total	-335,923	-4,171,794	4,110,783

V. INFORMATION DISCLOSURE

5.1. Transactions made by the Slavneft Group Enterprises in the reporting year and recognized as major ones under Federal Law No.208 on Joint-Stock Companies dated December 26, 1995, and other transactions, to which the major transaction approval procedure shall be applied in line with the Enterprises' Articles of Association

OAo NGK Slavneft

In the reporting year, Slavneft did not make any transactions recognized as major ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

OAo SN-MNG

In the reporting year, SN-MNG did not make any transactions recognized as major ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

OAo Slavneft-YaNOS

In the reporting year, Slavneft-YaNOS did not make any transactions recognized as major ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

OAo ONGG

In the reporting year, ONGG did not make any transactions recognized as major ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.

5.2. Transactions made by the Slavneft Group Enterprises in the reporting year and recognized as related-party ones under Federal Law No.208 on Joint-Stock Companies dated December 26, 1995

OAo NGK Slavneft

In the reporting year, Slavneft did not make any transactions recognized as related-party ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

OAo SN-MNG

In the reporting year, SN-MNG did not make any transactions recognized as related-party ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

OAo Slavneft-YaNOS

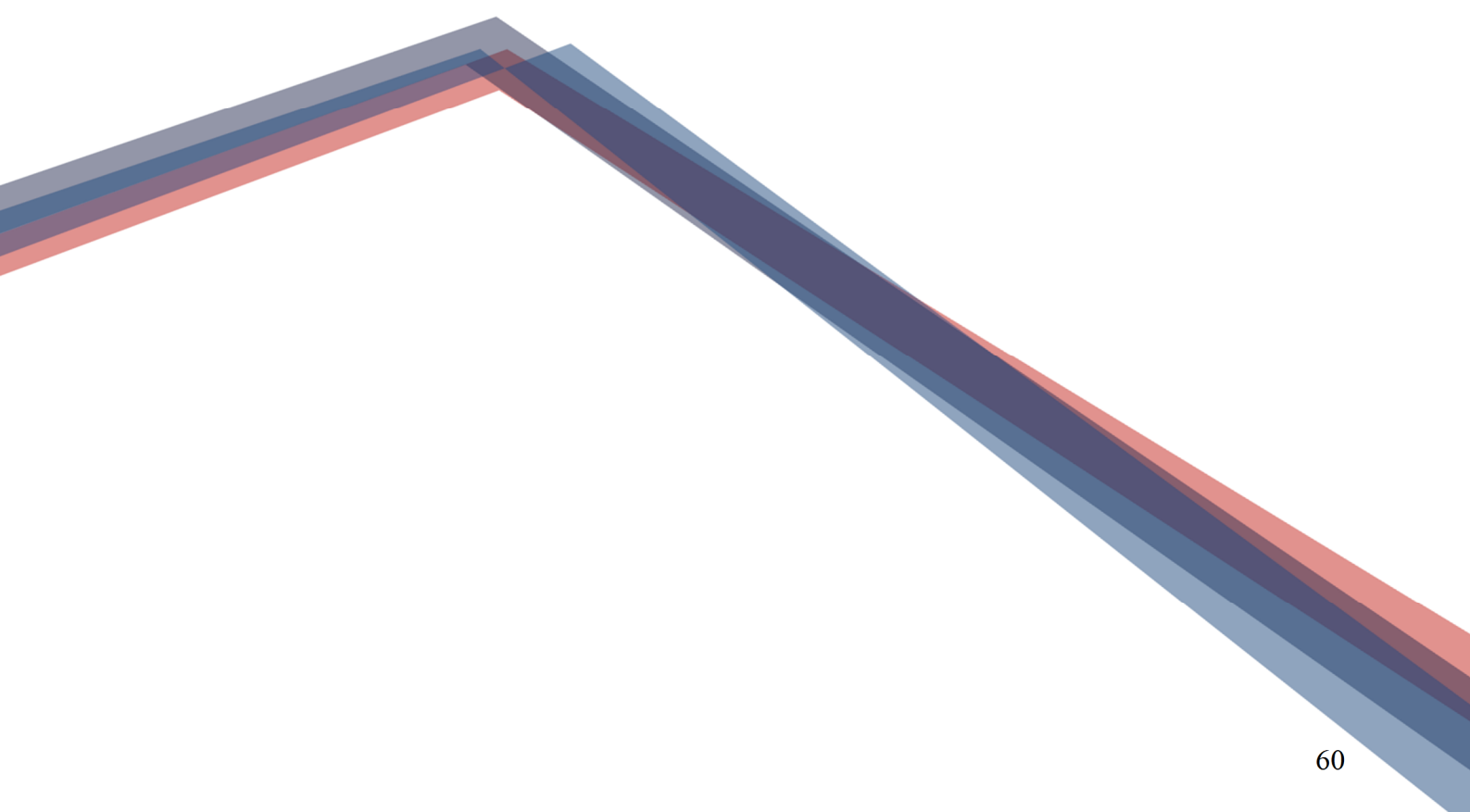
In the reporting year, Slavneft-YaNOS did not make any transactions recognized as related-party ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

