2014

OJSC "SURGUTNEFTEGAS"
ENVIRONMENTAL REPORT






CONTENTS

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OJSC "Surgutneftegas" consistently adheres to all regulations of environmental legislation by implementing Environmental Policy of the Company.

In the reporting period, the Company's production activity was carried out in strict compliance with the laws of the Russian Federation, including material amendments to the legislation in the sphere of environmental protection of 2014.

We understand the significance of rational use of natural resources and make heavy investments in environmental safety of production processes, development and implementation of up-to-date resource-saving technologies.

Surgutneftegas continued implementation of air protection measures and kept the top level of associated petroleum gas utilization in the industry of 99.14% in 2014.

In the reporting year, the Company commissioned its own unique equipment for application of internal anti-corrosion coating for pipes used in pipeline construction aimed at ensuring reliable trouble-free operation of pipelines.

In order to expand directions of utilization and recycling of resources, a unit for shredding waste paper and plastic containers was put into service.

High level of technical equipment and personnel's professionalism allowed the Company to eliminate all oil spills of the previous years.

The positive appraisal of the Company's natural protection activity is the acknowledgement of the effective environment protection measurements and high level of environmental management given by independent organizations.

By the results of 2014, OJSC "Surgutneftegas" was the top Company in the Environmental Responsibility Rating of Oil & Gas Companies of Russia one of the initiators of which was World Wildlife Fund (WWF).

We are certain that the Company's guidelines for informational transparency in the issues of nature management and environmental safety of the production, commitment for upgrading environmental protection programs would further contribute to environmental safety in all areas of the Company's operations.

ENVIRONMENTAL POLICY

Basic principles of the Environmental policy of OJSC "Surgutneftegas"

Obligations of the Company

"Sustainable development of the Russian Federation, high quality of life and health of its people, as well as national security cannot be achieved without conservation of natural systems and maintenance of the proper environmental quality".

From the Environmental Doctrine of Russia

The environmental policy of OJSC "Surgutneftegas" is focused on balanced development of production, social sphere and nature protection. It is based on laws and regulations of the Russian Federation and its entities, as well as principles of international conventions and treaties.

Being one of the leading Russian oil companies, Surgutneftegas values its reputation of a good corporate citizen and makes every effort for nature protection and resources conservation in all regions of its operations. The Company is open to dialog with all the parties concerned about sustainable development.

Environmental policy which expresses the Company's position regarding the environment and implementation of the principles of sustainable development in modern conditions is the basis of the Company's development strategy and planning of its short-term and long-term environmental protection activity.

The Company's engineering and ecological approach to carrying out production tasks favors the search and implementation of the latest scientific and technical developments in the oil and gas sector which now becomes a driving force behind the development of new technological solutions for sufficient nature management, reduction of resources and energy consumption.

Corporate environmental management system helps the Company mitigate environmental risks and cut economical costs on the back of governmental and international nature protection law enforcement. Ecological compatibility of production process is a serious competitive factor of the Company.

By investing heavily in nature protection programs, Surgutneftegas is investing in its future and improvement of the living environment in the areas of its presence. Effective steps towards environmental safety of operations contribute to the positive image of Surgutneftegas in Russian society and business community.

Environmental policy is of top priority for each employee of OJSC "Surgutneftegas". Its principles are fixed as commitments to environmental protection in the areas of the Company's operations in the contracts with its suppliers and contractors.

Environmental policy is subject to revision, adjustment and improvement in case the Company changes its development priorities and operational conditions.

01 BASIC PRINCIPLES OF THE ENVIRONMENTAL POLICY OF OJSC "SURGUTNEFTEGAS"

- Systematic mitigation of the environmental impact of production processes and environmental risks through implementation of the best available technologies and scientific achievements.
- Industrial and environmental safety in line with up-to-date international standards and requirements.
- Rational use of natural resources based on implementation of innovative nature and resource saving technologies.
- Systematic control over industrial and environmental safety requirements.
- Protection of the primordial living environment, traditional ways of living and householding of indigenous people of the North.
- Environmental monitoring in the areas of the Company's operations.
- Improvement of nature conservation and environmental management in the Company's divisions.
- Mitigation of industrial impact of new facilities upon the environment achieved through comprehensive preparation of preliminary design and project documentation.
- Improvement of the personnel's environmental skills.
- Transparency of the Company's socially significant environmental efforts.

01 OBLIGATIONS OF THE COMPANY

To implement the basic principles of the Environmental policy, the Company undertakes the following responsibilities:

1. Abide by the legislation of the Russian Federation in the field of environmental protection, sanitary-epidemiological well-being of the population; adhere to the principles of the Company's Environmental policy.

2. Make an assessment of ecological risks when developing project documentation for the construction of facilities in ecologically susceptible territories.

3. Make a strategic ecological assessment when implementing large-scale infrastructural projects of the Company.

4. Ensure effective environmental management and improve its control system.

5. Improve industrial and environmental safety at the Company's facilities, assume required measures to ensure integrity of oil field equipment and pipelines.

6. Enhance power efficiency of production processes at all production stages.

7. Ensure rational environmental management, mitigation of impact upon the environment, compensation of damage inflicted to the environment.

8. Assume all possible measures on preservation of biodiversity, animal migration paths in the areas of the Company's operations; timely rehabilitation of disturbed lands, reduction of natural landscapes fragmentation by laying linear facilities in the existing utility line areas and placing site facilities on previously disturbed lands within existing industrial sites.

9. Give priority to prevention of negative impact upon the environment as compared with mitigation of consequences of such impact.

10. Avoid carrying out works in the territory of World Natural Heritage sites and wetlands having specially protected natural significance and in specially protected natural reservations, when designing site structures and oil field infrastructure facilities. In the absence of such possibility – observe special mode of business activity.

11. Take account of interests and rights of indigenous people to leading the traditional way of life and preservation of primordial living environment.

12. Observe current rules and standards of the Company's employees conduct in specially protected natural reservations and waste management requirements; oblige contractors to observe these rules and standards.

13. Organize regular professional ecological education for the Company's employees.

14. Provide general accessibility of ecological information on the Company's business activity, transparency of environmental management and decisions made in this sphere.

15. Apply ecological standards of the Company to the activity of contractors.

KEY AREAS OF ENVIRONMENTAL ACTIVITY

Implementation of the Ecology program
Environmental facilities of the Company

02 IMPLEMENTATION OF THE ECOLOGY PROGRAM

Environmental policy of OJSC "Surgutneftegas" is implemented by means of comprehensive measures on the environmental protection within the annual Ecology Program aimed at systematic mitigation of industrial impact upon the environment adopted in all business units of the Company.

Every year the Company makes heavy investments in environmental protection and safety of the production. In 2014, Surgutneftegas spent RUB 18.6 billion on environmental protection measures. In particular, RUB 4.1 billion was invested in the construction of new environmental facilities and reconstruction of the operating ones.

Ongoing costs for environmental protection are made up of a number of different costs, including those for repairing and replacing pipes, protecting oil field equipment and facilities from corrosion, preventing and elimination of equipment failures and oil contamination, air protection, industrial wastewater treatment, waste management, land reclamation, environmental monitoring and research work. The Company's ongoing environmental management costs totaled RUB 14.5 billion in 2014.

In 2015, planned investments in the Ecology program amount to RUB 18.4 billion.

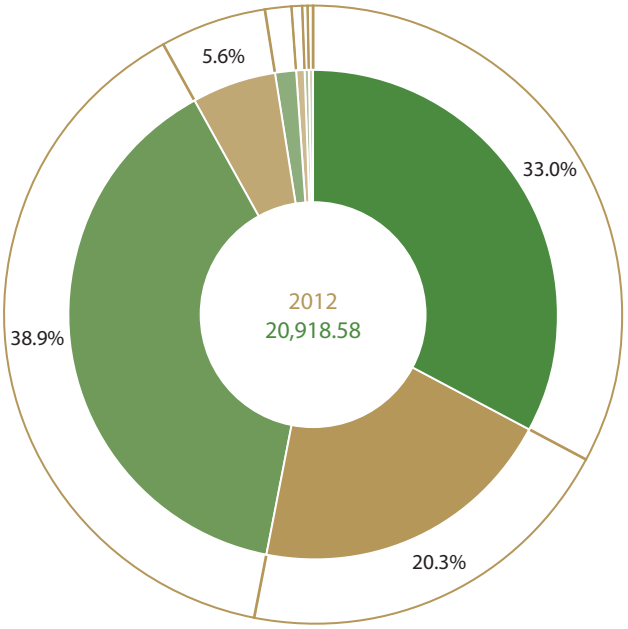
KEY AREAS OF THE ECOLOGY PROGRAM:

- construction of environmental facilities;
- reliability control of oil field equipment, prevention of pipeline accidents and elimination of their consequences;
- protection and rational use of land;
- air protection;
- protection and rational use of water resources;
- industrial waste management;
- monitoring of natural environment components and production facilities;
- environmental training of the personnel;
- R&D activity in the field of environmental protection.

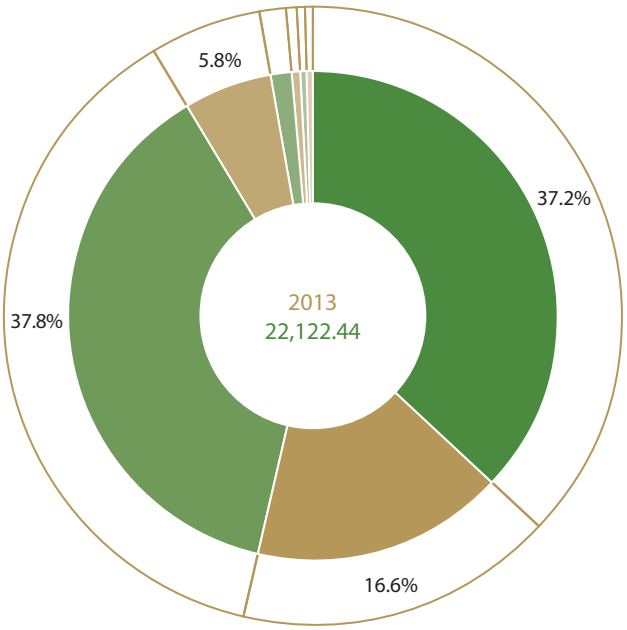
Environmental investments in 2012–2014 and the plan for 2015

