



2020

ENVIRONMENTAL REPORT
"SURGUTNEFTEGAS" PJSC



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MESSAGE FROM ANATOLY S. NURYAEV,
FIRST DEPUTY DIRECTOR GENERAL
OF "SURGUTNEFTEGAS" PJSC

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ANATOLY S. NURYAEV,
First Deputy Director General
“Surgutneftegas” PJSC

In 2020, international experts at major economic forums stated that environmental risks are the most significant factors that influence the economy and the humankind. A number of environmental disasters confirmed the inadmissibility of saving on environmental protection measures and the necessity of the timely upgrade of the production facilities.

Throughout its activity, “Surgutneftegas” PJSC has been constantly monitoring the state and upgrade need of facilities and applying modern environmental technologies to achieve the highest efficiency, safety and production reliability, and to prevent emergencies.

The Company reduces the environmental impact and promotes socially and environmentally responsible business by meeting the requirements of the environmental legislation of the Russian Federation and following international environmental standards and the provisions of the Environmental policy of “Surgutneftegas” PJSC.

Since 2017, for the effective environmental risks management and to ensure compliance with the principles of the Environmental Policy, “Surgutneftegas” PJSC has been operating the Ecological Council, which includes top managers of the Company. The Ecological Council coordinates the activities of “Surgutneftegas” PJSC in the field of environmental protection and use of natural resources, which is of fundamental importance. Thus, by the decision of the Ecological Council, since 2018 the number of the Company’s business units heads have received personal environmental performance targets, developed on the basis of the results of industrial environmental control. Performance indicators in the field of environmental safety are also used in annual economic competitions held among employees of the Company, in particular the well workover and servicing crews and the drilling crews.

“Surgutneftegas” PJSC always provides high level of investments in construction

of environmental facilities, environmental protection, and environmental safety: for ten years, the Company has invested more than RUB 212 billion, and over the last years, the environmental costs have stabilized at the level of more than RUB 26 billion per year.

We use the natural and energy resources rationally, and we are proud to be a long-term leader of Russian fuel and energy complex in terms of utilization of associated petroleum gas – a level of more than 99%.

In 2020, our Company joined the working group of the Russian Ministry of Natural Resources on entrepreneurship and biodiversity conservation. The All-Russia environmental dictation for over two million people from various parts of our country was organized and held with the support of “Surgutneftegas” PJSC.

The reporting year was marked by the pandemic of a new coronavirus infection (COVID-19), which made some adjustments to the production management. “Surgutneftegas” PJSC has introduced quarantine restrictions and other preventive measures, which allowed reducing social mixing both at the workplace and in the territories of the Company’s operations, where the families of small-numbered indigenous peoples of the North, engaged in traditional industries, permanently reside. Only by working together, we managed to not give way to the rapid spread of the deadly disease and to maintain good health of the people. Despite the restrictions, the Company has fulfilled all its obligations in full under social and economic agreements.

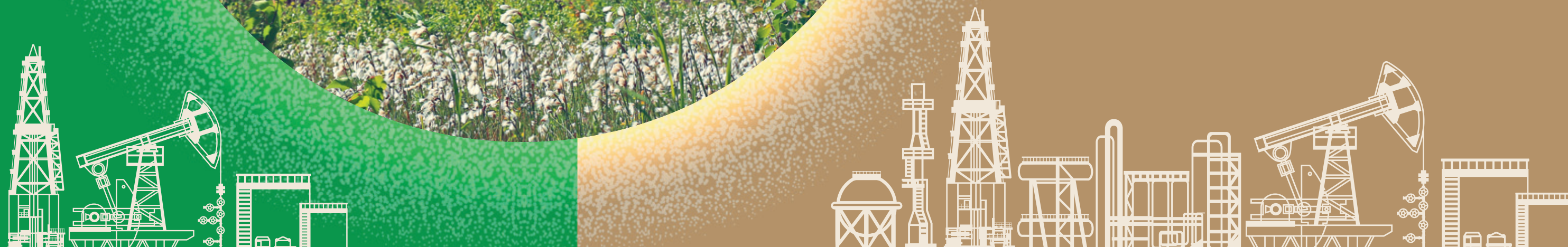
Due to the long-term strategic position on the environmental activity of “Surgutneftegas” PJSC, there was created a solid foundation for running a successful business aimed not only at reaching the high production and financial performance targets, but also at further sustainable development of regions where the Company operates, at saving the natural resources of Russia, preservation of the favorable environment, and improving the lives of population.



KEY AREAS OF THE COMPANY'S ENVIRONMENTAL ACTIVITY

Key areas
of the Ecology program

Key aspects of the Company's
environmental activity




Russia continues the implementation of the Ecology national project with a view to radically improve the environmental situation in the country and to favorably influence the health improvement of the Russians. A comprehensive waste management regulations system, clean water and fresh air, biodiversity conservation, and new technologies - are the five key components of the national project, which over many years have been the main directions of the Ecology corporate program.

"Surgutneftgas" PJSC supports the principle of informational transparency and has been publishing the Environmental Reports annually since 2004. The detailed and regularly updated environmental information is available on the Company's

official website (www.surgutneftgas.ru, section "Responsibility", subsection "Ecology"). The publicly available accurate and actual information is, in particular, information on environmental aspects of "Surgutneftgas" PJSC business activities, key indicators of statistical reporting in the field of protection and rational use of land, protection of ambient air and water resources, waste management, information on rational use of water resources, information on assessment of the environmental impact of the expected business activities, information on interaction with the small-numbered indigenous peoples of the North, elimination of the oil and oil product spills training schedules, information about controversial environmental situations, and other current data.



"Surgutneftgas" PJSC
environmental
information



Request form



KEY AREAS OF THE ECOLOGY PROGRAM

- Construction of environmental facilities, including air protection facilities, waste decontamination and utilization facilities.
- Air protection and climate change prevention.
- Protection and rational use of water resources.
- Industrial waste decontamination and utilization.
- Protection and rational use of land.
- Monitoring of environmental components and control of production facilities operation.
- Ensuring environmental safety of oil production facilities, including pipelines.
- Environmental education and professional training of employees.
- Application of the "green office" principles in each administrative building of "Surgutneftgas" PJSC.
- Biodiversity conservation in the areas of the Company's operations.
- R&D activities in the field of environmental protection.



“Surgutneftegas” PJSC has registered all facilities that have a negative environmental impact. The Company operates 95 oil production facilities, 1 oil refining facility, and 22 waste management facilities. These facilities are classified as I category facilities that have a negative environmental impact. The technologies applied at these facilities of the Company are among the best available technologies (BAT) included in the information and technical reference books.

For the purposes of performing environmental activity, “Surgutneftegas” PJSC annually increases resource-saving capacities, periodically renews the operated fleet of machinery and equipment, and is engaged in construction and upgrading of environmental facilities. Among the funds ensuring the environmental safety of the production are:

- a gas processing plant;
- 23 gas turbine power plants and 7 gas reciprocating engine power plants (GTPP, GREPP);
- 32 compressor stations;
- 3 associated petroleum gas (APG) processing units;
- 113 initial water separation units (IWSUs);
- 6 centers for oily soil decontamination;
- 3 centers for sludge decontamination with sludge storage ponds, units for oily fluid recovery and Heater-Treater three-phase separators;

- 5 mobile units for tank cleaning and initial oil sludge treatment, including three-phase centrifuges;
- 33 single- and multiple- cell sludge storage ponds with a total capacity of 81 thousand cubic meters;
- 10 units for thermal oil sludge decontamination with a total capacity of 70 thousand cubic meters per year;
- 5 landfills for disposal of solid household and industrial wastes designed to dispose of production and consumption waste with a total capacity of 1,924 thousand cubic meters;
- 22 Forsazh mobile units for thermal decontamination of solid oily waste with a total capacity of 16.5 thousand tonnes per year;
- units for shredding waste paper and non-returnable plastic containers with a capacity of 1,150 kilograms per hour and 50 kilograms per hour respectively;
- a tire recycling plant for recycling worn-out tires and inner tubes with a capacity of 5 thousand tonnes per year;
- a workshop for application of an anti-corrosion coating on pipes and pipeline fittings with a capacity of 720 kilometers of pipes and 30 thousand fittings per year.

KEY ASPECTS OF THE COMPANY'S ENVIRONMENTAL ACTIVITY

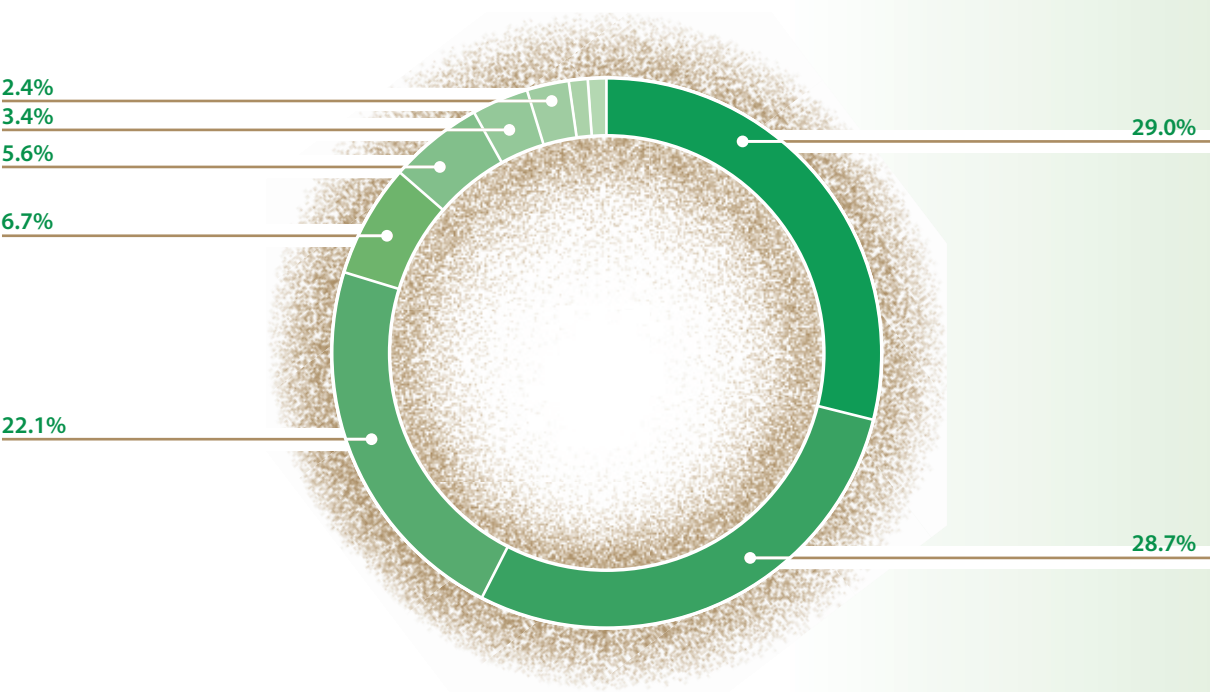
The priority is given to the environmental protection and environmental safety provision, and “Surgutneftegas” PJSC annually commissions new production facilities, introduces and uses the best available technologies. Construction, repair and replacement of pipelines, protection of oilfield equipment and facilities from corrosion, prevention and elimination of consequences related to the equipment failures incidents, land reclamation, air protection, industrial wastewater utilization, safe waste management,

environmental monitoring and R&D activities – all these are the key aspects of the environmental activity of the Company.