OAo ONGG

In the reporting year, ONGG did not make any transactions recognized as related-party ones in accordance with Federal Law N.208 on Joint-Stock Companies dated December 26, 1995.

The information about Limited Liability Company Slavneft-Krasnoyarskneftegaz is not disclosed, since it is not a public enterprise.

The information about Limited Liability Company Slavneft-Nizhnevartovsk is not disclosed, since it is not a public enterprise.



Report on observance of the Corporate Governance Code principles and recommendations by Slavneft

No.	Principles and recommendations of the Corporate Governance Code	Level of compliance	Comments
1	2	3	4
I. Shareholder rights and equal treatment of shareholders as they exercise their rights			
1.1. The Company shall assure equal and fair treatment of all shareholders as they exercise their right to participate in the governance of the Company. The corporate governance system and practice shall ensure equal conditions for all shareholders, i.e. for holders of shares of one category (type), including minority shareholders (holders of insignificant blocks of shares) and foreign shareholders, as well as their equal treatment on behalf of the Company.			
1.1.1.	The Company has approved an internal regulatory document, which prescribes the main procedures for convening, preparing and holding the General Shareholders Meeting.	Observed	The procedure for convening, preparing and holding the General Meeting of Company's Shareholders is determined in accordance with the internal regulatory documents approved by the General Meeting of Company's Shareholders. For review of the internal regulatory documents, please follow the link: http://www.e-disclosure.ru/portal/company.aspx?id=560 http://www.slavneft.ru ⁵
1.1.2.	The Company shall submit (ensure availability of) the information on holding the General Shareholders Meeting no less than 30 days before the date of its holding (unless the longer period of time is provided for by the legislation of the Russian Federation).	Not observed	The Company submits (ensures availability of) the information on holding the General Shareholders Meeting in accordance with the time frames established by the RF legislation, Slavneft's Articles of Association and other Company's internal regulatory documents.
1.1.3.	The Company shall disclose the information about a date of preparing the list of persons entitled to participate in the General Shareholders Meeting no less than 7 days before this date occurrence.	Observed	The information about a date of preparing the list of persons entitled to participate in the General Shareholders Meeting is disclosed in accordance with regulations of the RF legislation. The Company strives to observe the best information disclosure practices.
1.1.4.	The notification on holding the General Shareholders Meeting shall contain a full scope of the information, which is necessary for shareholders to pass a resolution about participation therein and about the manner of such participation.	Observed	The information, which is necessary for shareholders to pass a resolution about participation in the General Shareholders Meeting and about the manner of such participation, is disclosed in the notification on holding the General Meeting to the full extent. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
1.1.5.	The Company shall submit the information on holding the General Shareholders Meeting not only in Russian, but also in a foreign language, which is commonly accepted in the financial market.	Observed	The respective forms of information disclosure are posted on the following web-page: http://www.slavneft.ru .
1.1.6.	The Company shall provide the shareholders with the additional information about the persons, who have proposed to include every each item into the agenda of the General Shareholders Meeting and who have nominated every each candidate to be elected to the Company's governing bodies.	Not observed	This requirement is not envisaged by the Company's Articles of Association and other internal regulatory documents.
1.1.7.	During preparation and holding of the General Shareholders Meeting, the Company shall ensure	Observed	Slavneft has the 24/7 hot line. Telephone: +7 (495) 787-82-15, extension