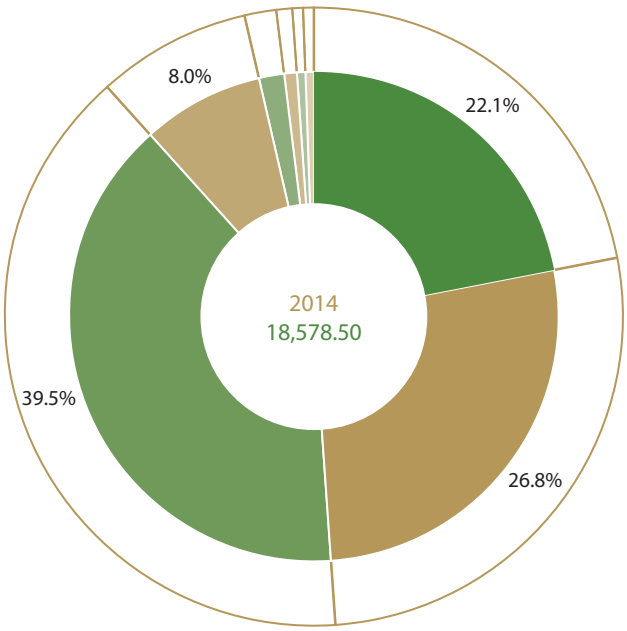
RUB mn

Construction of environmental facilities	33.0%
Prevention of pipeline accidents	20.3%
Industrial waste and wastewater utilization	38.9%
Elimination of accident consequences	5.6%
Sludge pits reclamation	1.3%
Monitoring	0.6%
Ambient air protection	0.2%
Contract work, environmental training, training and certification of specialists	0.2%

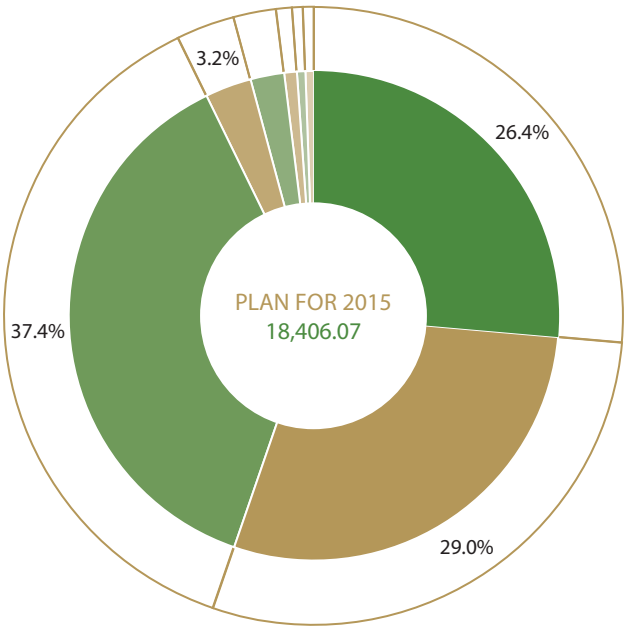


Construction of environmental facilities	37.2%
Prevention of pipeline accidents	16.6%
Industrial waste and wastewater utilization	37.8%
Elimination of accident consequences	5.8%
Sludge pits reclamation	1.4%
Monitoring	0.7%
Ambient air protection	0.2%
Contract work, environmental training, training and certification of specialists	0.3%





22.1%	Construction of environmental facilities
26.8%	Prevention of pipeline accidents
39.5%	Industrial waste and wastewater utilization
8.0%	Elimination of accident consequences
1.9%	Sludge pits reclamation
0.7%	Monitoring
0.5%	Ambient air protection
0.5%	Contract work, environmental training, training and certification of specialists



26.4%	Construction of environmental facilities
29.0%	Prevention of pipeline accidents
37.4%	Industrial waste and wastewater utilization
3.2%	Elimination of accident consequences
2.3%	Sludge pits reclamation
0.8%	Monitoring
0.5%	Ambient air protection
0.4%	Contract work, environmental training, training and certification of specialists

02 ENVIRONMENTAL FACILITIES OF THE COMPANY

The Company studies international and domestic cutting-edge experience in associated petroleum gas utilization and waste recycling, possesses unique technologies of drilling sludge use and sludge pits reclamation and a large machinery and equipment fleet to carry out environment-related activities.

Among the Company's production facilities and equipment, increasing environmental safety of production and ensuring resource conservation, are the following:

- a gas processing plant in Surgut;
- 22 gas turbine and 7 gas reciprocating engine power plants;
- 27 compressor stations;
- 2 gas processing units for associated petroleum gas utilization;
- 108 initial water separation units;
- 6 centers for oily soil decontamination;
- 3 centers for sludge decontamination;
- 13 sludge collectors with a total capacity of 33.4 thousand cubic meters;
- 6 incineration units for thermal oil sludge decontamination with a total capacity of 42 thousand cubic meters per year;
- a production waste landfill for accumulation of oil sludge and disposal of the equipment for thermal treatment with a capacity of 13.1 thousand tonnes;
- 4 landfills for disposal and further burial of solid household and industrial wastes with a total capacity of 1,151 thousand cubic meters;
- 9 incinerators for thermal decontamination of solid oily wastes with a total capacity of 4.45 thousand tonnes per year;
- a unit for shredding waste paper and plastic containers with capacities of 1,150 kilograms per hour and 50 kilograms per hour respectively;
- a unit for recycling worn-out tires and inner tubes with a capacity of 5 thousand tonnes per year.

ENSURING RELIABILITY OF OIL FIELD EQUIPMENT

Accident risk mitigation program
Receipt inspection of pipes
Pipeline inhibitor protection
Application of anti-corrosion coating
Complex diagnostics and repair
Operation of initial water separation units

03 ACCIDENT RISK MITIGATION PROGRAM

OJSC "Surgutneftegas" possesses one of the Russia's largest pipeline systems with a total length of 26 thousand kilometers.
Subsurface utility lines have significant industrial impact upon land resources.
Purposeful work on increasing pipeline reliability ensures safety of their operation.
Risk management covers various aspects of activities: from identification and analysis of risks to determination of possibilities of their reduction by means of choosing, implementation of corresponding set of measures and control over their execution.

The Company developed and implemented a program for ensuring integrity of pipelines, determined a complex of measures on mitigation of accident risks on trunk pipelines (hereinafter – TP) based on a comprehensive database formed by the Company's specialists relying on the analysis of reasons and factors of pipeline failures and incidents and results of environmental risk estimation. The complex of measures includes:

- receipt inspection of pipe steel quality;
- use of pipes with high corrosion resistance for TP construction and overhaul;
- inhibitor protection;
- monitoring of the inhibition process parameters using telemetry monitoring system;
- timely failure prediction and decommissioning of accident-prone pipeline sections for their further routine repair and overhaul using pipes with internal anti-corrosion coating;
- monitoring of TP corrosion in the following main directions: diagnostics, thickness gauging, pigging, inhibitor protection control, hydrodynamic mode testing and flow structure determination, TP database maintenance in the corporate information systems;
- dehydration of oil in initial water separation units;
- internal oil and gas pipelines descaling.

For the purpose of oil and oil product leak detection in business units and their facilities the following measures are implemented:

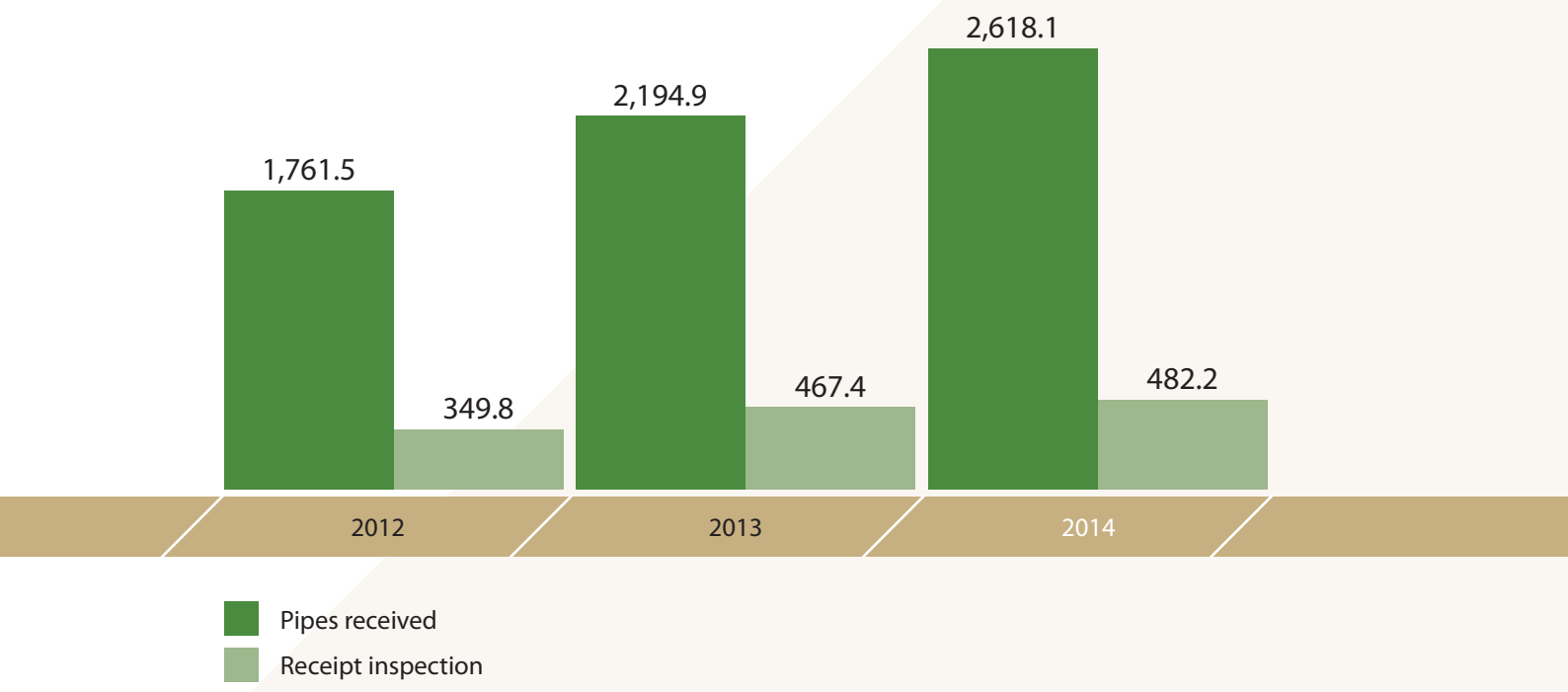
- control over volume balance of pumped oil in the pipeline and analysis of the balance (every two hours);
- pipeline pressure control by telemetry monitoring system;
- patrolling and air guarding of the pipeline according to the schedule of pipelines walk-over and fly-over;
- visual and chemicoanalytical control over stream flows according to the schedules of pipeline walk-over and laboratory control over the quality of natural waters.

03 RECEIPT INSPECTION OF PIPES

To ensure good quality of pipes used for construction of pipelines, the Company performs receipt inspection of pipes to verify their compliance with technical conditions requirement.

In 2014, receipt inspection of pipes by means of destructive methods was carried out in amount of 18.4% (482.2 kilometers). As a result, 3.49 kilometers of pipes (0.7% of all pipes tested) were rejected.