The management of “Surgutneftegas” PJSC prioritizes these issues, and all scheduled events are being financed in full, which allows us to gradually decrease the negative environmental impact from oil and gas production. In 2020, within the Ecology corporate program the expenses totaled RUB 26.8 billion, and the costs are planned to be increased by RUB 2 billion in 2021.



Investments in environmental protection measures in 2020



- 29.0% Air protection and climate change prevention
- 28.7% Collection, treatment and utilization of wastewater
- 22.1% Environmental safety of oilfield facilities and equipment
- 6.7% Construction of environmental facilities
- 5.6% Safe waste management
- 3.4% Prevention and elimination of oil contamination consequences, reconstruction of production facilities
- 2.4% Sludge pits reclamation
- 1.1% Environmental monitoring
- 1.0% R&D activities, environmental protection services, environmental education, specialist training and certification

At the end of 2020, the Company took the second place in the Environmental Transparency Rating of Oil and Gas Companies operating in Russia, which can be seen as the unconditional evidence of recognition of the Company's achievements in the environmental protection area. It was the World Wildlife Fund (WWF) project together with the participation of the National Rating Agency, United Nations Environment Program, and other partners.

In the reporting year, at the level of a constituent entity of the Russian Federation in Khanty-Mansiysky Autonomous Okrug – Yugra, "Surgutneftgas" PJSC was again a winner in the contest "Best Oil and Gas Producing Enterprise of Yugra in terms of environment protection" in the category "Enterprises producing over 5 million tonnes of oil annually".





BASIC STRATEGIC DOCUMENTS IN THE FIELD OF ENVIRONMENTAL MANAGEMENT

Environmental policy

The Company's responsibilities

Basic principles of the policy
on interaction with the small-numbered
indigenous peoples of the North



ENVIRONMENTAL POLICY

■ **Environmental policy and Policy on interaction with the small-numbered indigenous peoples of the North are the basic strategic documents of the Company in the field of environmental management.**

“Surgutneftegas” PJSC is among the leaders of the Russian fuel and energy complex and is one of the largest vertically integrated oil companies of the country. The Company’s work is stable, efficient, and reliable, and it ensures the environmental safety of the production and systematic reduction of the level of the man-made impact of production processes on the environment; it has been constantly monitoring its facilities and implements a range of environmentally friendly and resource saving measures in full.

The Company stands for sustainable development of territories of its presence and

long-term interaction with the small-numbered indigenous peoples of the North; it pays close attention to creating environmental culture of the employees and requires compliance with corporate standards from the personnel of contractors and subcontractors that work for “Surgutneftegas” PJSC.

Each employee is informed about the regulations and principles of the Company’s Environmental policy, which can be reviewed, adjusted, or improved in case “Surgutneftegas” PJSC changes its development priorities and operational conditions.



BASIC PRINCIPLES OF THE ENVIRONMENTAL POLICY OF “SURGUTNEFTEGAS” PJSC

- Systematic minimization of the negative environmental impact of technological processes and mitigation of the environmental risks through implementation of the best available technologies as well as scientific and technical achievements.
- Giving priority to prevention of the negative environmental impact as compared to mitigation of consequences of such an impact.
- Maintaining industrial and environmental safety in line with up-to-date international standards and requirements.
- Rational use of natural resources based on implementation of innovative environmentally friendly and resource saving technologies.
- Systematic control over compliance with industrial and environmental safety requirements.
- Preservation of the primordial living environment, traditional way of life, housekeeping activities and industries of the small-numbered indigenous peoples of the North.
- Environmental monitoring in the areas of the Company’s operations.
- Improvement of environmental activity and environmental management system in the Company’s subdivisions.
- Improvement of the personnel’s environmental skills.
- Cooperation with parties concerned, public organizations and the media.
- Transparency of the socially significant information on the Company’s environmental efforts.



THE COMPANY'S RESPONSIBILITIES

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

- Comply with the legislation of the Russian Federation in the fields of environmental protection and sanitary and epidemiological welfare of the population.
- Conduct a strategic environmental assessment, including assessment of a cumulative effect from an aggregate impact while implementing large-scale infrastructure projects of the Company.
- Conduct a comprehensive environmental impact assessment (EIA) of projects from construction to decommissioning of facilities.
- Additionally assess environmental risks while developing project documentation for the construction of facilities in environmentally sensitive and valuable areas.
- Ensure efficient environmental activity and improve its control system.
- Improve industrial and environmental safety at the Company's facilities, assume required measures to mitigate accident risk of oilfield equipment and provide integrity of pipeline systems.
- Enhance energy efficiency of production processes at all production stages.
- Reduce motor fuel consumption and improve the environmental performance of the Company's vehicles.
- Ensure rational nature management, mitigation of a negative impact on the environmental components and compensation of possible damage to the environment.
- Apply the "green office" principles.
- Implement all possible measures on biodiversity conservation, preservation of animal migration paths in the areas of operations, timely reclamation of disturbed lands as well as 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.
- Avoid carrying out works in the territory of World Natural Heritage sites and wetlands having international significance and in specially protected natural reservations when designing site structures and oilfield infrastructure facilities. In the absence of such possibility – observe a special mode of business activities.
- Take account of interests and rights of the small-numbered indigenous peoples to lead the traditional way of life and preserve their traditional settlement territories historically inhabited by their ancestors.
- Observe current rules and standards of the Company's employees' conduct when implementing the Company's projects, including waste management standards and prohibition of hunting, fishing and gathering wild-growing herbs, and require the contractors to comply with these rules and standards.
- Organize environmental education of the Company's employees and develop their skills regularly.
- Ensure wide availability of environmental information on the Company's business activities, transparent environmental activity and decisions made in this area.
- Apply environmental standards of the Company to the activity of contractors.

BASIC PRINCIPLES OF THE POLICY ON INTERACTION WITH THE SMALL-NUMBERED INDIGENOUS PEOPLES OF THE NORTH

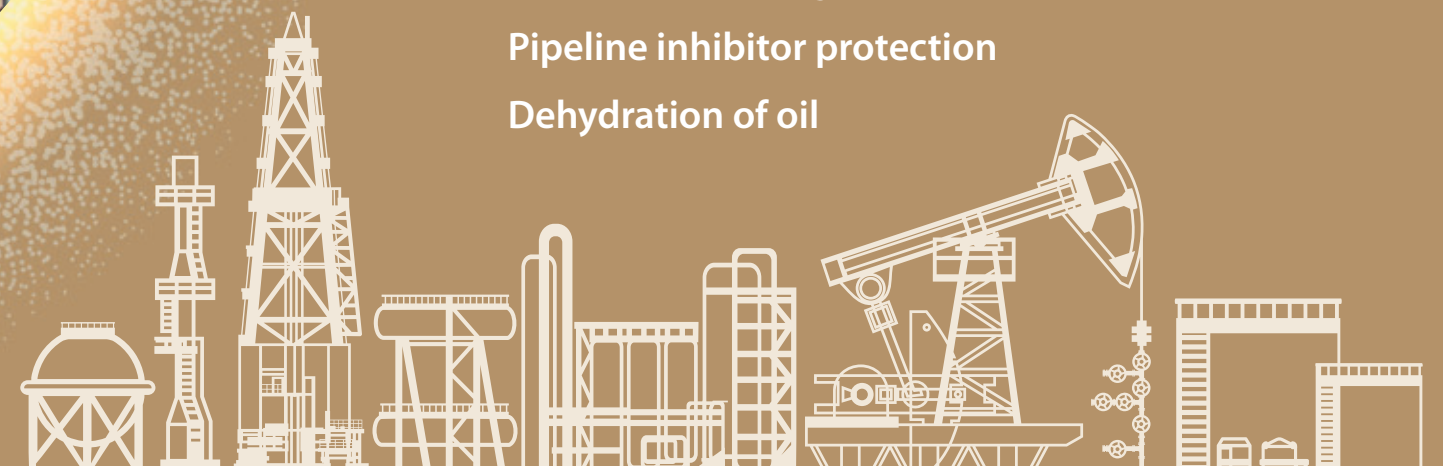
- Compliance with federal and regional legislation aimed at protecting the rights and legitimate interests of the small-numbered indigenous peoples.
- Preservation of the primordial living environment, traditional way of life, housekeeping activities and industries of the indigenous population.
- Recognition of the importance of land, water bodies, wild-growing herbs and game animals, maintaining environmental resource potential of the ecosystems as the basis for the traditional nature management of the small-numbered peoples.
- Rational use of land and natural resources in the places of traditional residence and traditional housekeeping activities of the small-numbered indigenous peoples of the North.
- Respect for the ethnic identity, culture and local customs of the indigenous people.
- Maintaining a balance between the interests of the Company and the small-numbered indigenous peoples of the North by imposing mutual self-restrictions and obligations.
- Ensuring participation of representatives of the small-numbered indigenous peoples of the North in decision-making on placement of business assets in the territory of their living and traditional housekeeping activities.
- Conclusion of economic agreements and treaties as the most important tools of equal partnership with the indigenous people in order to compensate for the limitation imposed on the traditional use of natural resources.
- Transparency and availability of the socially significant information on the Company's environmental efforts, the state of the natural environment and the relations with the small-numbered indigenous peoples of the North.





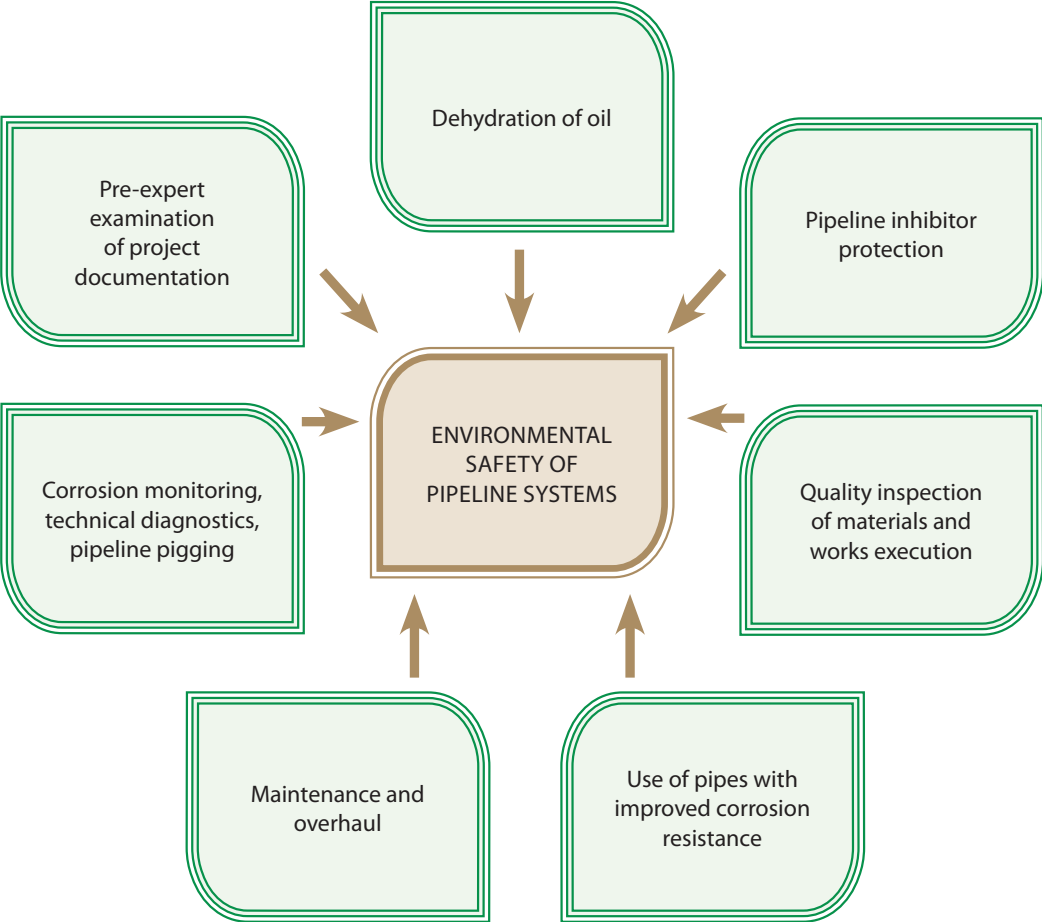
ENVIRONMENTAL SAFETY OF OILFIELD FACILITIES AND EQUIPMENT

- Accident risk mitigation measures
- Quality inspection of materials and works execution
- Receipt inspection of pipe products
- Field pipeline corrosion monitoring and diagnostics
- Use of pipe products with an internal coating
- Pipeline inhibitor protection
- Dehydration of oil



ACCIDENT RISK MITIGATION MEASURES

The most important factor of environmental safety in the oil and gas sector is the operational reliability of field pipeline systems. Achieving a high level of their environmental safety and reliability is the key task of the Company. For that matter, the Company annually implements a range of measures.