⁵ Hereinafter, the address for information posting in the Internet is specified in Sub-Clause 1.1.1. of this Report

	operation of a special e-mail and a special telephone channel (hot line) for communication with the shareholders.		number 3778 or e-mail: hotline@slavneft.ru.
1.1.8.	The Company shall involve a registrar to register participants of the General Shareholders Meeting and to fulfill the Ballot Committee's function during vote counting.	Observed	This requirement is prescribed by the Company's Articles of Association and other internal regulatory documents. JSC R.O.S.T. Registrar, the Company's Registrar, fulfilled the Ballot Committee's functions at the 2015 General Shareholders Meeting.
1.1.9.	The Company has provided the technical conditions, which allow shareholders participating in the voting via electronic means.	Not observed	This form of voting is not envisaged by the Company's Articles of Association and other internal regulatory documents.
1.1.10.	The Company's Articles of Association and internal documents shall stipulate the Company's duty to post the Minutes of the General Shareholders Meeting on its web-site in the Internet as soon as possible.	Partially observed	The information is disclosed as a corporate action notice within the time period set forth by the RF legislation. Besides, Reports on results of the voting at the General Shareholders Meetings held in the Company are posted in the <i>Shareholders Meetings</i> Sub-Section of the <i>To Shareholders and Investors</i> Section on the Company's web-site (www.slavneft.ru).
1.1.11.	The Company uses the telecommunication means for remote access of the shareholders to the General Shareholders Meeting (broadcasting of the General Shareholders Meeting on the Company's web-site in the Internet, usage of the video-conference call).	Not observed	The possibility of Meeting broadcasting or video-conference call usage during the General Shareholders Meeting is not envisaged by the Company's Articles of Association and other internal regulatory documents.
1.2. Shareholders shall be provided with an equal and fair opportunity to participate in the Company's profit by receiving dividends.			
1.2.1.	Dividends shall be paid out in cash.	Observed	Dividends shall be paid out and are paid out in cash.
II. Board of Directors (the Board of Directors is established in the Company)			
2.1. The Board of Directors determines the main long-term strategic areas of the Company's activities, the Company's key performance indicators, engages in strategic management of the Company, determines the key principles and approaches to setting up the Company's risk management and internal control system, oversees the activity of the Company's executive bodies, determines the Company's policy on remuneration of the members of the Board of Directors and executive bodies, and performs other critical roles.			
2.1.1.	The Company's Articles of Association stipulate that establishment of Company's executive bodies, termination of their powers, approval of conditions specified in the Contracts to be signed with members of the Company's executive bodies (including conditions about remunerations and other payments) fall within the competence of the Board of Directors.	Observed	In accordance with the provisions specified in the Company's Articles of Association, Regulations on the Board of Directors and Regulations on Executive Bodies.
2.1.2.	The Company's Articles of Association stipulate that approval of the Company's financial and economic plan (budget), which is developed and submitted by the Company's executive bodies, falls within the competence of the Board of Directors.	Observed	The Company's Articles of Association and other internal regulatory documents envisage that the specified functions shall fall within the competence of the Board of Directors.
2.1.3.	A special Meeting of the Board of Directors shall be held to discuss the strategy, its progress and updating no less than once a year.	Observed	8 Meetings of the Company's Board of Directors were held during the reporting period. The strategy, progress of its fulfillment and updating of the respective plans were discussed at 4 of those Meetings.
2.1.4.	The Company's Articles of Association stipulate that approval of the policy for risk management and internal control falls within the competence of the Board of Directors.	Not observed	This requirement is not envisaged by the current version of the Company's Articles of Association and other internal regulatory documents.
2.1.5.	The Board of Directors shall determine the policy for remuneration payment and (or) expenses reimbursement (compensation) to the members of the Board of Directors, Company's executive bodies and other key senior officers.	Partially observed	The procedure for remuneration payment to the members of the Company's executive bodies and other key senior officers is determined by the Regulations on the system for payment of remunerations and incentives to Slavneft's employees.