Receipt inspection of pipes
km



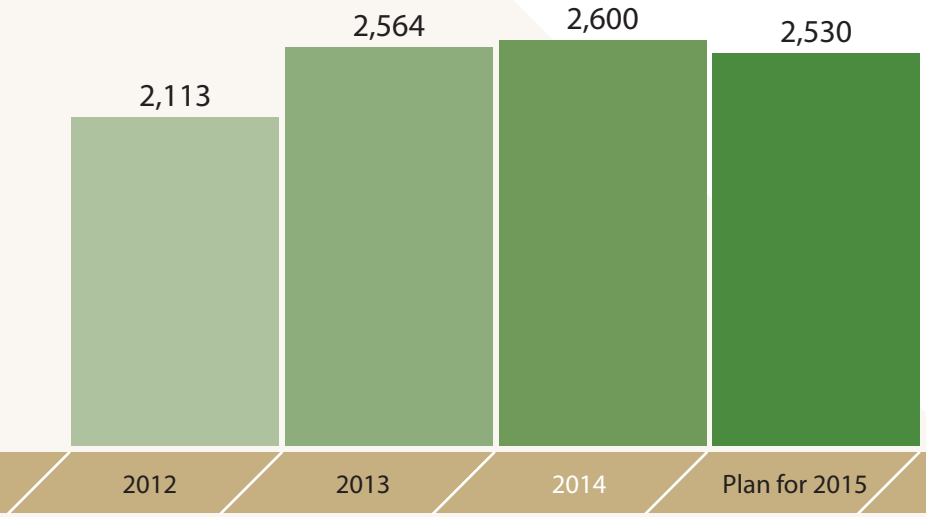
03 PIPELINE INHIBITOR PROTECTION

Inhibitor protection is one of the means of ensuring safe operation and mitigation of corrosion damage of pipes. In 2014, the Company treated 3,486 kilometers of pipelines with corrosion inhibitors. To this end, the Company used 5,368 tonnes of corrosion inhibitors.

The main requirement for the efficiency of inhibitor protection is the stability of properties and characteristics determining the quality of inhibitors. Application of corrosion inhibitors inapplicable to the required quality parameters can lead to reduction of inhibition efficiency. In order to eliminate it, all incoming corrosion inhibitor batches are subject to spot quality test.

In the reporting period, OJSC "Surgutneftegas" implemented triple receipt inspection of inhibitors, including control compliant with technical conditions, qualitative and quantitative identification based on spectral analysis. All batches of tested reactants were 96–99% compliant with a standard specimen. The effectiveness of pipeline inhibitor protection employed to reduce corrosion rate accounted for 80–100%.

Oil and gas pipeline inhibited
km



03 APPLICATION OF ANTI-CORROSION COATING

In order to eliminate pipeline accidents due to increasing isolated corrosion, the Company implemented application of anti-corrosion coating to pipes and fittings. This increases the overhaul interval by isolating the pipeline from corrosive formation waters, reducing sediments in the pipes and protecting them from abrasion as well as by improving hydraulic performance.

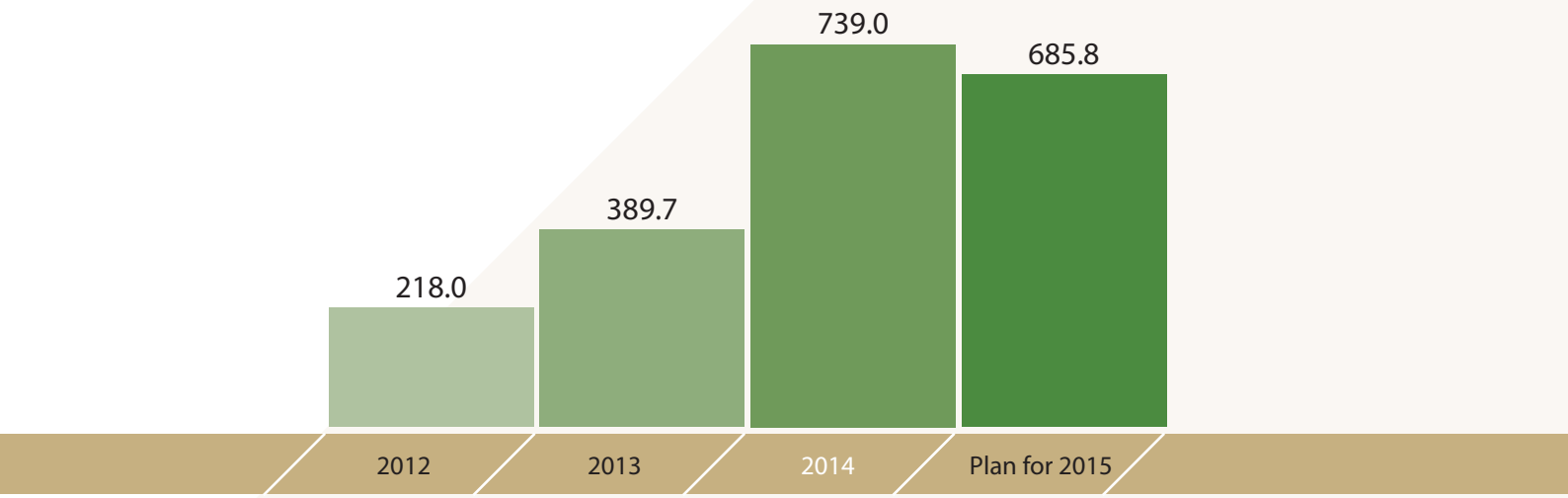
By virtue of applying the corrosion resistant coating, the Company reduces its costs for pipeline operation and significantly mitigates the technological and environmental risks. In 2014, Surgutneftegas introduced 739 kilometers of pipelines with internal anti-corrosion coating, including 483.3 kilometers – according to the capital construction plan, and 255.7 kilometers – as a part of the overhaul program.

In the reporting period, the Company commissioned a complex of processing facilities for applying internal anti-corrosion coating to the pipes used for pipeline construction. Such complex allows to apply coating to 684 kilometers of pipes and 15 thousand fittings per year. To protect welded pipe joints having internal anti-corrosion coating, OJSC "Surgutneftegas" uses protective sleeves of its own production. The capacity of production equals 60 thousand pieces per year.

The start of the Company's own production made a possibility of timely supply of the construction sites and high quality of pipes with internal anti-corrosion coating.

The use of anti-corrosion coating on the polymeric basis, firstly, allows to minimize the impact of such factors as various conditions of pipeline operation, statistic variation of mechanic properties, shape parameters, initial metal heterogeneity. Secondly, reserve coefficient which is used for calculation of pipeline wall thickness based on traditional methods of construction mechanics is excluded during reliability estimation. In turn, it reduces specific quantity of metal for pipelines and, consequently, industrial impact upon the environment.

Introduced pipelines with an internal anti-corrosion coating
km



03 COMPLEX DIAGNOSTICS AND REPAIR

The Company enhances its service system to improve the quality and reliability of operated pipeline transportation system. Development of comprehensive approach to the questions of diagnostics and overhaul is one of the strategic directions of the Company's technical policy in the sphere of pipeline system safety.

A special method of diagnostics – pipeline pigging – allows to obtain reliable data on accident-prone parts of pipelines. For this purpose as well as for dewatering and descaling, the Company's pressure oil pipelines and oil and gas pipelines are fitted with launchers and receivers. Pipeline pigging and selective repair are the most significant direction in ensuring safe pipeline operation.

Estimation of individual facilities and equipment service life with a glance to the results of destructive and non-destructive control, obtained data on their condition allow to make a conclusion about their further use and organize effectively their routine repairs and overhaul. In 2014, 593.1 kilometers of pipelines underwent overhauls.

To assess functionality of linear objects and choose efficient anti-corrosion methods, the system of corrosion rate monitoring at 793 control points that cover about five thousand kilometers is created. On the basis of corrosion monitoring data the Company estimates the corrosivity of pumped liquids, further plans and implements corrosion protection measures and controls their efficiency.

03 OPERATION OF INITIAL WATER SEPARATION UNITS

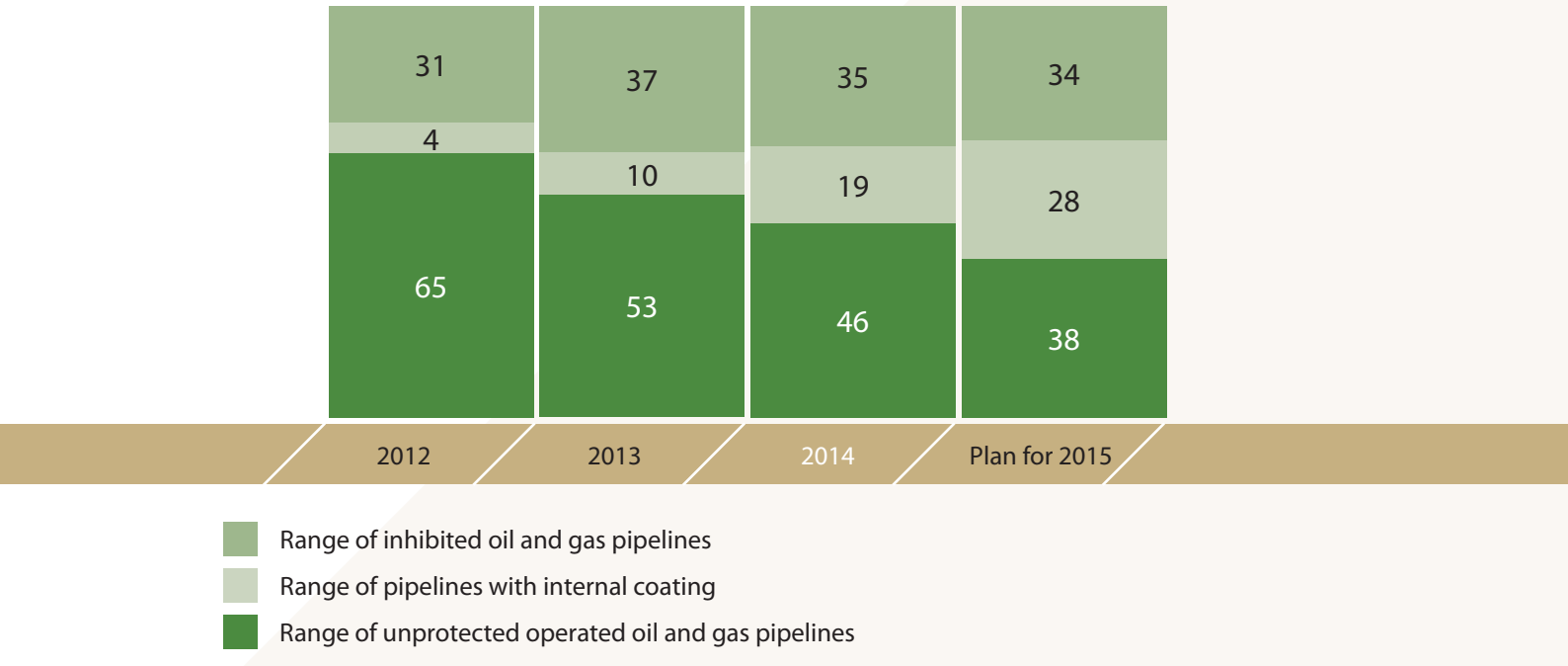
Operation of initial water separation units (IWSUs) allowed the Company to reduce the length of water pipelines, thus having significantly mitigated environmental risks. Use of this equipment is especially important in the areas of operations with significant amount of watercourses, water bodies, moors and watered territories occupying up to 75% of the Company's license areas.