QUALITY INSPECTION OF MATERIALS AND WORKS EXECUTION

The environmental safety of the oil production facilities of “Surgutneftegas” PJSC is largely based on the level of reliability of field pipeline systems. At the same time, the measures for increasing the operational reliability are taken during the design, construction, and operation of facilities, with the quality inspection of materials and works execution being an important aspect at all stages of the technological process.



RECEIPT INSPECTION OF PIPE PRODUCTS

At the results of the receipt inspection of pipe products, which all pipes that come to the Company for construction of oil pipelines and oil and gas pipelines undergo, it is for the second year in the row that Russian supplier plants of “Surgutneftegas” PJSC provide a high quality of manufactured products in accordance with the technical requirements.

All pipe products used for construction of “Surgutneftegas” PJSC field pipeline systems go through a multilevel quality control. It is the inspection control under the manufacturer, destructive and non-destructive receipt inspection upon admission to the Company, and operational inspection during construction and assembly works.

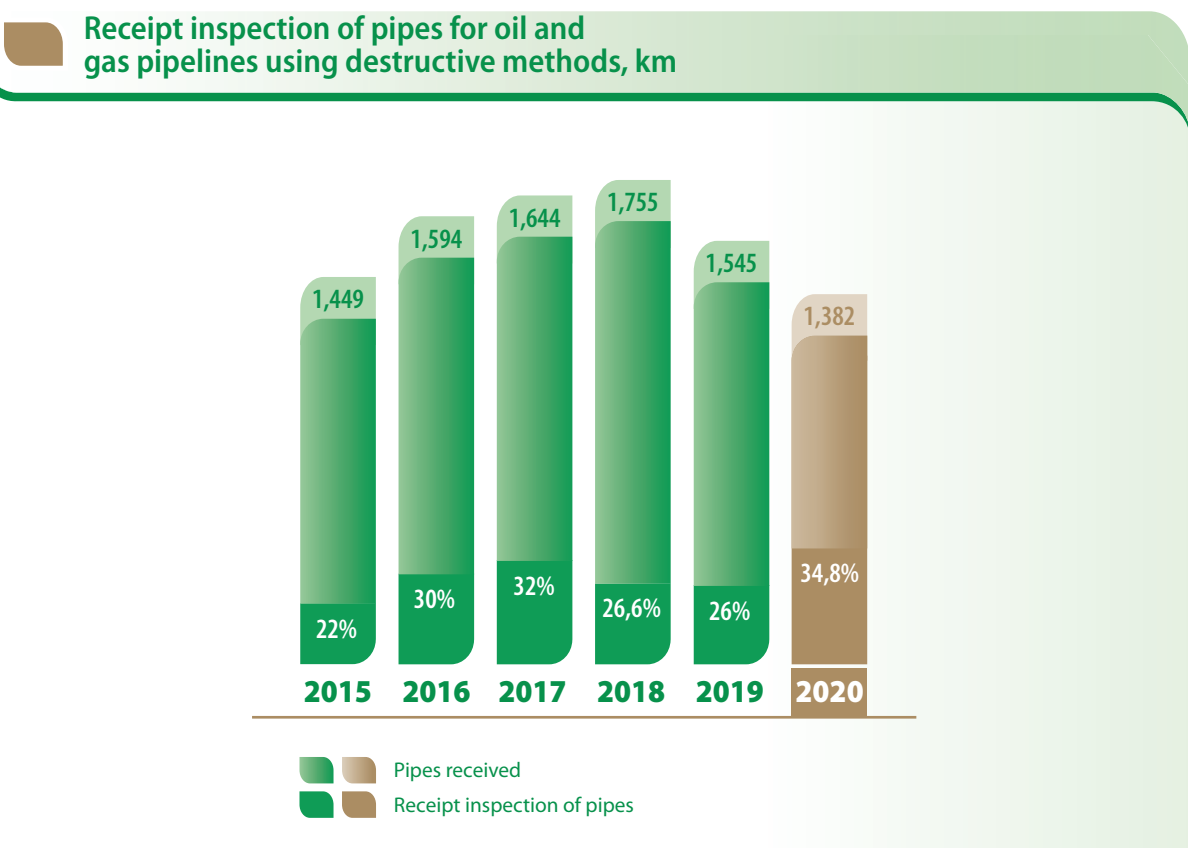
Independent accredited organizations carry out the inspection control over compliance with the pipe products production technology at manufacturing plants. A complex of the process equipment for conducting an automated radiographic and ultrasonic pipe quality inspection operates at the Central pipe base for the receipt inspection using non-destructive methods.

IN 2020, “SURGUTNEFTEGAS” PJSC CARRIED OUT THE RECEIPT INSPECTION OF OVER 1,350 KILOMETERS OF PIPES USING NON-DESTRUCTIVE METHODS

In addition, the accredited laboratory of the Company’s business unit, the Surgut central base of production services for the rental and repair of drilling and oilfield equipment assesses the quality of the steel in use, performing a receipt inspection using destructive methods.

In 2020, 34.8% of the total number of the received pipes (480.7 kilometers) underwent the receipt inspection using destructive methods. All pipe products used for construction and overhaul of the pipelines comply with the Company’s technical requirements, which proves the stable high quality of the pipe products in use and their production technology

at manufacturing plants. In order to have control over pipes used for construction of “Surgutneftegas” PJSC field pipelines, a technology has been developed and equipment has been purchased that allows the automated recording and control of the pipes course from the moment of their production to commissioning as part of the pipeline. The technology includes the application of machine-readable markings, formation of an electronic database, and the ability of pipe identification on all stages of the production. The start of pilot operation of the automated recording and control of the pipes course is scheduled for 2021.



FIELD PIPELINE CORROSION MONITORING AND DIAGNOSTICS

“Surgutneftegas” PJSC pays special attention to the diagnostics of the technical condition and the assessment of possible risks during the operation of field pipelines, which is carried out in accordance with the current safety standards and rules.

The diagnostics and control of the technical condition of the Company’s facilities are carried out by 17 certified laboratories using non-destructive methods of inspection. Among them are: pipe pigging of oil pipelines; quality control of welded pipe joints during construction; radiation, ultrasonic, magnetic, vibration diagnostic, electrical, visual and measuring control; control by penetrating substances, and thermal method.

Using modern equipment, the Company implements the program for pipe pigging of oil pipelines and oil and gas pipelines. Since the beginning of diagnostic work in 2006, on pressure oil pipelines equipped with chambers

for starting and receiving cleaning and diagnostic tools, 94% of oil pipelines have been checked with a profiler, and 86% have been tested by the method of electromagnetic conversion. In order to ensure the quality control of construction and the pipeline corrosion monitoring, the pipeline pigging is carried out before their commissioning (pre-start diagnostics) and then during their operation every five years.

All oil and gas pipelines of “Surgutneftegas” PJSC are equipped with gravimetric sounding units, which allows the Company to monitor the current effectiveness of the inhibitor protection.

IN THE REPORTING YEAR,
PIPE PIGGING REACHED
A RECORD LEVEL
OVER THE LAST 16 YEARS

Pipe pigging, km



Following the outcome of diagnostics, the Company develops corporate programs for pipeline maintenance and overhaul and their inhibitor protection. According to the overhaul

and construction schedules, “Surgutneftegas” PJSC expects to commission 849.6 kilometers of pipelines with an internal anti-corrosion coating in 2021.



USE OF PIPE PRODUCTS WITH AN INTERNAL COATING

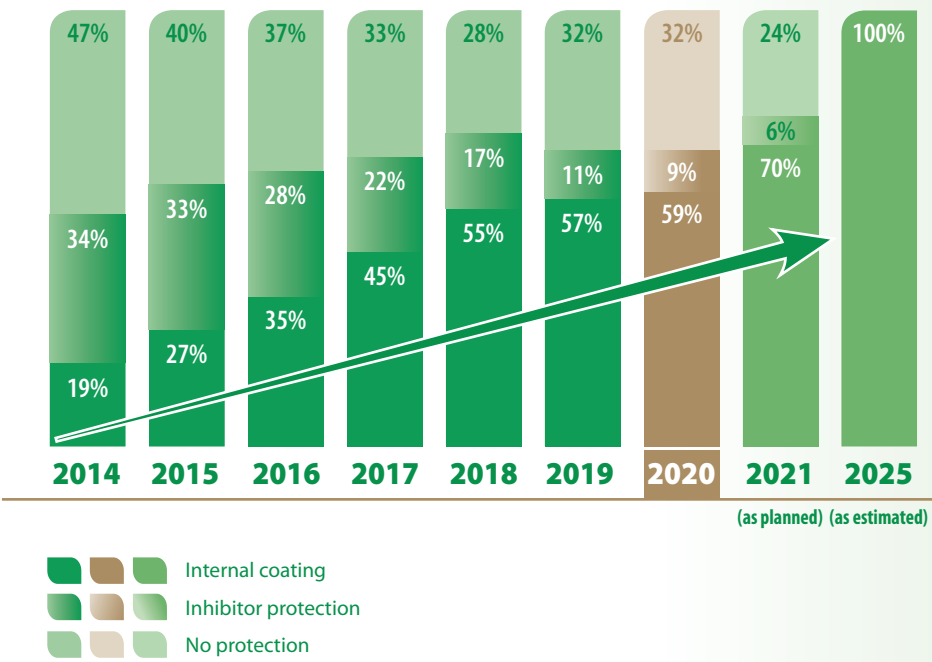
One of the most important factors of the Company’s field pipelines reliability under a high corrosion activity of produced fluid is the use of pipes with improved corrosion resistance, especially with an internal anti-corrosion coating.

In order to equip the field pipeline construction facilities with the high-grade pipe products with an internal anti-corrosion coating, “Surgutneftegas” PJSC operates a pipe polymerization plant which is fitted with highly technological equipment complexes for application of an internal anti-corrosion coating on pipes and pipeline fittings. The pipe polymerization plant is fitted with advanced equipment, that meets international standards, and uses the best products, such

as powder paint and a primer with proven quality characteristics, for application of an internal anti-corrosion coating. The protection of welded pipe joints is ensured by the use of protective sleeves of our own production, the output of which is above 62,000 pieces per year. Since the commissioning of the Company’s own complexes for application of an internal anti-corrosion coating, more than 3,500 kilometers of pipes and 140,000 fittings with a polymer protective coating have been produced.