<p>2.2. The Board of Directors shall be an efficient and professional company governance body, which is capable of exercising the unbiased and independent judgement and making decisions in the best interests of the Company and its shareholders. The Board of Directors Chairman shall facilitate the most efficient performance of the functions vested in the Board of Directors. Meetings of the Board of Directors, preparation therefor and participation of the Board's members in these meetings shall ensure that the Board of Directors operates as efficiently as possible.</p>			
2.2.1.	The Board of Directors reports to Company's shareholders.	Observed	In accordance with the provisions specified in the Company's Articles of Association and other internal regulatory documents.
2.2.2.	The Annual Report and Company's web-site shall disclose the information about the quantity of meetings of the Board of Directors and its committees held during the past year with indication of the meeting holding form and data about presence of the Board's members at these meetings.	Partially observed	The information about the Board of Directors meetings held is posted on the Company's corporate web-site: http://slavneft.ru/company/corporate/management/board_of_directors .
2.2.3.	The shareholders shall have a possibility to receive the information about nominees to the members of the Company's Board of Directors for making an idea about their personal and professional qualities.	Observed	The information about nominees to the members of the Company's Board of Directors (including the brief background profile) is submitted to the shareholders. The information in electronic format is posted on the Company's corporate web-site: www.slavneft.ru .
2.2.4.	The Company shall underwrite liability of the Board's members at its own cost and expense.	Not observed	The Company does not underwrite liability of the Board's members at its own cost and expense. This requirement is not envisaged by the Company's Articles of Association and other internal regulatory documents.
2.2.5.	The Company's Articles of Association and internal documents shall: <ul style="list-style-type: none"> • contain well-defined and vested rights and obligations of the Board's members; • envisage the duty of the Board's members not to disclose the confidential information, including the information that constitutes the commercial secret. 	Observed	The Company's Articles of Association and Regulations on the Board of Directors stipulate the specified obligations of the Board's members.
2.2.6.	The Company shall have the procedure, which determines how newly elected members of the Board of Directors shall get acquainted with the Company's strategy, the corporate governance system, risk management and internal control system, obligations distribution among the Company's executive bodies and other material information about the Company's business.	Observed	The Company introduces the newly elected members of the Board of Directors to the Company's strategy, corporate governance system, risk management and internal control system, obligations distribution among the Company's executive bodies and other material information about the Company's business.
2.2.7.	There shall be the Action Plan of the Board of Directors, which contains the list of items that will be considered at respective Meetings.	Observed	The Board of Directors operates in accordance with its Action Plan, which contains the list of items that will be considered at respective Meetings.
2.2.8.	The Company's internal documents shall prescribe the procedure for preparing and holding meetings of the Board of Directors that provides an opportunity for the Board's members to get properly prepared for such meetings, and, in particular, that stipulates: <ul style="list-style-type: none"> • Timeframes for notifying the Board's members of the forthcoming meeting; • Timeframes for sending the voting documents (ballots) and receiving the filled-in voting documents (ballots) if the Meeting is held in absentia; • An opportunity for the Board's members absent from the Meeting held in person to submit their written opinions on agenda items and be heard. 	Observed	The Regulations on the Company's Board of Directors stipulate the specified provisions.