OJSC "Surgutneftegas" operates 108 initial water separation units designed to transport oil with low water content via over 3 thousand kilometers of pressure pipelines.

In 2014, by virtue of implementation of interrelated target programs, the Company managed to perform accident-free maintenance of in-field pipelines. The number of incidents occurred at oil gathering pipelines decreased significantly. Implementation of program for use of pipes with internal anti-corrosion coating allowed to exclude environmental risks due to corrosion at these facilities.
Despite the achieved success, ensuring pipeline integrity is a large-scale strategic problem, and only systematic and complex work can make its solution possible.

Implementation of measures on anti-corrosion protection of oil and gas pipelines

%



PROTECTION AND RATIONAL USE OF LAND

Land reclamation and forest protection

Pollution prevention and elimination

04 LAND RECLAMATION AND FOREST PROTECTION

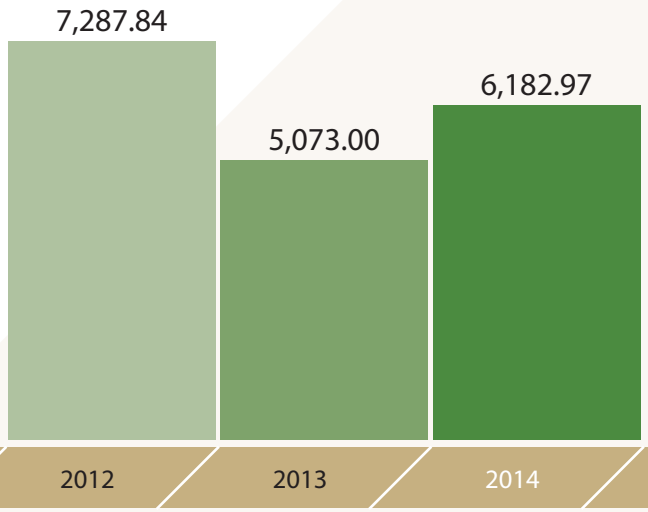
For the purpose of rational use of land in compliance with project documentation, OJSC "Surgutneftegas" implements a complex of measures on technical and biological reclamation of lands aimed at returning them to their applicable use and their timely return to the State Forest Fund.

In 2014, the Company returned 6,182.97 hectares of land to the State Forest Fund of the Russian Federation (in 2013 – 5,073 hectares). Increase of reclaimed land return is connected with measures on rational use and turn over of lands, given in short-term lease for exploratory drilling and seismic facilities.

To ensure protection of land within industrial control of land, the Company carries out systematic and off-schedule inspections for prevention, detection and elimination of facts of land parcel pollution and littering, damage, destruction or removal of fertile soil, inspection of safety of land parcel boundary marks.

To provide safety of the forest, OJSC "Surgutneftegas" implements measures on protection of its facilities from fire. At all production sites there are stationary and mobile stations of fire-fighting equipment.

Amount of land returned to the State Forest Fund by OJSC "Surgutneftegas"
ha



04 POLLUTION PREVENTION AND ELIMINATION

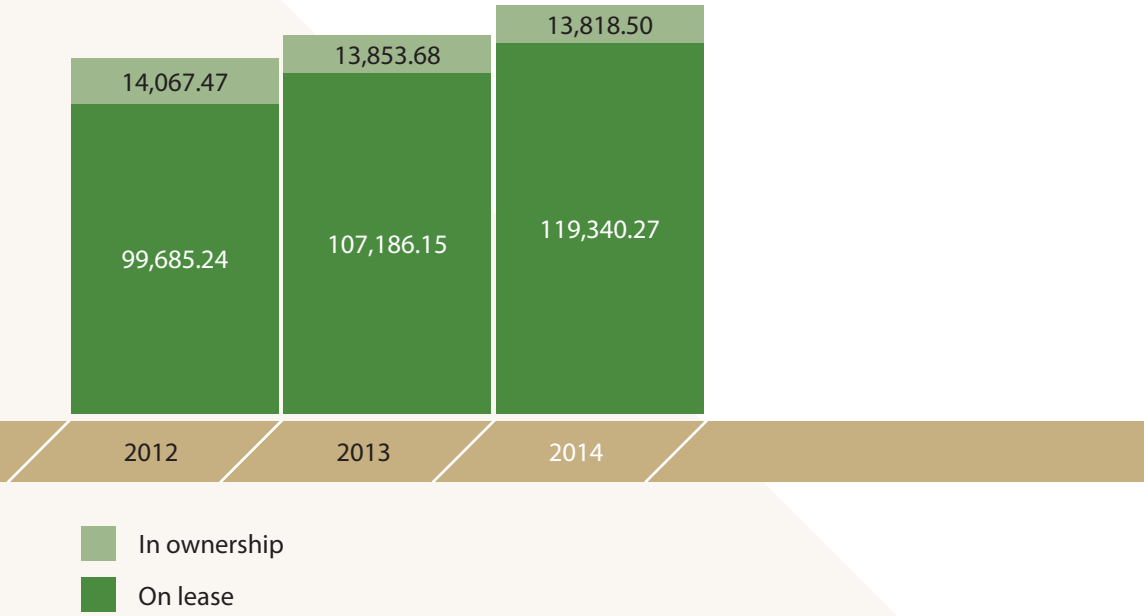
The priority direction of land protection is the prevention of land contamination by oil and oil products. For this purpose, measures on ensuring environmental safety of oil production facilities and timely elimination of pollution consequences are implemented.

The Company developed and implemented the plan on prevention and elimination of oil and oil product spills at the facilities of OJSC "Surgutneftegas" on the Federal level and correspondent local plans in compliance with the requirements of legislation of the Russian Federation.

If necessary, the Company is ready to immediate elimination of oil and oil product spills of any level, under any circumstances and in any type of area and provide high-quality reclamation of contaminated land using its own forces and means. The Company possesses all the necessary financial, inventory and human resources and special oil-gathering equipment.

Oil spills are eliminated by eight out-of-staff accident rescue units (ARU(O)), created on the basis of the Company's oil and gas production divisions and technical maintenance and equipment completing base. Out-of-staff ARU(O) level of strength amounts to 107 people, including 101 rescuers (94.4%) certified by the industry certification commission of energy sector 16/2-1 of the Ministry of Energy of Russia.

Land area allocated to OJSC "Surgutneftegas"
ha



In 2014, ARU(O) consisting of 11 people was created on the basis of fuel, lubricants and chemical reactants facility of Vitim in the Republic of Sakha (Yakutia). Each member of the new unit is a certified rescuer.

Oil spill prevention and response system developed by the Company is unique for Russia and meets international environmental safety standards of the oil industry.

The Company's high-performance equipment and facilities fleet for elimination of oil and oil product spills and rehabilitation of oil contaminated land includes:

- 150 oil-skimmers designed to operate in various oil viscosities and under diverse weather and climatic conditions;
- 4 skimmer boats for skimming oil on the surface of rivers and lakes including shallow water;
- 80 self-contained high-pressure pumps;
- 7.75 kilometers of easy-to-assemble aluminum pipes;
- 14.82 kilometers of fast deployable mobile booms both lightweight and reinforced made of frostproof materials for onshore protection;
- 750 meters of absorbent booms;
- 33 mobile tanks for temporary oil storage;
- 20 sprinklers for biological agents and bacteria treatment;
- 9 units for producing thermally exfoliated graphite absorbent (U-SRTG) with a capacity of 30 kilograms per hour;
- 29 multifunctional floating platforms equipped with attached system for water bodies and inshore zone integrated treatment;
- 29 vacuum dump trucks with tank capacity of 13 cubic meters and 49 tank trucks with a tank capacity of 11 cubic meters for oil products pumpdown and transportation from the areas of oil spills;
- 149 dump trucks for oily soil transportation;
- 32 all-terrain vehicles with excavators and other equipment.

High level of technical equipment and personnel's professionalism allowed to eliminate all oil contaminations of the previous years. Contamination of 0.6 hectares of land in the previous year was also efficiently eliminated. The content of pollutants in reclaimed lands does not exceed approved standards.

AIR PROTECTION

Utilization of associated petroleum gas

Accounting greenhouse gas emission

05 UTILIZATION OF ASSOCIATED PETROLEUM GAS

The package of air protection measures of OJSC "Surgutneftegas" is aimed at rational use of associated petroleum gas (APG) and reduction of its flaring that is the main source of air pollution in production of hydrocarbons.

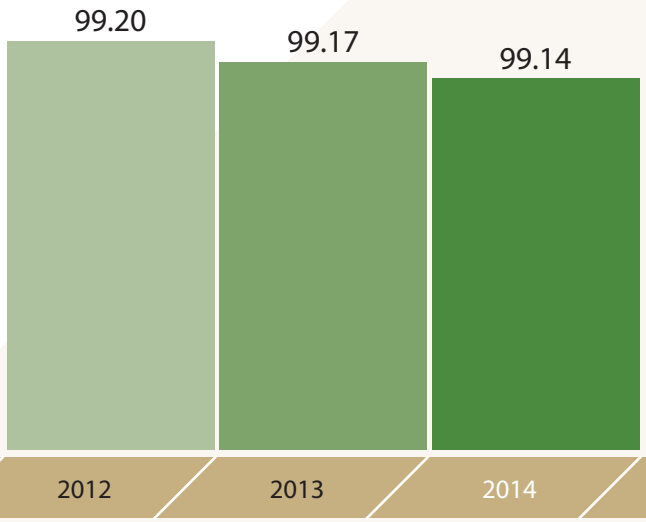
Surgutneftegas is the Russian industry leader in terms of efficient utilization of associated petroleum gas. Within the last three years the gas utilization rate in the Company exceeds 99%.

The Company was the first in the country to introduce the most efficient gas utilization techniques in the operation of stand-alone gas turbine and gas reciprocating engine power plants. Surgutneftegas pays great attention to increasing the energy efficiency of its industrial activity and creating reliable power sources to ensure integrity of production processes without interruptions in power supply. At present, the Company operates 29 small-scale power generation sites: 22 gas turbine and 7 gas reciprocating engine power plants to generate electricity using associated petroleum gas as power fuel.

A high level of APG utilization is achieved due to processing of associated gas by the capacities of the Company's own plant to maintain formation pressure and to use it as fuel for different equipment.

In 2014, Surgutneftegas managed to reduce the volumes of flared APG by 1.2 times (by 19 million cubic meters) compared with the level of 2013. Specific pollutant emission into the atmosphere amounted to 2.4 kilograms per tonne of oil produced.