IN 2020, THE COMPANY PRODUCED 667.7 KILOMETERS OF PIPES AND OVER 32,000 FITTINGS OF PIPELINES WITH AN INTERNAL ANTI-CORROSION COATING

Environmental safety of the operated oil and gas pipelines in Western Siberia



In the reporting year, “Surgutneftegas” PJSC introduced 844.1 kilometers of pipelines with an internal anti-corrosion coating; the total amount introduced exceeds 5,300 kilometers, which is 59% of the total length of oil and gas pipelines operated by the Company.

Since 2014, the length of oil and gas pipelines with an internal coating was increased more than four-fold. In 2021, the Company plans to operate more than 6,300 kilometers of such pipelines, and starting from 2025, all oil and gas pipelines of “Surgutneftegas” PJSC will have an internal polymer coating.

PIPELINE INHIBITOR PROTECTION

■ The effectiveness of inhibitor field pipeline protection of “Surgutneftgas” PJSC is 95% and the consistency of corrosion inhibitors performance is 96-99% in line with benchmark. In order to optimize the receipt inspection of corrosion inhibitors, the Company uses infrared spectrometry.

Inhibition is an operated and adjustable technological process of forming and maintaining a protective layer of an inhibitor on the inner surface of pipelines without stopping the operation of the entire transport system, which makes it possible to promptly reduce the rate of metal corrosion.

Inhibition is the most effective and advanced protection measure against corrosion attack during an operation of pipelines without an internal anti-corrosion coating. The inhibitor protection is used at the field pipelines that are built in zones of high environmental risk.

In the reporting year, “Surgutneftgas” PJSC treated 1,979 kilometers of pipelines with corrosion inhibitors. The inhibitor injection

was monitored online on a daily basis, which made it possible to efficiently implement the inhibitor protection program and to timely adjust the process mode and the operation of the metering pumps. According to the results of 2020, the environmental damage prevented by inhibitor protection amounted to RUB 104.5 million.

The inhibitor protection program of the Company’s oil and gas pipelines is determined by the volumes of overhauls with the use of pipes with an internal anti-corrosion coating. Thus, the length of inhibited areas is reduced due to the increase in use of the pipes with polymer coating. In 2021, the length of inhibited oil and gas pipelines is expected to decrease by 27% to 588 kilometers.

IN 2021, THE LENGTH OF OIL PIPELINES WITH INHIBITOR PROTECTION IS EXPECTED TO INCREASE BY 3%

DEHYDRATION OF OIL

■ In 2020, “Surgutneftgas” PJSC ensured accident-free operation of all field pipelines. This was possible due to introduction of preventive measures, namely, intra-field dehydration of well production fluid.

Dehydrated oil transportation is one of the effective technological methods of protection from corrosion. Today, the Company operates 113 booster pump stations (BPS) that are fitted with initial water separation units. Among them, 93 are equipped with Heater-Treater three-phase separators, 6 with initial water separation units based on horizontal closed tanks for settling of oil emulsions, type OG-200, and 14 booster pump stations are equipped with both Heater-Treater and settling tanks.

The main technological equipment of facilities for preliminary and commercial oil treatment is a Heater-Treater. Initial water separation units help to efficiently separate produced formation water and further use it in the reservoir pressure maintenance system. Rational use of water resources as well as water pipelines length reduction enable “Surgutneftgas” PJSC to mitigate the accident risks related to oil and oil products spills.

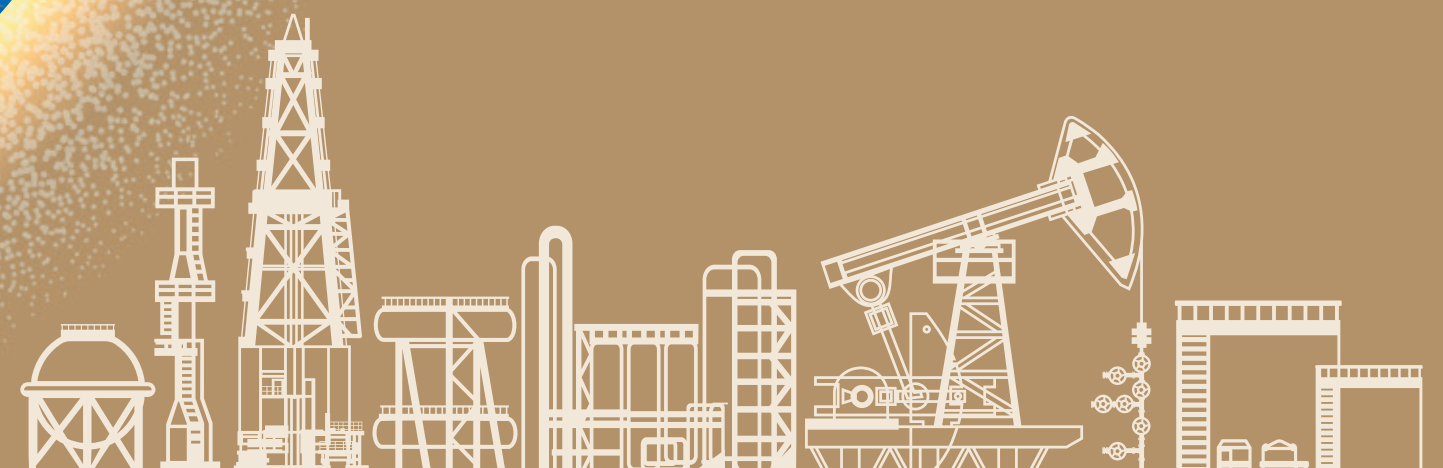




INDUSTRIAL ENVIRONMENTAL CONTROL

Key areas of the industrial
environmental control

The results of industrial
environmental control



KEY AREAS OF THE INDUSTRIAL ENVIRONMENTAL CONTROL

■ “Surgutneftegas” PJSC organized a system of two-level industrial environmental control (IEC). First Deputy Director General of “Surgutneftegas” PJSC, the Chairperson of the Company’s Ecological Council, manages this vertically integrated system.

IEC oversees compliance of the inspected facilities with the environmental legislation, environmental safety standards and in-house standards as well as adherence to waste management regulations, environmental, sanitary-epidemiological rules and guidelines of waste management provided by its internal documents, instructions of waste management and draft regulations on waste generation and limits on waste disposal.

The Company performs scheduled and unscheduled action tracking inspections without preliminary notification of the persons to be inspected. Following the outcome of inspections, the Company makes out proposals on required actions and works and their deadlines and issues reports on sample collection and ecoanalytical control results. The Company constantly

monitors fulfillment of the instructions and corrective actions based on progress reports of Surgutneftegas data processing service and “Environmental protection measures – IEC Record” web-module EcoGIS”.

For the reduction of the environmental impact from production processes, for mitigation of environmental risks of “Surgutneftegas” PJSC, and for rational use of natural resources, IEC results are accounted for, analyzed and considered to be further used to adopt effective managerial decisions at the councils of the business units heads, which are held monthly and chaired by Director General, at the meetings on the issues of compliance with the environmental legislation, and also at the meetings of the Ecological Council.

THE RESULTS OF INDUSTRIAL ENVIRONMENTAL CONTROL

■ In 2020, the Company conducted additional inspections of facilities compliance with design solutions and industrial and environmental safety requirements, in order to take additional measures to eliminate the risk of accidents and incidents associated with uncontrolled release of oil and oil products into the environment.

In 2020, activities for inspections of production facilities, including detailed documentary checks and on-site scheduled and unscheduled facility readiness inspections, were performed in full. There were 222 inspections in total, and 1,002 facilities have been checked. All identified shortcomings were eliminated.

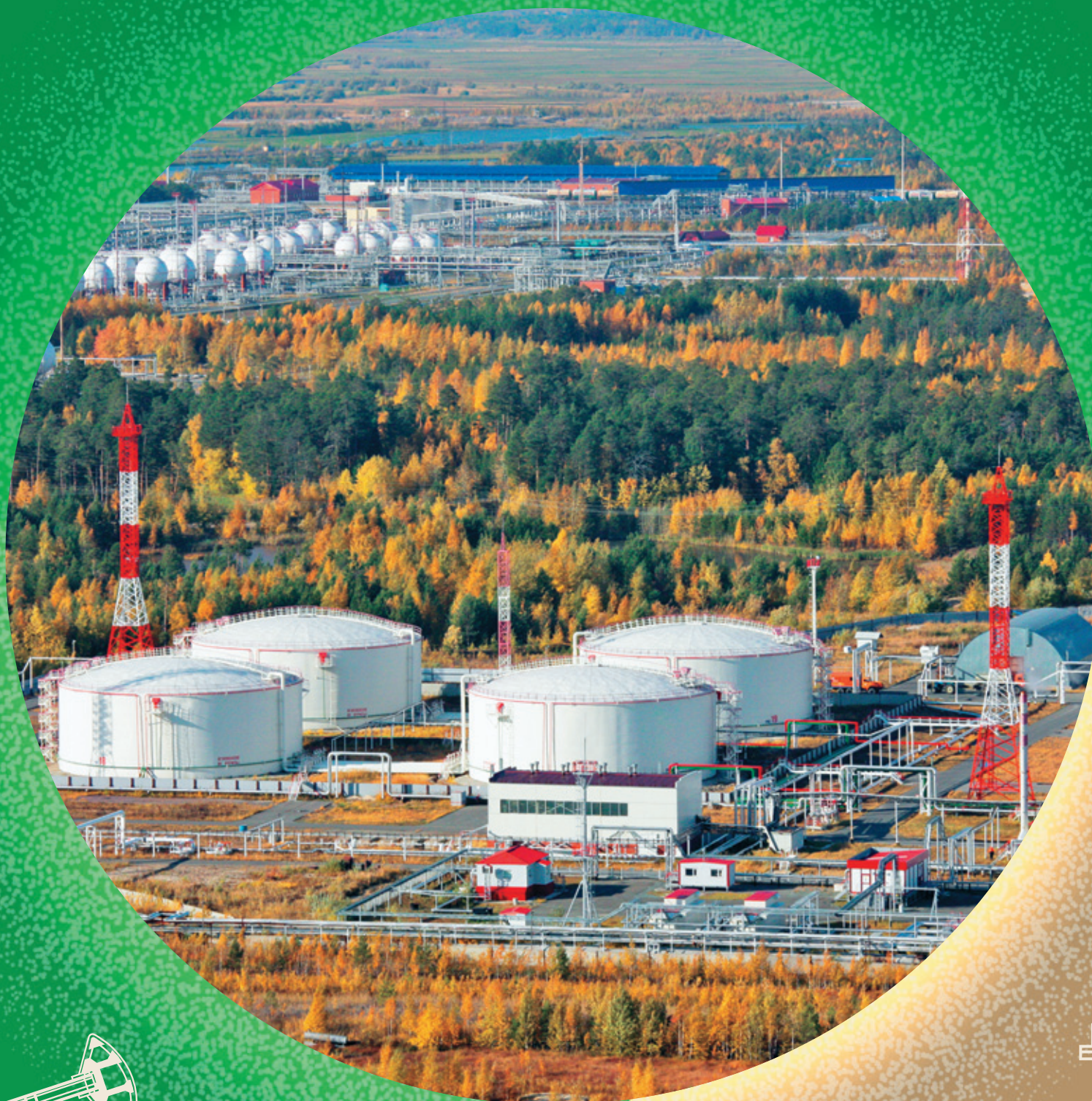
Level of control	2018			2019			2020		
	Number of inspections	Number of inspected facilities	Number of comments	Number of inspections	Number of inspected facilities	Number of comments	Number of inspections	Number of inspected facilities	Number of comments
Level I control	380	2,197	2,435	403	2,815	2,994	183	818	1,871
Level II control	197	928	1,461	106	504	502	39	184	354

In the reporting year, “Surgutneftegas” PJSC tightened control of field pipelines (FP) conditions in places of crossings over water obstacles and carried out the diagnostics of FP technical condition.