2.3. The composition of the Board of Directors shall have a sufficient number of independent directors.			
2.3.1.	Independent directors shall account for at least one third of the Board's elected members. Independent directors shall fully conform to the independence criteria recommended by the Corporate Governance Code.	Not observed	Independent directors are not included into the composition of the Company's Board of Directors. The requirements on including the independent directors into the composition of the Board of Directors are not envisaged by the Company's Articles of Association and other internal regulatory documents.
2.4. The Board of Directors shall establish committees for preliminary consideration of the most important issues related to the Company's operations.			
2.4.1.	The Company's Board of Directors has established the Audit Committee consisting of the independent directors, which functions are set forth in the internal documents and comply with the recommendations of the Corporate Governance Code.	Partially observed	The Audit Committee has been established in the Company; Committee functions are set forth in the Regulations on the Audit Committee to the Board of Directors (approved by the resolution of the Company's Board of Directors). The independent directors are not included into the composition of the Audit Committee to the Company's Board of Directors. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
2.4.2.	The Company's Board of Directors has established the Remuneration Committee (it can be combined with the Nominations (HR, Appointments) Committee), which functions are set forth in the internal documents and comply with the recommendations of the Corporate Governance Code.	Partially observed	The Staff and Remuneration Committee has been established in the Company; Committee functions are set forth in the Regulations on the Staff and Remuneration Committee to the Board of Directors (approved by the resolution of the Company's Board of Directors). The independent directors are not included into the composition of the Staff and Remuneration Committee to the Company's Board of Directors. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
2.5. The Board of Directors shall assess performance of the Board of Directors, its Committees and Board's members.			
2.5.1.	Performance of the Board of Directors is assessed on a regular basis, at least once a year; and at least once in every three years such assessment shall be carried with engagement of an external organization (consultant).	Not observed	This requirement is not envisaged by the Company's Articles of Association and other internal regulatory documents.
III. Company's Corporate Secretary			
3.1. The Corporate Secretary (a dedicated structural division headed by the Corporate Secretary) shall ensure efficient current interaction with shareholders, coordination of Company's actions aimed at protection of shareholders' rights and interests, support for the effective work of the Board of Directors.			
3.1.1.	<p>The Corporate Secretary reports to the Board of Directors, is appointed to and removed from his/ her office upon the resolution or approval of the Board of Directors.</p> <p>The Company has approved the internal document, which determines the rights and obligations of the Corporate Secretary (Regulations on the Corporate Secretary) and which content conforms to the recommendations of the Corporate Governance Code.</p> <p>The Corporate Secretary functions are in compliance with the recommendations of the Corporate Governance Code. The Corporate Secretary has sufficient resources for performance of his/ her functions.</p>	Partially observed	The Company does not have the Corporate Secretary. In practice, the structural division, the Secretariat of the Board of Directors headed by the Board's Secretary, performs a number of Corporate Secretary functions. The Board's Secretary is assigned to and removed from his/ her office upon the resolution of the Board of Directors. The Regulations on the Corporate Secretary are not approved in the Company.
IV. System of remuneration payment to members of the Board of Directors, executive bodies, and Company's other key senior officers			

4.1. The amount of remuneration paid by the Company shall be sufficient to attract, motivate and retain persons that possess the competences and qualifications needed by the Company. The remuneration shall be paid to members of the Board of Directors, executive bodies and Company's other key senior officers in accordance with the Remuneration Policy accepted in the Company.			
4.1.1.	The Company has approved the Policy that prescribes the procedure for remuneration payment to members of the Board of Directors and executive bodies, Company's other key senior officers.	Partially observed	The procedure for remuneration payment to the members of the Company's executive bodies and other key senior officers is determined by the Regulations on the system for payment of remunerations and incentives to Slavneft's employees.
4.1.2.	Except for the expenses for arrival at the venue of Meeting holding and for other business trips made within the activity of the Board of Directors and Board's committees, the Company does not compensate other expenses to the Board's members.	Observed	The Company does not compensate other expenses to the Board's members.
4.1.3.	Directors (non-executive and independent directors) are not provided with pension contributions, insurance programs, investment programs, other benefits and privileges.	Observed	The Company does not provide the (non-executive and independent) directors with pension contributions, insurance programs, investment programs, other benefits and privileges.
4.1.4.	In case of early termination of Board members' powers due to change of control over the Company or due to other circumstances, any additional payments or compensations are not envisaged by the Company's internal documents.	Observed	The specified payments are not envisaged by the Company's internal documents. The Company does not provide any additional payments or compensations in case of early termination of Board members' powers due to change of control over the Company or due to other circumstances.
V. Risk management and internal control system			
5.1. The Company shall establish a well-functioning risk management and internal control system, which is aimed at obtaining reasonable assurance that the Company achieves its goals.			
5.1.1.	The Company has established a separate structural division for risk management and internal control.	Observed	The Company has established a respective structural division, i.e. the Risk Management Group.
5.1.2.	The Company has provided a safe, confidential and easily accessible way (hotline) for informing the Board of Directors (Board's Audit Committee) and internal audit division about the facts that any Company employee and (or) any member of the governing body or body of control over the Company's financial and economic activity have violated the legislation, internal procedures, Company's Code of Ethics.	Observed	Slavneft has the 24/7 hot line. Hot line telephone: +7 (495) 787-82-15, extension number 3778 or e-mail: hotline@slavneft.ru.
5.1.3.	The Company shall have a separate structural division, which performs the internal audit functions and which functionally reports to the Board of Directors; or the Company shall involve an independent external entity.	Observed	The Company has established the respective structural division, i.e. the Chief Auditor Service. Besides, an independent external organization approved by the resolution of the General Company Shareholders Meeting is involved in auditing activities.
VI. Disclosure of information about the Company, Company information policy			
6.1. The Company and its operations shall be transparent to shareholders, investors and other interested parties.			
6.1.1.	The Company has approved the internal regulatory document that determines the Company's information policy.	Observed	The Regulations on the Information Policy approved by the Company's Board of Directors are in force in the Company. The Regulations are published on the Company's corporate web-site.
6.1.2.	The Company shall disclose the information about the corporate governance system and practice, including the detailed information about observance of the principles and recommendations	Observed	This information is disclosed in respective sections of the Company's corporate web-site in the Internet. The detailed information about