Level of associated petroleum gas utilization in OJSC "Surgutneftegas"
%

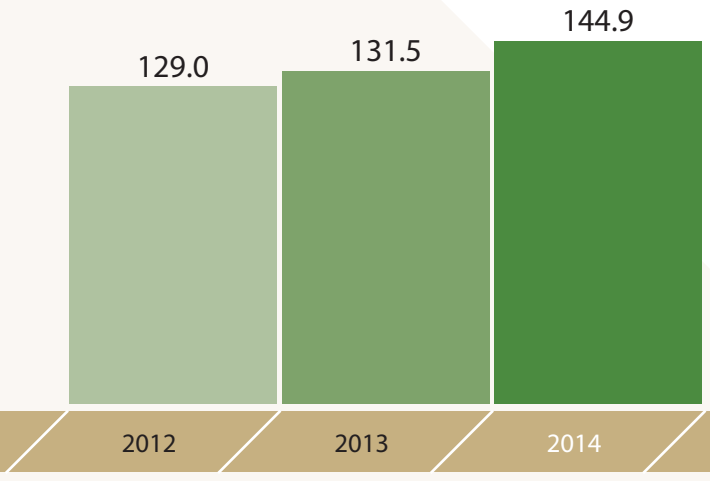


To diminish emissions, the Company regularly performs operating setup of boiler houses, furnaces and other fuel-fired equipment. To prevent the emissions of solid substances, the Company's processing facilities are equipped with dust and gas catchers. The Company controls their operational effectiveness, and conducts regular current and planned preventive repairs.

Constant work on technical re-equipment and introduction of associated petroleum gas utilization and contaminants trapping facilities is carried out. The Company monitors quantitative and qualitative characteristics of pollutants at all stationary and mobile emission sources according to existing standards.

Increase of pollutant emissions into the atmosphere in 2014 is caused by the emergence of new emission sources due to arrangement and development of new fields (Vysotnoye, Kochevskoye and Verkhnekazymskoye), growth in production in other license areas, and changes in the calculation methodology for hydrocarbon emissions while storing oil in tanks.

Air pollutant emissions
'000 tonnes/year



05 ACCOUNTING GREENHOUSE GAS EMISSION

OJSC "Surgutneftegas" plans its business and carries out its production activities taking into consideration problems of potential impact of global climatic changes which can be caused by the greenhouse gas emissions. The Company takes measures to increase the energy efficiency and reduce emissions of greenhouse gas.

Taking into account the possible harm to employees' lives and health due to climatic changes, Surgutneftegas sets high standards of industrial safety and performance characteristics to industrial facilities, structures, equipment in order to improve their stability, to provide a comfortable and safe working environment to its employees and to maintain the required level of production.

Annually, the Company lowers air polluting emissions by more than 210 thousand tonnes of methane (4.4 million tonnes in CO_2 equivalent) due to rational use of APG and reduction of its flaring.

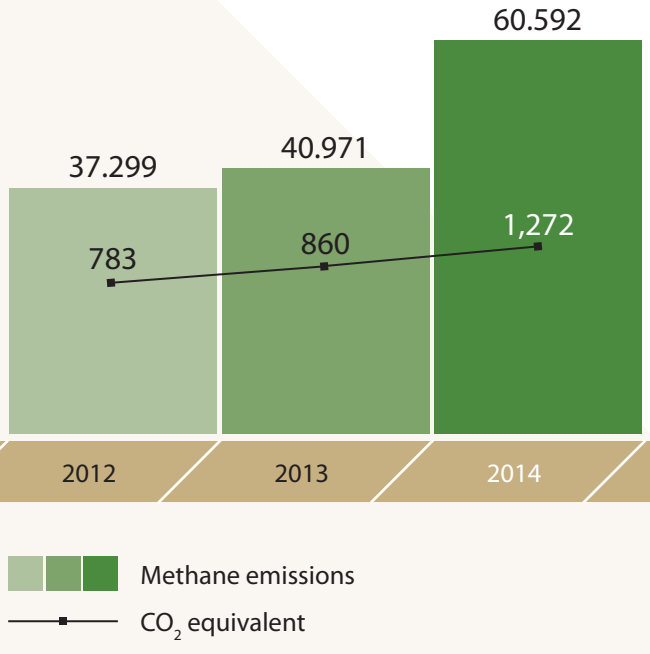
In cooperation with Gazprom Marketing&Trading Limited, the Company implemented projects on the use of monetary assets received from the sale of units of reduced greenhouse gas emissions due to APG utilization to further improve the environmental and energy efficiency of production.

Data collection and calculation of methane emissions are made by approved methodology according to the laws of the Russian Federation in setting standards of maximum allowable air pollution emissions. Calculations use the results of instrumentation control of emissions made by accredited laboratories.

Information about methane emissions is published in the annual environmental report of OJSC "Surgutneftegas" and state reports on environmental conditions and protection in the Russian Federation in the fuel and energy sector. The Company also submits this information to the Ministry of Energy of Russia, the Russian Federal State Statistics Service, authorized regulatory bodies of the Russian Federation and states it in the quarterly calculations of payments for negative impact on the environment and within the framework of international investment partnership Carbon Disclosure Project (CDP).

In the reporting period, the approach of government agencies to methane emissions estimation underwent significant changes stipulating the considerable increase of this figure by the results of 2014 against the previous period: according to the sources of OJSC "Surgutneftegas", the amount of methane emissions in the preceding year increased by more than 30 thousand tonnes, 32% up against 2013.

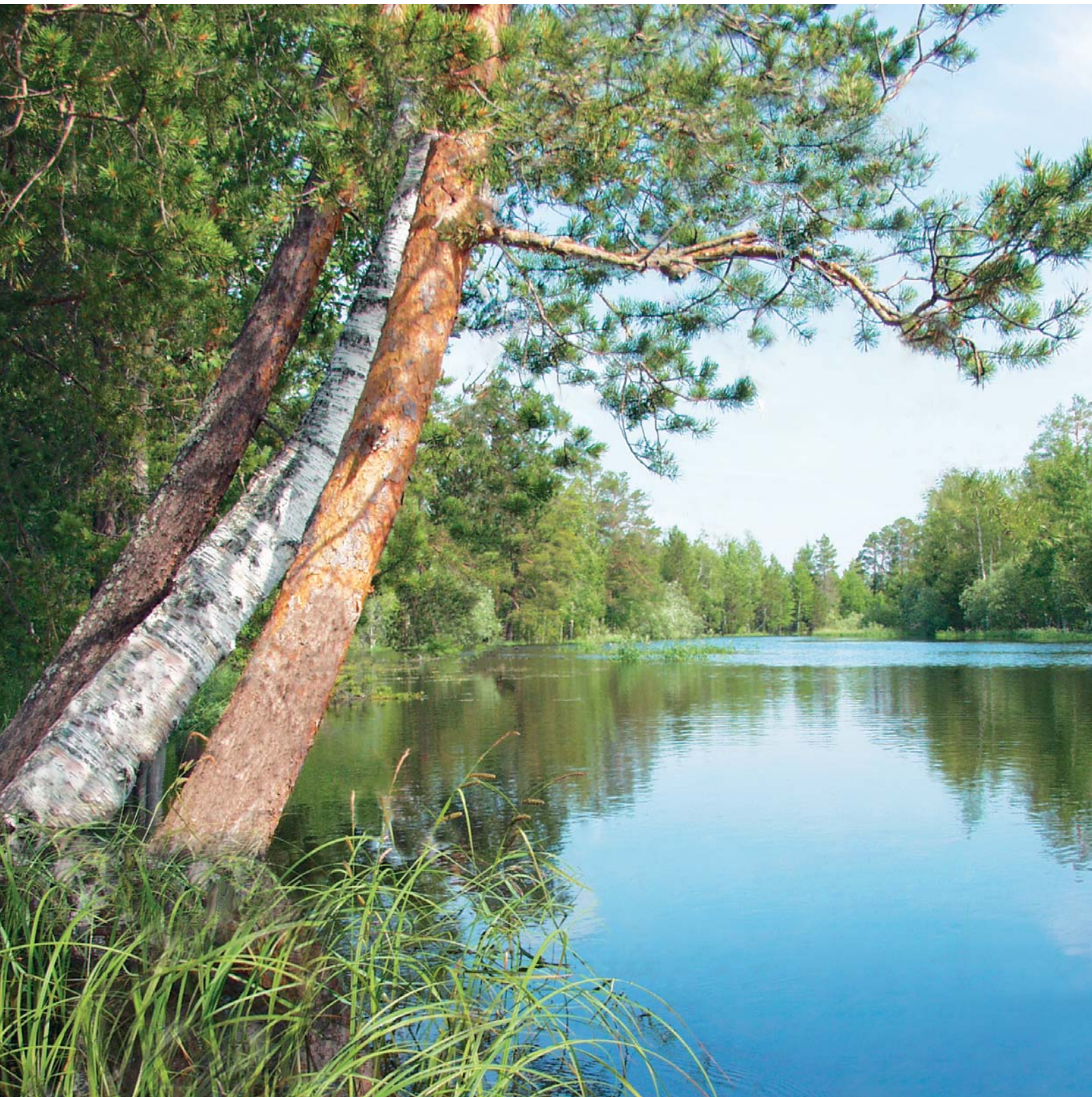
Methane emissions in OJSC "Surgutneftegas"
'000 tonnes



PROTECTION AND RATIONAL USE OF WATER RESOURCES

Water resources protection

Rational use of water resources



06 WATER RESOURCES PROTECTION

In the sphere of water resources protection, OJSC "Surgutneftegas" solves problems of rational use of water bodies, prevention of natural environment pollution by discharge of sewage, industrial and consumption wastes.

The Company performs surface and ground water abstraction in strict compliance with the regulatory documents, and strives to reduction of fresh water consumption in engineering processes. It is achieved due to adherence to the regulations on planning and fulfillment of operations within water protection zones and upgrading facilities built in 1970–1980s in compliance with modern environmental regulations.

To this end, during 2014, the Company provided 46 well pads with drain tanks, reconstructed ramps and installed barrier gates at 253 pads. The Company kept on building initial water separation units, and treated wastewater pump stations and sewage facilities.

The Company evaluated fresh groundwater reserves at all water supply points on the basis of which appropriate additions to the license agreements for subsoil use are made.

There are sanitary protection zones with a positive sanitary-epidemiological conclusion developed for all drinking water supply points.

To estimate the impact of well construction process upon water resources and take timely measures for the reduction of such negative environmental impact, the ecologists of Surgutneftegas perform monitoring of environment components around well pads engaged in drilling.

OJSC "Surgutneftegas" ensures rational use of water by re-employment of specially prepared water previously used for the Company's needs including cleaning water and sewage (drilling, household sewage).