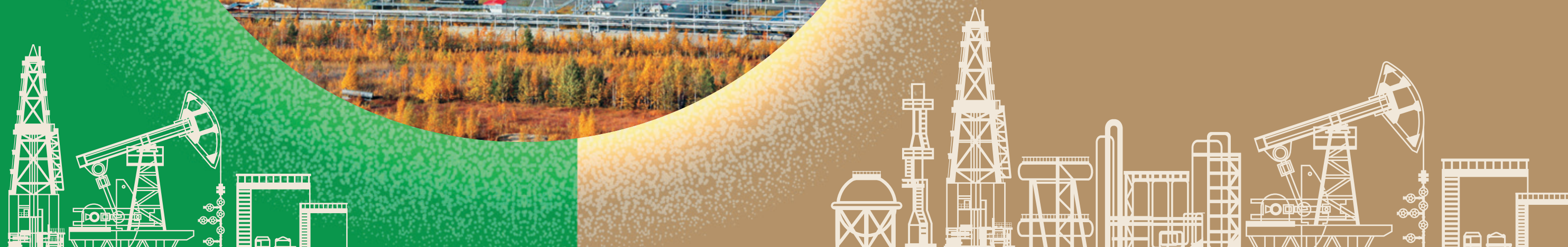
One of the main duties of the maintenance personnel during an operation of pipelines is monitoring the condition of the pipeline route, elements and details. Line maintenance personnel of the Company’s oil and gas production divisions carry out the inspection. Control of the pipeline inspection is carried out by using GPS-navigators and loading routes into the web-application “Inspection routes control”.

IN THE REPORTING YEAR, 100% OF THE COMPANY’S STEEL TANKS FOR OIL AND OIL PRODUCTS STORAGE WAS ADDITIONALLY INSPECTED

All measures that “Surgutneftegas” PJSC takes gradually mitigate the risks during the operation of field pipelines and ensure the required level of environmental safety every year.



ENVIRONMENTAL ACTIVITY



THE COMPANY'S ACTIVITY AIMED AT CLIMATE CHANGE PREVENTION

■ The Company supports innovative approaches, uses the best practices in the field of reduction of greenhouse gas emissions, and considers the importance of this activity in relation to the possible adverse consequences of the global climate change processes, such as: violation of environmental balance and imbalance of natural systems, permafrost degradation, biodiversity decrease, changing the way of life of the indigenous peoples of the North, and other factors.

In order to counteract large-scale changes, "Surgutneftegas" PJSC is positively working on the global problem solution, which is aimed at reduction in greenhouse gas emissions into the atmosphere in Russia during the ten-year period down to 70% of the 1990 level, taking into account the maximum possible absorptive capacity of forests.

The Company consistently carries out scheduled measures and, due to the high level of the efficient use of associated petroleum gas, prevents more than 30 million tonnes (in CO₂-equivalent) of greenhouse gas emissions into the atmosphere every year.

In order to prevent global climate change and reduce greenhouse gas emissions, "Surgutneftegas" PJSC introduces a range of measures as follows:

- carries out pre-engineering work, design and examination of project documentation in environmental safety and environmental impact assessment;
- constructs facilities for utilization of associated petroleum gas, and provides their technical reequipment, reconstruction and upgrading;
- develops the system for greenhouse gas emissions recording and control;

- implements programs for improved energy efficiency and resource saving;
- increases the efficient use of associated petroleum gas;
- takes measures to reduce hydrocarbon losses and increase its processing;
- applies effective technologies for detecting and reduction of hydrocarbon emissions into the atmosphere;
- looks for effective approaches to safe greenhouse gas utilization;
- expands areas of low-carbon energy resource use such as gas, renewable resources;
- produces and consumes eco-fuel;
- performs regular operating setup of fuel-fired equipment;
- transits fuel-consuming equipment to electric drive;
- comprehensive environmental safety measures to prevent accidents;
- reclaims forests.

KEY AREAS OF THE COMPANY'S ACTIVITY AIMED AT CLIMATE CHANGE PREVENTION

1. Risk and climate change possibilities management

"Surgutneftegas" PJSC is actively increasing energetic efficiency of production, reducing the harmful greenhouse gas emissions from APG flaring, reclaiming forests, and creating reliable and guaranteed energy sources for maintaining the continuity of all its technological operations and elimination of possible energy supply disruptions in case of severe climate change consequences.

"Surgutneftegas" PJSC commits considerable efforts to maintain reliability and to increase the level of industrial and environmental safety of the production facilities and equipment in order to improve their stability against possible climate change, and to reduce the losses and damage to the Russian economy from natural hazards. The Company takes into account its own risks and pays close attention towards the world trend of global warming, which in northern regions can lead to structure and communication damage and other negative outcomes related to possible permafrost degradation, increased precipitation, and flooding of the areas of the Company's operations.

Taking into account possible outcomes of the climate change, "Surgutneftegas" PJSC designs capital construction of facilities in northern regions with permafrost soil and takes other measures to improve industrial and environmental safety at the facilities and to prevent structure and communication damage in case of permafrost degradation.

2. Improved performance of the systems for greenhouse gas emissions recording and control

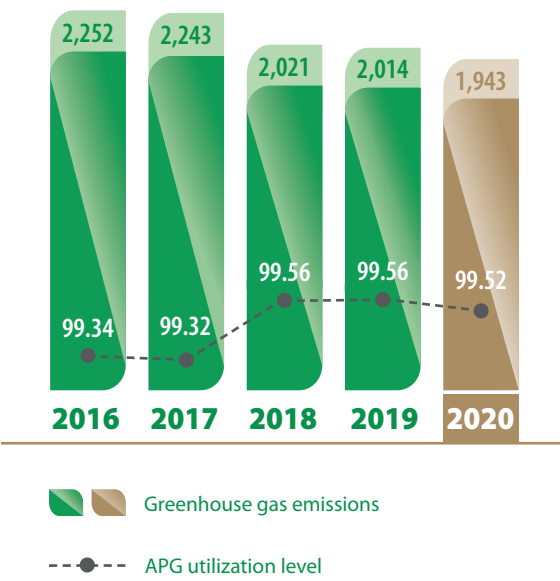
Since 2016, the Company has been using the system for greenhouse gas emissions recording and control in accordance with the requirements of the legislation of the Russian Federation and international standards in the sphere of global climate change.

The Company develops the corporate system for greenhouse gas emissions recording and control, maintains impact sources database, controls the ambient air condition in all regions of its operations, processes and analyzes the obtained information.

In 2020, due to successful implementation of the corporate program for utilization of associated petroleum gas, the Company's gross greenhouse gas emissions in the segment "Oil and gas production" amounted to less than 2 million tonnes (in CO₂-equivalent), taking into account gas processing.

IN THE REPORTING YEAR, GREENHOUSE GAS EMISSIONS WERE REDUCED BY 14% IN COMPARISON WITH 2016

Greenhouse gas emissions in the segment "Oil and gas production" (thousand tonnes in CO₂-equivalent) and utilization of associated petroleum gas (%)



3. Rational use of associated petroleum gas

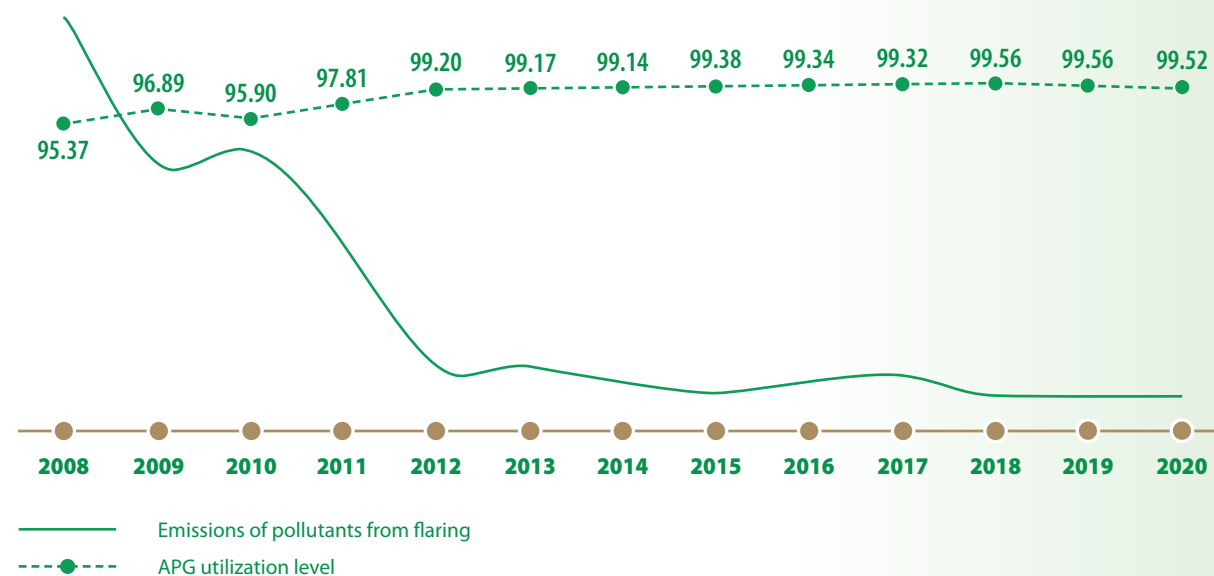
"Surgutneftegas" PJSC is the undisputed leader of Russian fuel and energy complex in terms of utilization of associated petroleum gas. In 2008, the Company successfully achieved the level of 95%, and since 2012 up to the present, it has been exceeding 99%, which is a record level for the oil industry.

It is the rational use of APG and reduction of its flaring that stays the main activity of the Company aimed at climate change prevention. The Company's

management estimates gas resources, initiates projects on the construction of new facilities for its utilization, and participates in preparation of proposals for improvement of regulations in the sphere of greenhouse gas reduction.

APG UTILIZATION
AT THE END OF 2020
IS 99.52%

APG utilization level and emissions of pollutants from flaring, %



The integrated system for gathering, transportation and rational utilization of petroleum gas in "Surgutneftegas" PJSC was developed more than 20 years ago. Thus, the Company had initiated to start implementing innovative projects on climate change prevention and reduction of greenhouse gas emission long before the introduction of strict obligations for Russian industry as to the level of APG utilization. In 1999, "Surgutneftegas" PJSC started a large-scale construction of APG utilization facilities.

In the reporting year, the Company operated 30 small-scale power generation facilities that contribute to the reduction of gas flaring, 23 low pressure separation compressor stations, and one gas compression and treatment unit that can fully extract the gas saturated with heavy hydrocarbons from the oil emulsion.

EMISSIONS OF POLLUTANTS AND
GREENHOUSE GAS EMISSIONS FROM
FLARING INTO THE ATMOSPHERE WERE
DECREASED BY 90%
(IN COMPARISON WITH 1998)

Along with the operation of the small-scale power generation facilities, "Surgutneftegas" PJSC effectively applies other areas of rational use of associated petroleum gas. Firstly, at the Company's gas processing plant, secondly, when injecting into oil-bearing formations to maintain reservoir pressure, and thirdly, associated petroleum gas is used across the areas of "Surgutneftegas" PJSC operations as fuel for own consumption in various equipment. APG flaring is done mainly to maintain pilot burners needed for the safe operation of field facilities. In 2020, the efficient use of APG at the majority of the Company's fields was more than 97%.

