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ENVIRONMENTAL SAFETY

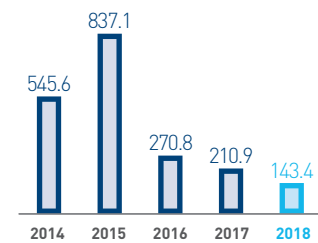
Environmental responsibility is one of the key values included in Gazprom Neft’s Corporate Code of Conduct. Gazprom Neft takes a consistent approach to minimising its environmental impact, implementing cutting-edge environmental technologies, employing rational use of resources and best management practices, and developing the best-in-class safety culture and environmental training system for employees.

THE COMPANY HAS THE FOLLOWING ENVIRONMENTAL SAFETY OBJECTIVES

- > reducing environmental footprint and preserving the quality of nature and living environment;
- > prevention of environmental damage caused by business activities;
- > implementation of best global HSE practices;
- > restoration, protection and sustainable use of natural resources, as well as biodiversity conservation.

The Company has an ISO 14001 compliant environmental management system in place. In 2018, an independent auditor confirmed that Gazprom Neft’s system fully meets the ISO 14001:2015 requirements. Certificates of compliance were also issued to Gazpromneft-Sakhalin, Gazpromneft Moscow Refinery, Gazpromneft Omsk Refinery, Gazpromneft – Ryazan Bitumen Binders Plant, Omsk Lubricants Plant, Gazpromneft Moscow Lubricants Plant, Gazpromneft Shipping, and Gazprom Neft Procurement.

Environmental impact fees
(₽ m)

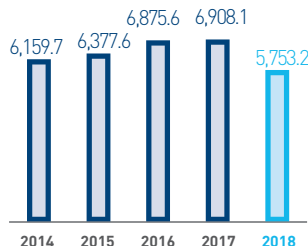


Environmental impact assessment (EIA)

The 2018 EIA involving stakeholders covered the construction of a waste collection, accumulation and comprehensive treatment facility at Gazpromneft-Angara’s Ignyalinsky licence block. The EIA also reviewed project

documentation for the exploration within the Prirazlomnye field in the Barents (Pechora) Sea and the Kheysovsky licence block in the north of the Barents Sea.

Cost of environmental services, environment safety and protection¹
(₽ m)



Gazprom Neft uses a risk-focused approach embedded in all of its business processes to ensure environmental safety. The Company ensures continuous environmental monitoring and industrial environmental control. Environmental impacts are measured at all stages of production activities and used as a mandatory input to buttress management and investment decision-making.

Gazprom Neft carefully assesses its current and expected environmental impact taking into account all factors that affect ecosystems, and specific features of such ecosystems. Based on this assessment, the Company implements the best available technologies to mitigate the adverse impact of its operations.

The Company is running a range of key strategic environmental initiatives and a number of programmes and projects dealing with current environmental issues. In 2018, investments in environmental protection totalled ₽ 19 bn.²

In 2018, excess emissions charges accounted for 57.9% of the total environmental impact fees and resulted primarily from APG flaring, with 78.4% APG utilised in 2018.

Air protection

19

₽ BN

investments in environmental protection

Reduction of air pollutant emissions is one of the Company's top environmental priorities, with Gazprom Neft putting in place a large-scale programme to upgrade and retrofit its refining facilities, a programme to cut greenhouse emissions, and other environmental initiatives covering the entire production chain.

In 2018, gross emissions totalled 427.9 kt. The y-o-y growth was due to the extensive work as part of new upstream projects, including launch of new oil wells at Gazpromneft-Yamal,

development of Gazpromneft-Vostok's group of fields, new downhole logging and pilot operation projects at GPN-Development and Gazpromneft-Angara.

That said, specific emissions remained flat y-o-y.

By upgrading the existing facilities, Gazprom Neft is able to maintain specific emissions at the 2017 level.

¹ Capital environmental investments were down due to the completion of large-scale projects at the Company's refineries in 2017.

² Net of the cost of capital construction, renovation and repair of fixed assets with a positive environmental impact.