06 RATIONAL USE OF WATER RESOURCES

The Company implements the program of construction of initial water separation units based on three-phase separators in all fields. They are maintained at booster-pump stations for effective separation of associated water and its further employment when developing license areas for maintenance of formation pressure.

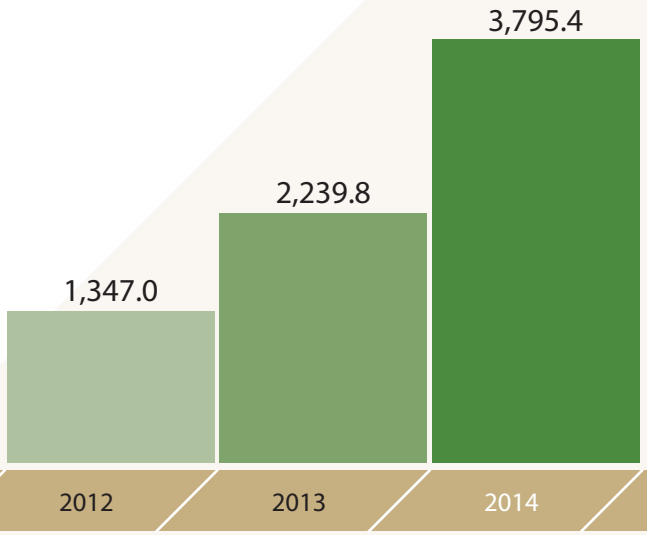
In Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutneftegas utilizes all cleaned sewage in formation pressure maintenance system. It gives a significant saving of fresh surface and underground water used for technological needs.

In 2014, about 512.5 million cubic meters of sewage, including 3.8 million cubic meters of treated household waters, served as injectant for a reservoir pressure maintenance system. Consequently, reduction of fresh water consumption from water bodies accounted for 3.8 million cubic meters, which is 1.7 times more than in 2013.

In the Republic of Sakha (Yakutia), the using of sewage from business units bases in the industrial zone of the village of Vitim is not reasonable due to considerable remoteness from the Company's oil fields – the distance to the Talakanskoye oil and gas condensate field is more than 100 kilometers. Household sewage is discharged into the stream Romanovsky Klyuch upon its processing at sewage biological treatment plants.

On the average, rational use of water resources lowers the level of specific water consumption by 2% per year. Today, it is less than 2 cubic meters of water per tonne of oil produced.

Injection of treated household sewage in the territory of OJSC "Surgutneftegas"
'000 cub m



WASTE MANAGEMENT

Waste processing and recycling

Waste decontamination and disposal

Sludge pits reclamation

07 WASTE PROCESSING AND RECYCLING

Presently, the Company utilizes oil sludge, used oils, tires with fabric and metal cord in its own production process. Recycling of cleaned drilling sludge, which is the main type of wastes exceeds 87.4%.

In order to reduce and recycle production wastes, the Company applies a resource saving technology, involving the use of drilling sludge as building material for well construction.

In the process of drilling, the Company uses four-stage drilling fluid and sludge treatment equipment and biodegradable polymers for clay mud preparation. This equipment allows to reduce drilling waste by half, decontaminate and use sludge for construction of well pads. With this technology the Company is able to conserve over 14 hectares of undisturbed landscapes and wetland ecosystems annually making extraction and delivery of sand for filling unnecessary. The environmental compliance of this technology is confirmed by the State Environmental Expertise Committee.

For utilization of used tires with fabric or metal cord, a complex of efficient equipment for recycling worn-out casing tires is used. Obtained rubber crumbs are used as raw material for bitumen modification.

All waste oils are used in the Company's production processes. Shredders are used for recycling waste paper and plastic containers to transfer them to consumers for further use.

07 WASTE DECONTAMINATION AND DISPOSAL

For waste decontamination, the Company uses mobile units for tank washing and cleaning designed for clean-up and partial wringing of oil sludge. Oil sludge is collected and transported by special vehicles – sludge pumps and vacuum dump trucks.

Surgutneftegas applies different methods of oil sludge and oily soil treatment including clean-up and thermal decontamination.

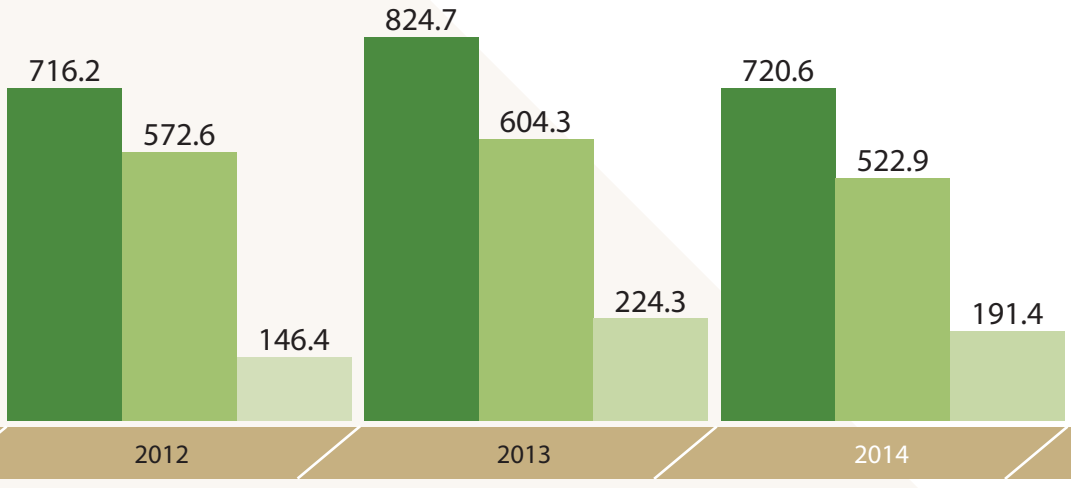
The amount of this type of sludge is constantly increasing since the Company expands its tank farms and storage facilities and constructs new pipelines; therefore, the need of its decontamination increases as well. Today, this need is absolutely satisfied owing to available capacities:

- 6 centers for oil sludge and oily soil decontamination;
- 3 units for oily fluid recovery equipped with three-phase separators;
- 4 mobile units for tank cleaning and initial sludge treatment;
- 6 units for thermal oil sludge decontamination;
- 9 mobile units of thermal solid oily waste decontamination;
- a landfill for oil sludge utilization;
- 13 sludge pits.

Owing to lack of special-purposed licensed facilities for waste burial in the territory of operations, remoteness of production facilities from main production bases, the Company has built an oil sludge recycle landfills and four landfills for municipal solid and industrial waste.

Information on use, decontamination and burial of wastes in OJSC "Surgutneftegas"

'000 tonnes



07 SLUDGE PITS RECLAMATION

To reduce negative impact of drilling wastes disposed in sludge pits, OJSC "Surgutneftegas" applies enhanced scientifically and economically proved technologies of reclamation providing effective restoration of ecological functions of disturbed lands.

According to the results of experimental scientific-theoretical work carried out by OJSC "Surgutneftegas" for many years together with the V.N.Sukachev Institute of Forest of SB RAS, a unique method of forestry reclamation ("Reclamation of sludge pits in the territory of the State Forest Fund of the middle taiga subzone in Western Siberia") is developed and widely used. In the reporting year, 156 pits were reclaimed by applying this method.

This technology takes into account geological and climatic conditions of the region, natural processes of transformation of oil sludge into soil forming material and stimulates the process of unassisted overgrowing of sludge pits.

Exceptional efficiency of forestry rehabilitation is proved by the results of research of phytocenoses formed on reclaimed sludge pits: they surpass similar parcels which did not undergo industrial impact manyfold in biodiversity and their productivity.

Numerous advantages of the forestry reclamation method used by OJSC "Surgutneftegas" in comparison with other disturbed lands reclamation methods arouse reasonable interest from Russian largest oil and gas producing companies.

INDICATORS OF ENVIRONMENTAL IMPACT

08 INDICATORS OF ENVIRONMENTAL IMPACT

Comprehensive approach to solving environmental protection problems allowed OJSC "Surgutneftegas" to achieve leading positions in the industry with minimal impact upon the environment in 2014.

Name of specific indicator	Unit of measure	2012	2013	2014
Oil production	'000 tonnes	61,405.14	61,453	61,425
Gross pollutant emissions into the atmosphere	'000 tonnes	129	131.5	144.9
Specific pollutant emission into the atmosphere per barrel of oil produced	kilotonnes/tonne	2.1	2.1	2.4
APG utilization level	%	99.2	99.17	99.14
Waste produced	'000 tonnes	713.8	821.5	716.1
Waste used in own production	'000 tonnes	470	507.8	422.9
Waste treated in own production	'000 tonnes	27.2	32.9	37.9
Transferred to external companies	'000 tonnes	156.3	222.1	202.3
Specific waste disposal	tonnes/tonne	1.09	1.08	1.08
Water consumption	'000 cub meters	107,203.1	108,007.6	91,273.1
Specific water consumption	cub m/tonne	1.75	1.76	1.49
Surface wastewater disposal	cub m	0	0	0
Total land area at the beginning of the year	ha	106,367	111,932	119,086
Total land area at the end of the year	ha	111,932	119,086	131,681
Disturbed land area at the beginning of the year	ha	4,837	19,610	16,413
Disturbed land area at the end of the year	ha	19,610	9,882	9,645
Polluted land area at the beginning of the year	ha	92.3	2.0	1.5
Polluted land area at the end of the year	ha	2.0	1.5	0
Amount of oil (petroleum products), spilled (remained) as a result of pipeline ruptures and accidents	kg	824	1,814	0
Number of pipeline ruptures	times	6	11	3
Share of environmentally friendly fuel (high-octane gasoline Euro 4, 5, diesel Euro 3, 4, 5, gas motor fuel) in the total amount of fuel used	%	95.33	95.39	94.78

ENVIRONMENTAL MONITORING

Spheres and types of corporate monitoring

Laboratory control and technical support of monitoring studies

09 SPHERES AND TYPES OF CORPORATE MONITORING

Surgutneftegas pays special attention to the environmental monitoring in all areas of its operations.
The established system of environmental monitoring and assessment of environmental condition allows us to control and timely detect negative changes arising from anthropogenic factors and to improve the management of environmental activity.

The Company performs environmental monitoring in two directions:

1. The quality monitoring of natural environment components (surface and ground waters, bottom sediments, soils, ambient air and snow).

2. Environmental monitoring of industrial facilities, including monitoring of emission sources' state and emissions of air pollutants, well pads and oil sludge pits, domestic and industrial waste landfills.

Environmental monitoring within license areas starting with estimation of the background pollution level of the territory is one of the significant conditions of subsoil use.

When analyzing the initial level of contamination, the ecologists determine the indicators of the quality of natural components before the subsoil user's activity in the license area. On the basis of this analysis, the network for local environmental monitoring is being designed.

Local monitoring is a comprehensive system organizing routine observations, data collection, assessment and forecasting of variations in the state of environmental health due to anthropogenic factors.