THE BEST INDICATOR OF APG
UTILIZATION IS REACHED AT
58 FIELDS OF "SURGUTNEFTEGAS" PJSC,
WHICH IS 99% AND MORE

The Company invests in construction of the facilities for associated petroleum gas utilization and provides their technical reequipment, reconstruction and upgrading if necessary. In 2020, "Surgutneftegas" PJSC invested RUB 1 billion in this area of activity.

The Company achieved its 99% target level of APG utilization and the prevention of greenhouse gas emissions from gas flaring in the amount of 30 million tonnes (in CO₂-equivalent). At present, in order to create a development strategy with an even lower level of greenhouse gas emissions, the Company's executives discuss the issue of introducing innovative technologies that are under development and not related to cost-effective ones. In particular, those are technologies for detecting, utilization and storage of CO₂, and technologies for hydrogen production and use.

4. Improved energy efficiency and resource saving

Rational use of energy resources is the cornerstone of "Surgutneftegas" PJSC energy policy. We pay close attention to the issues of energy saving and improvement of energy efficiency in technological processes. Investments in these areas of activity in 2020 amounted to RUB 77.2 million.

It's the tenth year that the Company implements the program for energy saving and improved energy efficiency, which covers all spheres of its activity: well drilling, artificial lift and oil recovery enhancement, water injection, oil treatment and transportation, gas production and transportation, gas processing, power generation,

capital construction, well servicing and workover, and major repair of buildings and structures. The program includes introduction of energy saving technologies and new energy efficient equipment as well as organizational and technical measures to reduce energy consumption.

THE TOTAL SAVING OF EQUIVALENT FUEL HAS BEEN MORE THAN 3 MILLION TONNES SINCE THE IMPLEMENTATION OF THE PROGRAM FOR ENERGY SAVING AND IMPROVED ENERGY EFFICIENCY

In the reporting year, the Company's need for fuel and energy consumption was reduced by 5.1% due to the saving of more than 198 thousand tonnes of equivalent fuel.

5. Introduction of renewable energy resources

"Surgutneftegas" PJSC introduces technologies on the basis of renewable energy resources, such as solar systems for water heating at the Company's facilities located in Krasnodarsky Krai; the Company has also installed and operates solar collectors to provide hot water supply of the Company's production and public facilities in the territory of the Republic of Sakha (Yakutia), which makes it possible to save 55 thousand kWh of electricity.

6. Forest reclamation

For many years, "Surgutneftegas" PJSC has been actively reclaiming forests, as the absorption ability of forests effectively compensates greenhouse gas emissions produced by the Company.

In 2020, the Company spent about RUB 100 million on forest restoration, and more than 700 hectares of forest have been restored.

Forest reclamation measures include the following:

- planting of trees and shrubs, including Siberian pine (cedar);
- planting of greenery around production and public facilities;
- improvement of parks, squares and other green areas in the residential areas;
- fire-fighting measures;
- measures to prevent littering of adjacent forest areas;
- introduction of an access mode restricting the entry into the forested areas.

FOR THE LAST FIVE YEARS, THE COMPANY HAS PLANTED ABOUT 5 MILLION OF TREES AND SHRUBS

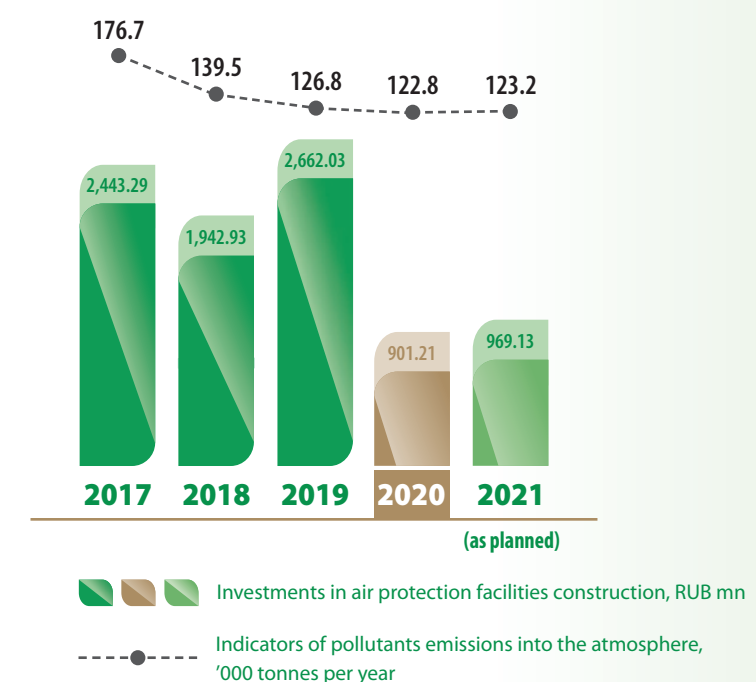
AIR PROTECTION

AIR PROTECTION MEASURES

In the field of air protection along with utilization of associated petroleum gas and improved energy efficiency, "Surgutneftegas" PJSC takes the following range of measures:

- performing regular operating setup of fuel-using equipment;
- using gas treatment units, controlling their efficiency, performing routine repairs and overhaul;
- decreasing emissions during the periods of adverse meteorological conditions;
- taking measures to reduce hydrocarbon losses;
- using environmentally friendly fuel;
- renewal of motor vehicle fleet and increase of fuel efficiency of motor vehicles;
- transition of the equipment to coolants, which are safe for the ozone layer;
- performing regular checks of transport and other vehicles for compliance with technical standards for emissions;
- using the forest rehabilitation technology, which decreases the volume of pollutants emissions into the atmosphere;
- working to improve environmental safety of production;
- recording of emissions of pollutants, including greenhouse gases and chemicals that destroy the ozone layer;
- development and compliance with the regulations on the allowable impact;
- industrial environmental control of emissions from stationary sources;
- improvement of arrangement and quality of air protection in the Company.

Investments in air protection facilities construction; indicators of pollutants emissions into the atmosphere



In 2020, the amount of funds transferred to the construction and technical reequipment of facilities for utilization of associated petroleum gas amounted to 50% of the total volume of capital investments of “Surgutneftegas” PJSC in construction of environmental facilities. The Company spent RUB 7.8 billion on air protection measures taking into account costs of upkeeping and operation of fixed assets for ambient air protection and climate change prevention.

In the reporting year, a network of gas pipelines in Khanty-Mansiysky Autonomous Okrug – Yugra and in the Republic of Sakha (Yakutia) was commissioned. The Company intends to continue building and reconstruction of field gas pipelines in 2021 on the areas of the Company’s operations in Western and Eastern Siberia, and to complete the construction of a low pressure compressor station of the Lenskoye oil and gas condensate field.

A comprehensive environmental engineering approach to air protection challenges allowed “Surgutneftegas” PJSC to achieve the following results in 2020:

- decrease of the pollutants emissions into the atmosphere by 3% in comparison with 2019;

- keeping the specific indicator of air pollutant emissions into the atmosphere at the low level of less than 2 kg per 1 tonne of hydrocarbons produced;
- detection of 225 tonnes of solid pollutants by gas treatment units;
- withdrawal of substances which destroy the ozone layer (1% of the total coolant consumption) from the use;
- reduction in emissions from motor vehicles by 5% by increasing their fuel efficiency and using environmentally friendly fuel (94% of the total fuel consumption);
- ensure the compliance with emissions standards at all sources, avoid excess emissions.

Due to a comprehensive work in the field of air protection and rational use of natural resources, the Company significantly minimizes a man-made impact of production on ambient air and reduces greenhouse gas emissions, thus contributing to the delivery of international initiatives on global climate change prevention.



PROTECTION AND RATIONAL USE OF WATER RESOURCES

■ The Company’s activity in rational use of water resources, reuse of wastewater allows “Surgutneftegas” PJSC to keep the total specific water consumption at one of the lowest levels in the oil industry – less than 1.6 cubic meters of water per tonne of hydrocarbons produced.

The Company’s water protection activity is aimed not only at saving and rational use of water resources, but also at protection of water bodies from pollution. Wetlands at the license blocks of the Company located in Khanty-Mansiysky Autonomous Okrug – Yugra require a special mode of business activities – they account for almost two thirds of the total area of oil fields in the main region of presence of “Surgutneftegas” PJSC.

Environmental monitoring revealed that the environmental impact is described as acceptable at all license blocks of the Company.

“Surgutneftegas” PJSC performs surface and ground water abstraction in strict compliance with the project and regulatory documents. All water intake points of “Surgutneftegas” PJSC are equipped with water metering instruments. In 2020, fresh groundwater reserves were evaluated at all water intake points with production rate over 100 cubic meters per day.

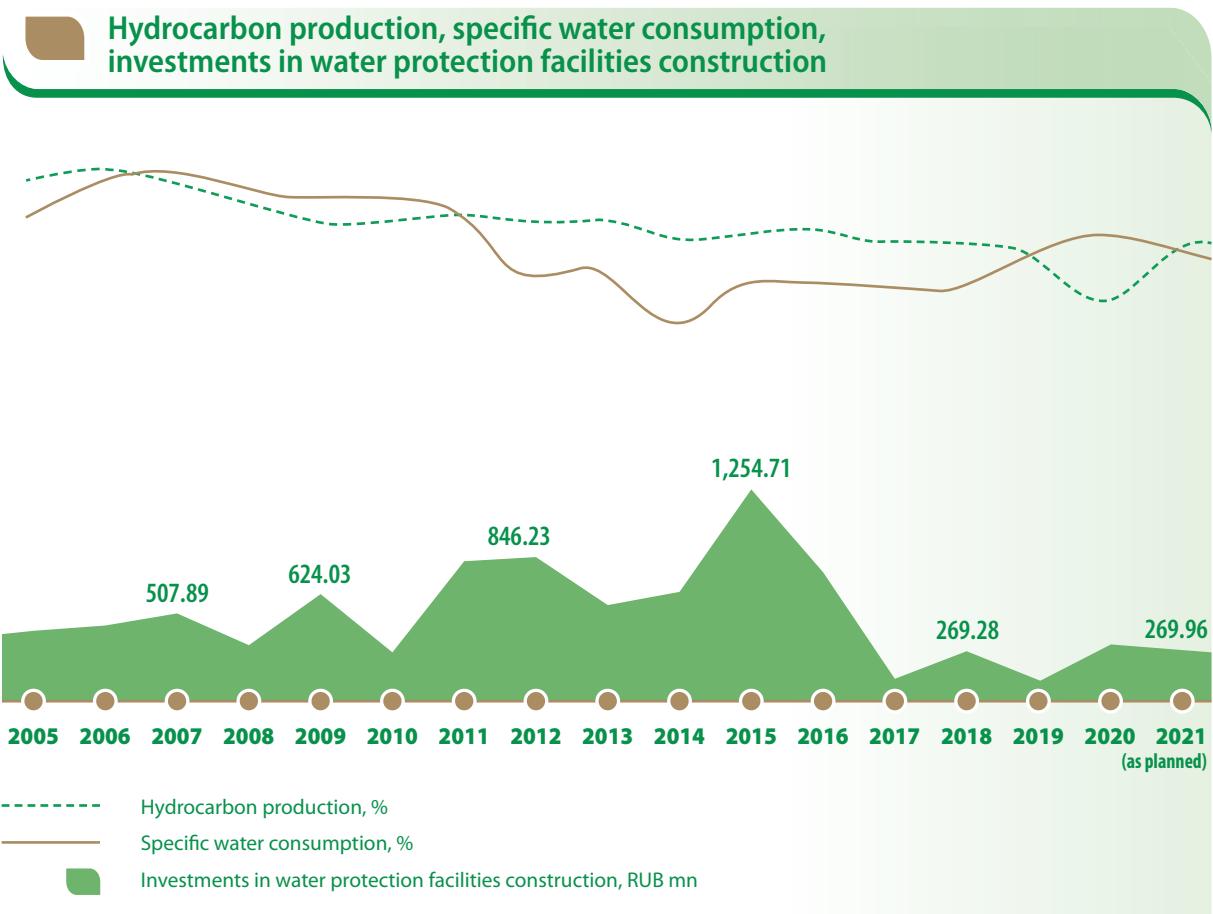
There are sanitary protection zones developed for household and drinking water intake points, their projects have obtained a sanitary and epidemiological approval.