	set forth in the Corporate Governance Code.		observance of the Corporate Governance Code principles and recommendations is disclosed in the Company's Annual Report.
6.1.3.	The Company's web-site in the Internet shall contain the information, which is sufficient for making true and fair view about material aspects of the Company's business.	Observed	The information, which is necessary and sufficient for making true and fair view about material aspects of the Company's business, is posted in the Internet (including the Company's corporate web-site). The Internet address is specified in Sub-Clause 1.1.1. of this Report.
6.1.4.	The Company's Annual Report shall contain the information that allows evaluating the Company's performance results for a year.	Observed	The Annual Report contains the information about the Company's financial and economic activity. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
6.2. In a timely manner, the Company shall disclose the complete, up-to-date and accurate information about the Company, so that Company's shareholders and investors can make informed decisions.			
6.2.1.	The Company's Annual Report shall contain the Annual Financial Statements prepared under IFRS along with the Auditor's Report on these Financial Statements.	Observed	The Annual Report contains the information about the financial and economic activity of the Slavneft Group Enterprises, including the information reflected in the indicators of the Consolidated Financial Statements prepared under IFRS. Besides, the Consolidated Annual and Interim Statements are disclosed on the respective pages in the Internet. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
6.2.2.	The Company shall disclose the information not only about itself, but about the legal entities, which are controlled by the Company and which are material to the Company.	Observed	The information about the legal entities, which are controlled by the Company and which are material to the Company, is posted on the Company's corporate web-site in the Internet. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
6.3. The Company shall submit the information and documents in response to shareholders' inquiries in accordance with principles of equal and unhindered access.			
6.3.1.	In line with the Company's Information Policy, Company's shareholders owning the same number of Company's voting shares shall be provided with equal access to the Company's information and documents.	Observed	The Company provides the Company's shareholders owning the same number of Company's voting shares with equal access to the information and documents. In line with requirements of the RF legislation and with the Regulations on the Information Policy approved in the Company, the Company discloses the information in the Internet on a regular basis. The Internet address is specified in Sub-Clause 1.1.1. of this Report.
VII. Material corporate actions			
7.1. Actions, which significantly influence or may significantly influence the share capital structure and the Company's financial position and, consequently, the shareholders' position (material corporate actions), shall be fulfilled on a fair basis that ensures that rights and interests of shareholders and other stakeholders are respected.			
7.1.1.	The Company shall disclose the information about fulfillment of material corporate actions and explain reasons, conditions and consequences of such actions execution.	Observed	The Company discloses the respective information (including in the Internet). The Internet address is specified in Sub-Clause 1.1.1. of this Report.
7.1.2.	The Company shall have the procedures for preliminary consideration and approval by the Company's Board of Directors of the transactions that are made by third parties on their behalf, but at Company's expense, and that would be major or related-party transactions, if they were settled on Company's behalf.	Not observed	The specified procedures are not determined by the Company's Articles of Association and other internal regulatory documents.

7.2. The Company shall ensure such procedure for fulfillment of material corporate actions, which allows shareholders obtaining the complete information about such actions in a timely manner that enables them influencing such actions and that guarantees observance and proper protection of their rights during execution of such actions.			
7.2.1.	The Company's Articles of Association shall have an extended list of grounds, for which members of the Company's Board of Directors and other persons stipulated by the legislation are recognized to be interested in Company's transactions.	Not observed	The Company's Articles of Association and other internal regulatory documents do not envisage any additional grounds for recognizing the specified persons to be interested parties.