In 2014, OJSC "Surgutneftegas" carried out the environmental quality control in 129 license areas at 4,550 points. In Khanty-Mansiysky Autonomous Okrug – Yugra collection of samples was carried out in 1,804 points of monitoring and in the territory of other legal entities of the Russian Federation – in 471 points. Besides, the Company carried out monitoring around 989 sludge pits and 99 well pads in water protection zones.

09 LABORATORY CONTROL AND TECHNICAL SUPPORT OF MONITORING STUDIES

The samples taken during the monitoring are tested in 11 laboratories with modern instruments and equipment which determine the lowest level of environmental pollution.

The Company's Central Base Laboratory for Ecoanalytical and Process Studies of Engineering and Economics Implementation Center that is accredited to perform the analysis and radiation survey of 758 parameters, including 361 ecological ones, is responsible for general environmental monitoring. The significant part of the samples taken from the Company's fields is analyzed in this laboratory.

The Company's six oil and gas production divisions that operate in Khanty-Mansiysky Autonomous Okrug – Yugra also have accredited laboratories. Each of them is accredited for more than 25 parameters.

Since 2008, there is an analytical complex in the Republic of Sakha (Yakutia) having no parallels in the region by technological equipment. The accreditation area of production and research laboratory of Oil and Gas Production Division "Talakanneft" includes 222 parameters, with 15 radiological ones among them.

The Company has the license to operate in the sphere of hydrometeorology and related areas including determination of the pollution level of ambient air, soil and water.

OJSC "Surgutneftegas" organized remote monitoring of its fields using aerial surveillance, large-scale aerial photography and UHD satellite imagery. Remote sensing data are used to make inventories of disturbed lands, develop and update projects for local environmental monitoring and sampling schemes, perform landscape monitoring, assess current environmental situation in licensed areas, and to solve other ecological problems.

The results of departmental monitoring prove that the general environmental situation in the area where OJSC "Surgutneftegas" operates is satisfactory. The impact of the production facilities is described as acceptable, i.e. it maintains the preservation of the environment.

INDUSTRIAL ENVIRONMENTAL CONTROL

Levels and types of industrial environmental control

Objects of control

Control organization and procedure

Preliminary expert evaluation

10 LEVELS AND TYPES OF INDUSTRIAL ENVIRONMENTAL CONTROL

Industrial environmental control (IEC) is a part of the environmental management. General control of environmental management system is performed by First Deputy Director General of OJSC "Surgutneftegas".

The Company has the effective vertically integrated two-level system of IEC:

Level I: control of adherence to the legislation requirements and standards, local technological normative documents in the Company's business units and contracting organizations. The person responsible for organization and implementation of the control level I, including control in the sphere of waste management in a business unit of the Company, is appointed by an order of a business unit head.

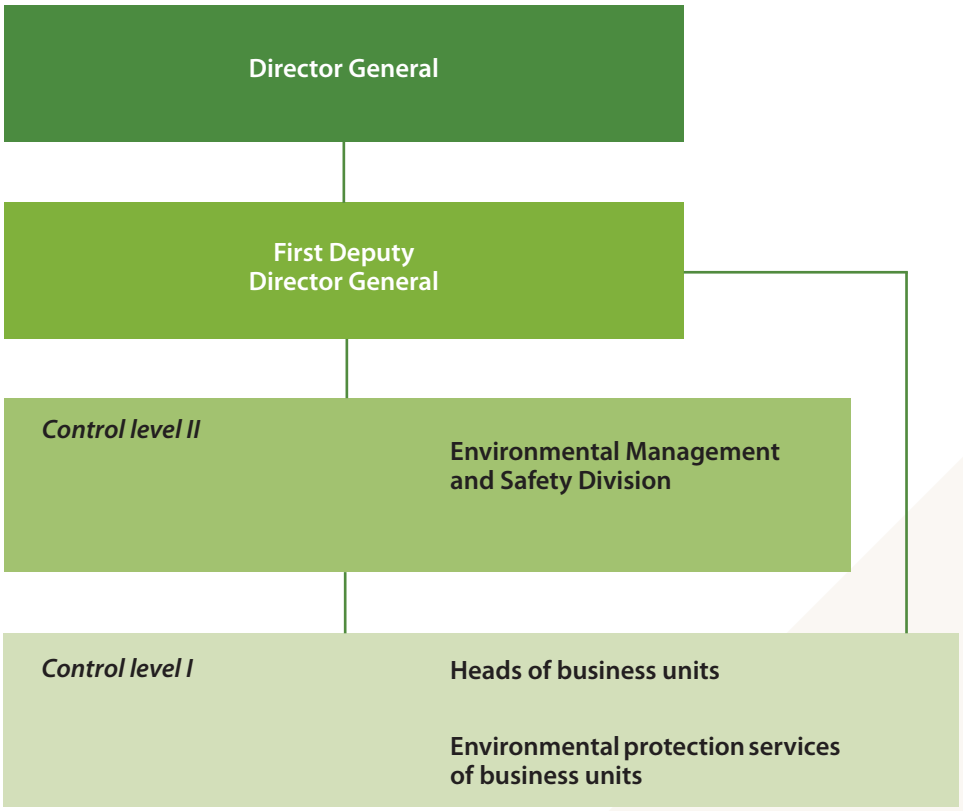
Level II: control of adherence to the requirements of environmental legislation, license requirements and conditions by the Company's business units and contracting organizations in the field of waste management. The person responsible for organization and implementation of the control level II, including control in the sphere of waste management in a business unit, is the Head of Environmental Management and Safety Division.

The industrial control in the sphere of waste management is carried out on the basis of the procedure approved by authorized bodies, regulations on the organizational units of environmental services of the headquarters and business units of the Company and administrative duties of persons in charge.

Types of industrial environmental control:

- office (documentary) control consisting in testing necessary documentation set by the environmental legislation and the Federal Law "On the environmental expertise";
- inspectorial control consisting in site survey;
- ecoanalytical control consisting in sampling and analyzing samples of industrial discharges, sewage, wastes and their chemical analysis or biotesting.

THE SYSTEM OF INDUSTRIAL ENVIRONMENTAL CONTROL



10 OBJECTS OF CONTROL

The obligatory industrial environmental control is carried out regarding the following objects:

- sources of air pollutant emissions;
- sources of pollutants discharged into the environment;
- off gases cleaning systems;
- sewage cleaning system;
- waste accumulation and disposal sites;
- equipment, units for waste use and decontamination;
- systems of prevention, localization and elimination of anthropogenic accidents;
- environmental sites located within industrial sites;
- territories (water areas) of nature management and sanitary-hygienic zones.

The Company's equipment and facilities for waste decontamination and disposal are subject to license control in the sphere of waste management. They include: buildings, installations, technical solutions, equipment and other facilities owned by the Company as property or on any other legal grounds. Necessary professional training of the Company's employees working with wastes is proved by certificates for working with wastes of I–IV hazard classes.

10 CONTROL ORGANIZATION AND PROCEDURE

IEC can be systematic and off-schedule. Implementation of control measures includes their planning and preparation.

Industrial control measures in the field of waste management can be either special-purposed or a part of complex IEC measures, including control of adherence to the environmental legislation as a whole.

Inspectorial and ecoanalytical control are carried out in compliance with technological normative documents of OJSC "Surgutneftegas".

The control report drawn up by the results of IEC contains the following information:

1. Compliance of inspected facilities with the requirements of natural environment legislation, ecological safety and organization standards.

2. Compliance with the requirements of the legislation in the sphere of waste management, ecological, sanitary-epidemiological rules and guidelines of waste management set by "Procedure for the industrial control in the field of waste management in OJSC "Surgutneftegas", instructions of waste management, and draft standards for waste generation and disposal limits.

3. Suggestions to implement necessary measures and works and dates of their performance.

4. In case of drawing up the results of inspectorial control which is performed along with ecoanalytical – sample collection and studies results reports (or copies with sign of the service where the original documents are kept).

Control over suggestions and prescriptions fulfillment is carried out by the person, who made them, without preliminary notification of the inspected one. Control of suggestions and prescriptions fulfillment is carried out every month, the results are reported at monthly summing-up meeting.

IEC results are subject to accounting, analysis and summarizing for further use in implementation of industrial control in the field of waste management.

The results of detected violations analysis are announced at the monthly council of business units heads under the chairmanship of Director General or any other nearest meeting devoted to the adherence to the environmental legislation.

10 PRELIMINARY EXPERT EVALUATION

To improve the quality of project documentation developed for capital construction and exploratory drilling facilities and subject to approval by the State Environmental Expertise Committee, the Company implemented its preliminary examination.

In the reporting year, specialists in ambient air protection, waste management, use of water and ecological monitoring conducted a preliminary examination of:

- 13 projects for capital construction facilities;
- 9 project documentations for the construction of sludge pits;
- 50 operating procedures;
- 24 flow charts of field development projects;
- 10 design assignments;
- 22 engineering assignments for environmental impact assessment;
- 9 organization standards.

The overview of environmental project documents resulted in preliminary examination of 49 draft standards for maximum permissible emissions and 51 draft standards for waste production and disposal limits.

The Company checked the availability and validity of approval documents. This allowed to prevent the violation of environment legislation and to provide compliance of the activity of the Company's business units with approval documents in the sphere of ambient air protection and waste management.

ENVIRONMENTAL TRAINING

Environmental training of the personnel

Main waste management requirements in OJSC "Surgutneftegas"

Production activities in the territories of special mode of management

11 ENVIRONMENTAL TRAINING OF THE PERSONNEL

The Company continues to provide skills development and environmental training of its employees aimed at implementation of Environmental policy of OJSC "Surgutneftegas".

To minimize the environmental impact of production processes and to comply with the environmental legislation requirements the Company develops local regulations governing Company's operations and observance of technical discipline.

In order to reduce costs of regular professional training for its employees in the field of waste management the Company developed vocational programs "Professional training of personnel for permit to manage hazardous waste of I–IV classes". These programs are developed for managers and specialists deciding upon economic and other activities of the Company and for workers permitted to this hazard class waste management. In 2014, the implementation of corporate professional training in waste management allowed the Company to upgrade the skills of 630 employees.

The Company continues to upgrade skills of its employees in ambient air protection: 6 specialists of the Company received state-recognized certificates.

Explanatory work is carried out via media technologies, including special animated videos for employees, giving information about the environmental policy of the Company, ways to mitigate the environmental impact, waste management requirements and code of conduct in the territories with the special mode of business activity, including the nature park "Numto".

OJSC "Surgutneftegas" is aware of the importance of environmental education of the younger generation. In 2014, the Company continues its work with the Ministry of Environmental Protection of the Republic of Sakha (Yakutia) organizing ecological expedition for the children of Lensky District. By participating in these activities, children are introduced to the unique nature of their native land, acquire new knowledge concerning the various biological disciplines and the preservation of the environment from the employees of scientific institutions involved in the organization of expeditions.