INFORMATION ON WATER CONSUMPTION

Indicator	Unit	2019	2020	2021 (as planned)
Water production	’000 cub m	88,632.50	84,002.37	88,431.96
incl. fresh subsoil	’000 cub m	4,151.55	4,128.85	4,087.56
Surface water abstraction	’000 cub m	14,804.78	13,700.20	15,343.70
Specific water consumption	cub m/t	1.512	1.576	1.511

“Surgutneftegas” PJSC pays close attention to rational use of water resources. The Company abstracts not more than 47% of the allowable volume of fresh water. Over the past years, the total specific water consumption remains at a minimum level.

In 2020, “Surgutneftegas” PJSC saved more than 1.1 million cubic meters of fresh water. To maintain reservoir pressure, the Company is gradually switching to the use of underground saline water instead of fresh water. The Company recycles treated wastewater as injectant in the reservoir pressure maintenance system.



In the reporting year, total volume of treated household wastewater injected to maintain reservoir pressure was 5.3 million cubic meters, including 3.5 million cubic meters in the Republic of Sakha (Yakutia).

Effluents from “Surgutneftegas” PJSC facilities located in the Yakut village of Vitim are cleaned to the required standard at biological treatment facilities, and further streamed to the Romanovsky Klyuch brook.

“Surgutneftegas” PJSC reconstructs oilfield infrastructure in accordance with the requirements of environmental legislation: in the reporting year, drain tanks were installed

at 26 well pads, and ramps were reconstructed at other 26 well pads.

In 2020, the Company finished capital construction of several water protection facilities. In particular, the Company commissioned Heater-Treater and wastewater treatment unit at the Lenskoye field, treated wastewater pumping units at the Bystrinskoye and Lenskoye fields, reconstructed Heater-Treater units at the Central Block of the Talakanskoye oil and gas condensate field. We are constructing wastewater biological treatment stations at the Tonchinskoye field and Heater-Treater units at the Zapadno-Chigorinskoye field.

IN 2020, MORE THAN 359 MILLION CUBIC METERS OF WASTEWATER AND PRODUCED WATER WAS INJECTED IN THE RESERVOIR PRESSURE MAINTENANCE SYSTEM

IN 2020, THE COMPANY’S INVESTMENTS IN WATER PROTECTION FACILITIES CONSTRUCTION AMOUNTED TO MORE THAN RUB 330 MILLION

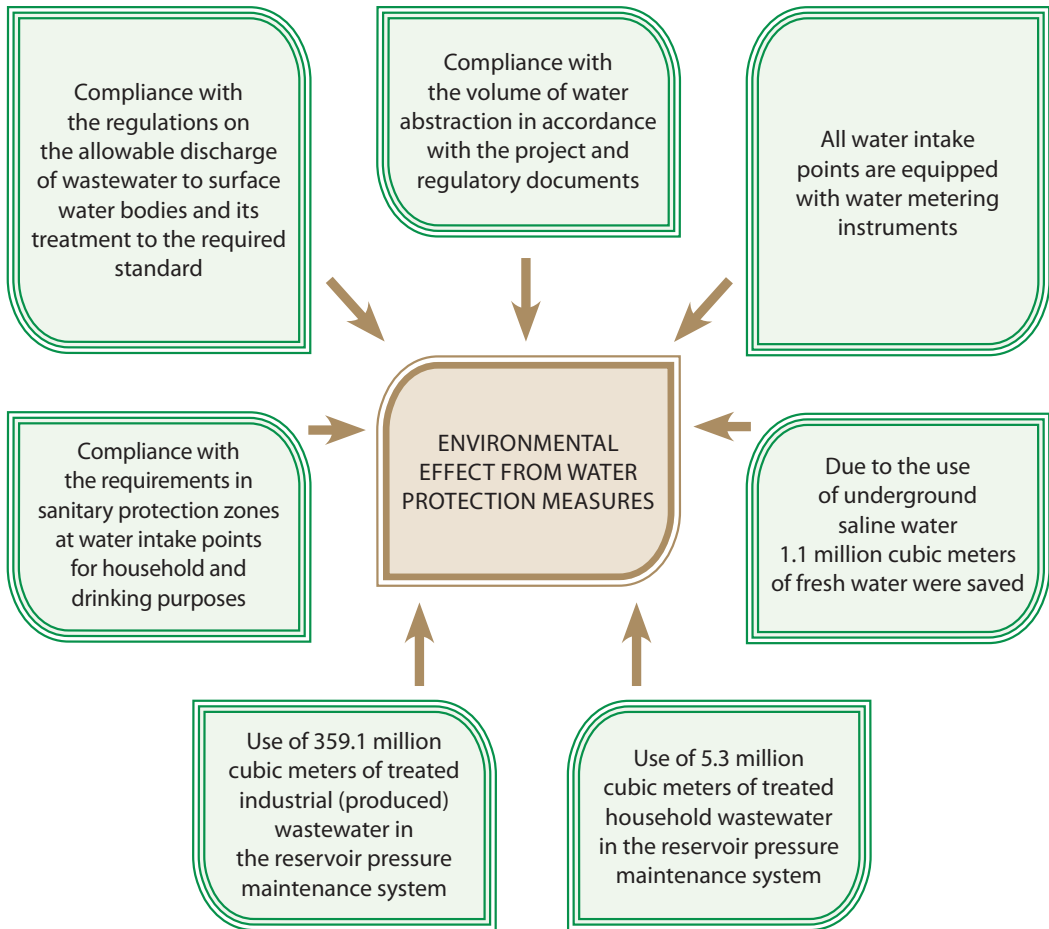
In the reporting year, “Surgutneftegas” PJSC almost three times increased investments in water protection facilities construction (compared to the previous year). In 2021, it is planned to invest about RUB 270 million.

“Surgutneftegas” PJSC implements a comprehensive program for increasing the operational reliability of the oil production facilities which includes construction of initial water separation units based on three-phase separators. These units are usually mounted

on booster pump stations and are designed to separate the water-oil emulsion and bring the water to the requirements of the relevant standards. IWSU enables to efficiently separate produced formation water for its further use in the reservoir pressure maintenance system. It thereby reduces the corrosion of pipelines, significantly cuts down accident risks at field pipelines of the Company and helps to avoid pollution of gathering grounds and water bodies with the oil emulsion and highly saline formation water.

INFORMATION ON WATER DISCHARGE

Indicator	Unit	2019	2020	2021 (as planned)
Wastewater injection	'000 cub m	425,609.83	359,078.31	412,200.76
incl. household wastewater	'000 cub m	4,956.52	5,318.28	2,548.52
Treated wastewater discharge into water bodies	'000 cub m	21.68	21.54	21.93



WASTE MANAGEMENT

When managing production and consumption waste, “Surgutneftegas” PJSC strives to decrease its amount and the level of danger for the environment. The Company designs and constructs production facilities, develops and implements innovative technologies in order to decontaminate, recycle and utilize waste. In particular, the Company uses technology of pitless drilling, which is included in the Russian information and technical reference book of the best available technologies (“Oil production” industry).

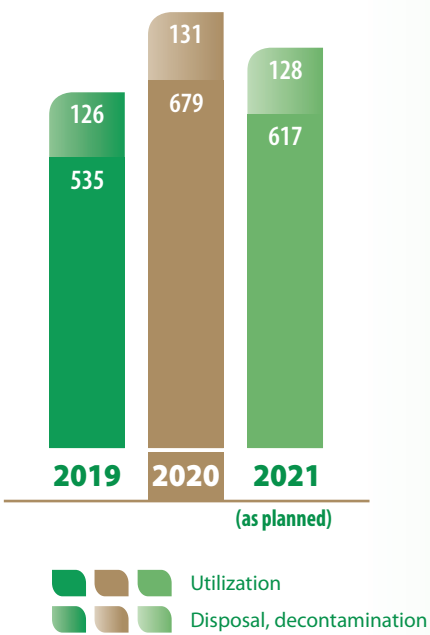
Specific indicator of waste generation and burial in “Surgutneftegas” PJSC amounts to 0.021 tonnes and 0.005 tonnes per 1 tonne of produced hydrocarbons respectively. Over the years, Surgutneftegas has been showing a high level of waste utilization, treatment and decontamination (over 70%).

Annually, the operations of “Surgutneftegas” PJSC result in about 1,180 thousand tonnes of production and consumption wastes, 70% of which account for drill cuttings. To minimize the negative environmental impact, the Company strives to reduce drilling waste generation, refuses to use toxic chemicals and oil in preparation of drilling fluids.

DRILL CUTTINGS UTILIZATION LEVEL IN “SURGUTNEFTEGAS” PJSC EXCEEDS 82%

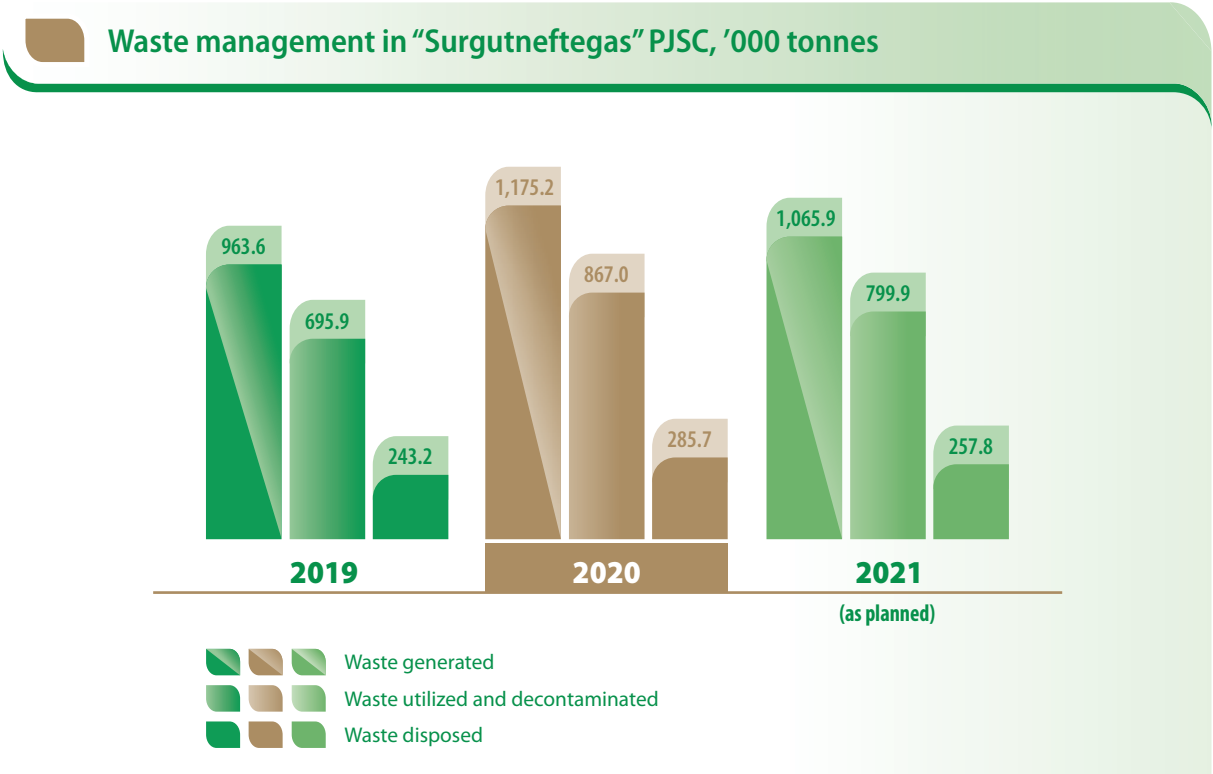
In Western Siberia Surgutneftegas uses technology of pitless drilling, which is certified by the State Expert Commission at a federal level. In the process of drilling, decontaminated drill cuttings are utilized as soil during earth fill construction on well pads due to four-stage cleaning and circulation systems for drilling fluid and use of clay based drilling fluids with the addition of biodegradable polymers. There is no need to transport drill cuttings to utilization sites and necessity to decontaminate it for further disposal and burial. Application of this technology allows “Surgutneftegas” PJSC to drill wells in areas with a special mode of management. Taking into consideration environmental purpose of the technology within the years of its usage, environmentally friendly and resource saving effect, the Russian Ministry of Natural Resources sent a letter to the Federation Council of the Federal Assembly of the Russian Federation which recommended the wide broadening of “Surgutneftegas” PJSC experience in introduction of drill cuttings into the production process.