11 MAIN WASTE MANAGEMENT REQUIREMENTS IN OJSC "SURGUTNEFTEGAS"

All types of waste generated on stationary and mobile work zones of the Company's employees and its outside agencies, including domestic garbage are considered household and industrial wastes of the Company. Failure to comply with waste management rules, even by one employee can make the whole Company a violator of environmental requirements of the Russian Federation.

As sources of pollutant emission into the environment, waste can serve as a habitat for agents of dangerous diseases. All household and industrial wastes are subject to separate accumulation for further recording, use, decontamination and burial. Conditions and methods of these procedures should be safe for the environment and comply with the law of the Russian Federation, procedures for the industrial control in the field of waste management implemented by OJSC "Surgutneftegas" and instructions approved by the Company.

According to the rules of waste management, employees must:

- store the produced household and industrial waste in special packages, tanks and containers installed on the specially arranged sites;
- store oily wastes (waste cloth, working clothes, remains of wooden structures and such), scrap metal, solid domestic wastes separately in containers with relevant marking;
- comply with the rules of safe waste management for the specific types of hazardous wastes, approved by special instructions of the Company.

When handling the wastes it is strictly prohibited to:

- mix different types (groups) of wastes during their organized accumulation;
- dump household and industrial waste on the ground, surface water, gathering grounds, etc.;
- burn wastes in open pits and tanks without using special units equipped with cleaning systems of combustion gases;
- throw away domestic garbage (cigarette stubs, cigarette packs, cans, bottles, etc.) from car windows, mobile houses, cabins, dormitories, and to clutter up industrial sites and adjacent territories, as well as roadsides and such with domestic garbage;
- store wastes in not designated places, especially in the territories adjacent to urban and rural settlements, forest-park, resort, health and recreation zones, animal migration paths, close to breeding grounds and in other places where environment, natural system or human health can be harmed;
- bury wastes outside special landfills, in gathering grounds of ground water used for balneological and water supply;
- carry out the movement of vehicles outside specified routes located outside roads;
- repair and wash vehicles in off-design places, pour used oil and other contaminants on the ground;
- smoke in not designated places, litter territory with cigarette stubs.

All discovered violations of rules of waste management should be reported to the Company's environmental service.

11 PRODUCTION ACTIVITIES IN THE TERRITORIES OF SPECIAL MODE OF MANAGEMENT

In accordance with the licenses for the use of subsoil sites, the Company performs prospecting, exploration, and production of hydrocarbons, and development of fields and construction of field facilities, the area of which may partly fall within the boundaries of Specially Protected Natural Reservations (SPNRs). SPNR is an area requiring compliance with certain ethical standards and strict adherence to the rules of conduct determined by a number of historical, ethnographic, and ecological factors.

There is a significant number of representatives of the indigenous minorities of the North in the territory of the Company's activities – the Khanty, the Mansi, the forest Nenets, and other nationalities whose traditional way of life and culture is special and unique in itself. Their household buildings, areas of traditional industries and sacred sites located near or inside the licensed areas require careful treatment.

Registration and protection of the sacred sites of the indigenous people such as places of worship, family shrines, family and public burial grounds, individual graveyards, etc., are especially important: it is forbidden to touch anything, cut down trees, and disturb spirits whom indigenous people worship. Observance of behavioral rules and prohibitions by the Company's employees and contractors is very important for the indigenous people residing in the area.

While carrying out business activities in SPNR the main objective is the maximum preservation of the primordial living environment, traditional way of life, economic activities, and industries of the indigenous people residing there.

In specially protected natural reservations the Company strives to:

- minimize number and area of industrial sites and infrastructure facilities through implementation of the best technologies for exploration, production, and transportation of oil and gas;
- minimize the negative impact on the environment, reducing emissions, effluents and waste, totally preventing anthropogenic impact outside the areas designated for industrial facilities;
- forbid equipment and personnel presence and movement outside the boundaries of industrial sites and facilities designated for this purpose without proper authorization;
- organize field operations for examining the area of the proposed location of industrial sites for the presence of ethno-archeological and ethnographical objects, and if any, transfer industrial facilities outside the area, according to technological capabilities;
- subsequently restore original natural functions of the ecosystem, including resource functions preserving traditional way of life and industries of the indigenous people, through detailed examination of the area of the proposed location of industrial sites and consideration of ecosystem functions at the design stage;
- establish clear prohibitions for the staff working in SPNR.

When carrying out production activities in the territory of residence of the indigenous minorities of the North, in order to preserve their ethnic group and culture the staff should be guided by the following obligatory principles:

- obligation to respect the culture, local customs, and ethnic identity of the indigenous people;
- understanding and respect for the traditions, customs, and rituals forming a major part of the culture of the indigenous people, contributing to the stabilization of inter-ethnic relations;
- taking into account the experience and continuous improvement of the system of relations with the indigenous people residing in the territory of the Company's activities;
- immediate reporting to the Company's administration (Minority Affairs Department, Environmental Safety and Management Division, OJSC «Surgutneftegas») in the event of a misunderstanding, a threat of conflict or a violation of the established requirements;
- conflict resolution and misunderstanding clearing up through discussion and negotiation;
- prohibition of personal conflicts between the Company's employees and the indigenous people;
- absolute inviolability of places of the worship and shrines, as well as the property of the indigenous people;
- non-interference in the privacy of the indigenous people;
- obligatory training of the Company's employees and contractors, and unscheduled instruction before they are allowed to work in SPNR;
- compliance of inspected facilities with the requirements and standards of natural environment legislation;
- compliance with fire safety measures in the forest;
- adherence to a special access mode, which restricts getting of outsiders, fire arms, fishing equipment, explosives and hazardous chemicals, dogs and other animals, and alcohol beverages into the SPNR;
- measures to ensure safety traffic at the intersection of highways with deer paths and roads of the indigenous people through the establishment of signs and safety crossings, and their timely clearing, as well as clearing of fallen trees on dirt roads and driveways used by the indigenous population;
- continuous improvement of the personnel's environmental skills and interaction with indigenous people;
- transparency of socially important information about the Company's environmental performance, the state of the natural environment, and the relations with the indigenous people.

The implementation of principles in the field of preserving indigenous minorities is achieved through rules and standards of the Company's employees conduct in specially protected natural reservations, which are mandatory for employees of "Surgutneftegas" and its contractors.

When carrying out production activity every employee of the Company must:

1. Complete the appropriate unscheduled briefing prior to admission to work in SPNR.

2. Strictly observe the ban on bringing in alcohol beverages, fire arms, fishing and hunting equipment, explosives and hazardous chemicals, dogs and other animals; provide obligatory inspection of vehicles and personal belongings at a checkpoint at the entrance to SPNR.

3. Be present only at industrial sites and facilities, not go outside of them, even at non-working hours, and not carry out fishing, wild harvest gathering, hunting, etc.

4. Ensure strict compliance with the rules and nature protection requirements at working hours and at off-work time.

5. Respect the indigenous people, their culture and traditions, ensuring safety of shrines and other places of worship.

6. Inform the population in advance and submit arrivals of staff at the nomads camps to deal with any cases when it is necessary to the administration for approval.

7. Observe guest etiquette in case of visiting nomad camps and other places of the indigenous population. It's better to coordinate all actions with the masters and obligatorily exclude informal vocabulary from conversations, avoid loud and flippant tone, etc.

8. In case of getting into sacred sites, graveyards and family burial grounds, discovering of archaeological and ethnographic monuments of history and culture of the indigenous people it is strictly prohibited to:

- perform desecrating behavior and actions;
- take photos and make videos;
- touch sacrificial gifts to the gods and spirits (fabric, veils, ritual and household accessories, skins, deer antlers and bones or their fragments), placed in trees or already fallen;
- carry out cutting of trees, berry picking, hunting, fishing, and arranging of a campsite;
- visit shrines by women regardless of their nationality.

9. Observe peace and quiet order to the greatest possible extent during deer calving from late April to mid-August.

10. Note that everything made by man, as well as semi-domesticated animals (deer), regardless of their location in SPNR, is private or public property. In order to avoid civil and criminal liability the employees must not disturb or kill animals, birds and fish in the territory of residence of the indigenous people, touch and take away fishing and hunting equipment, destroy camp constructions.

R&D ACTIVITY IN THE FIELD OF ENVIRONMENTAL PROTECTION

Environmental monitoring in Eastern Siberia

Research in the territory of the nature park “Numto”

12 ENVIRONMENTAL MONITORING IN EASTERN SIBERIA

In order to improve the effectiveness of environmental measures and enhance the environmental safety system, the Company collaborates with scientific institutions and public organizations, conducts its own research and appraisal works.

In the reporting period, the Company started to monitor bioresources and the cryolithozone in the Central block of the Talakanskoye oil and gas condensate field to make a full-scale evaluation of environmental changes due to human impact in the Republic of Sakha (Yakutia).

The results of hydrobiological, zoological, botanic, cryological and other researches made by the specialists of the Institute for Biological Problems of Cryolithozone Siberian Branch of RAS, showed the most valuable and vulnerable components of the ecosystems and helped to determine priorities in ecological monitoring on the Company's oilfields in Lensky District of the Republic of Sakha (Yakutia).

12 RESEARCH IN THE TERRITORY OF THE NATURE PARK "NUMTO"

In accordance with the work plan "On reviewing claim of OJSC "Surgutneftegas" for carrying out prospecting and exploratory works and assignation of sites for prospecting wells at the Vatlorskoye field developed by the order of the Governor of Khanty-Mansiysky Autonomous Okrug – Yugra, in 2014, upon the Company's order R&D work was carried out to assess the state of ecosystems of the natural park "Numto" under the influence of anthropogenic impact.

Research carried out by Institute of Forest Science, Russian Academy of Sciences with the help of leading Russian and international experts in research and protection of wetlands included on-site investigations to assess the biological diversity of the ecosystems and sensitivity of landscapes, analysis of environmental and social-economic significance of the ecosystems, systematization of all stock and archival material for the study of the nature park "Numto", developing the decision-making system of rational environmental management on the park's territory and estimation of environmental risk due to the changes in land-use planning of the nature park "Numto".

Results of this research are the substantiation of changes in preservation duty and borders of functional area of the park. Later, this research will be used to develop recommendations to minimize the environmental risks from various forms of activity on the park's territory and to create development strategy for the nature park "Numto", as well as in decision-making in the sphere of environmental protection and use of resources within the boundaries of the natural park.

In 2014, the biological monitoring of operating and designing industrial facilities in the natural park continued. Scientific researches in the park are made by the specialists of leading Russian scientific organizations and include annual status estimation of soil and vegetation cover, wildlife, as well as analysis of the dynamics of their change, and are conducted in order to develop measures to reduce human impact on the ecosystem of the natural park.

"OJSC "Surgutneftegas", "Company", "Surgutneftegas", "joint stock company" and "we" used in the text of the Environmental Report are interchangeable terms that relate to the oil and gas production sector of OJSC "Surgutneftegas".