Drill cuttings utilization as soil during earth fill construction on development and exploratory drilling sites, '000 tonnes



WASTE MANAGEMENT IN “SURGUTNEFTEGAS” PJSC

Indicator	2019	2020	2021 (as planned)
Waste generated, incl. waste accumulated, '000 tonnes	963.63	1,175.19	1,065.9
incl. drilling waste	670.88	821.27	745.7
Waste utilized, '000 tonnes	632.23	800.08	735.91
incl. drilling waste	534.62	679.1	617.24
Waste utilization level, %	65.61	68.08	69.04
incl. drilling waste, %	79.69	82.69	82.77
Waste decontaminated, '000 tonnes	63.71	66.93	63.99
incl. drilling waste	40.76	47.59	46.46
Waste disposal and burial, '000 tonnes	243.21	285.72	257.8
incl. drilling waste	84.74	83.43	82.0



“Surgutneftegas” PJSC operates single and multiple cell sludge storage ponds which collect oil sludge and drill cuttings, oil containing fluids and contaminated soil all year round for their subsequent processing and decontamination. Six centers for oily soil decontamination that include four upgraded lines for fluid phase recycling, equipped with tricanter centrifuges, are used for maximum recovery of oil which is returned to the technological process. The remaining solid phase of oil sludge is decontaminated by a thermal method using 10 Szhigatel incineration units.

Thus, due to such a high level of equipment and technology availability in the Company, the annual burial of over 60 thousand cubic meters of oil sludge and oily soils is prevented as the Company fully decontaminates this waste.

OIL SLUDGE
DECONTAMINATION LEVEL
EQUALS 100%

DECONTAMINATION OF OIL SLUDGE AND OILY SOILS

Indicator	2019	2020	2021 (as planned)
Waste generated, incl. waste accumulated, ‘000 cub m	61.75	72.79	78.53
Decontamination, ‘000 cub m, incl.:	61.75	72.79	78.53
using Szhigatel incinerators	48.98	56.46	60.6
at panning centers	12.77	16.33	17.93
Decontamination level, %	100	100	100

The Company uses 22 Forsazh thermal destruction units for thermal decontamination of oily waste cloth, filters and other solid oily waste (0.464 thousand tonnes in total).

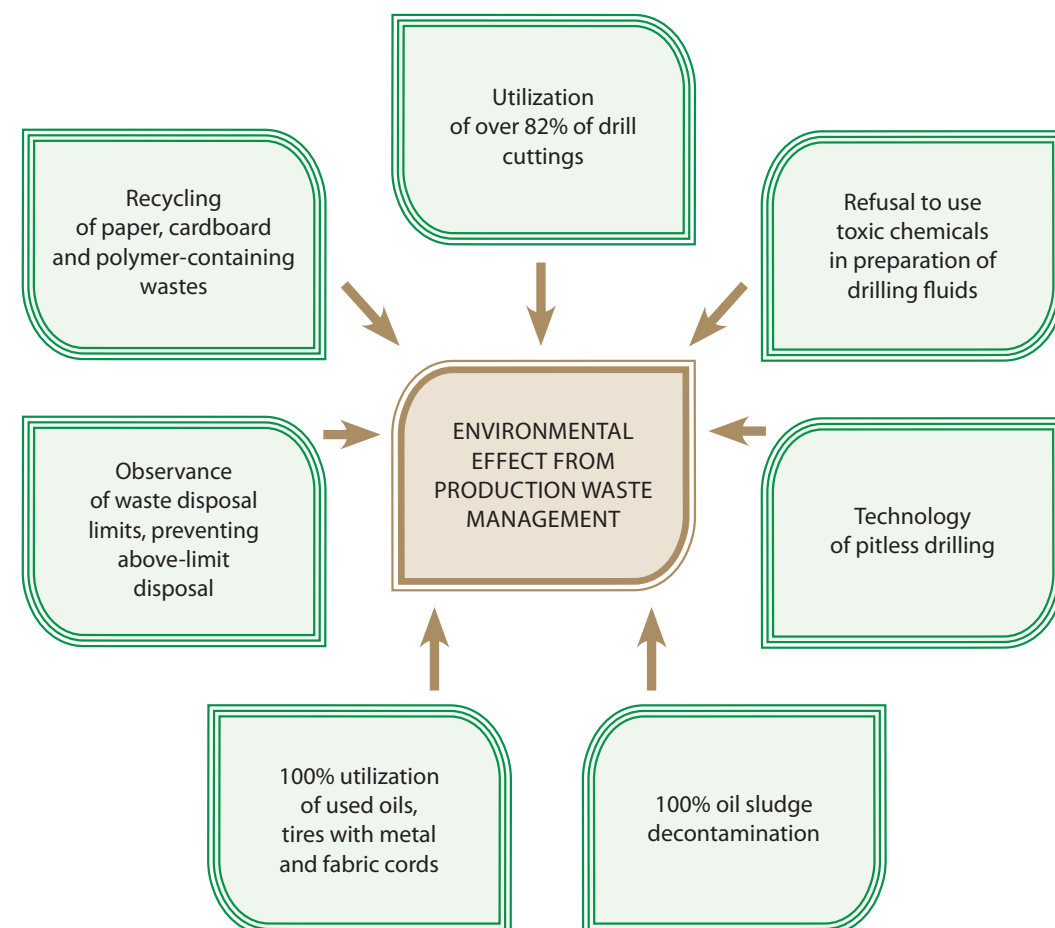
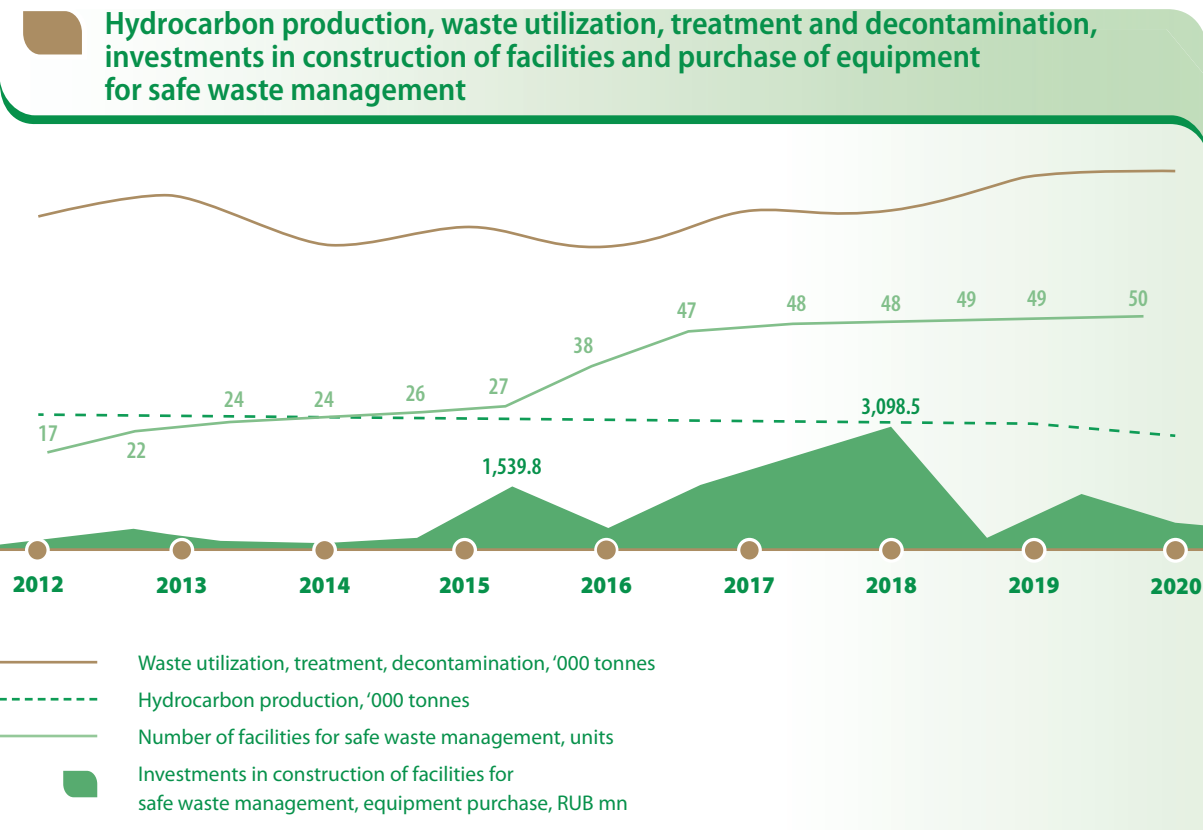
All mercury containing waste of hazard class I (in 2020 – 27.8 tonnes) has been transferred under the contracts to specialized companies for further decontamination.

WASTE UTILIZATION AND RECYCLING

Indicator	2019	2020	2021 (as planned)
Used oil products utilization, ‘000 tonnes	2.304	2.507	3.650
Used tires recycling, ‘000 tonnes	2.515	2.368	2.608
Paper, plastic recycling, ‘000 tonnes	0.281	0.353	0.307

Used oils generated by “Surgutneftegas” PJSC are fully utilized into commercial oil after clean-up (settling). The Company recycles 100% of worn-out tires with metal and fabric cords at its own production facilities. As a result of such recycling, the Company uses rubber chips at its own asphalt plants to improve quality of

the roads. The remained certified products are used by external companies for surfacing sports grounds and streets. “Surgutneftegas” PJSC also sells recyclable material obtained by grinding paper and polymer-containing waste products, as well as by pressing cardboard.



PROTECTION AND RATIONAL USE OF LAND

LAND RECLAMATION

“Surgutneftegas” PJSC rationally uses land resources, regularly and in accordance with project data performs the technical and biological reclamation of lands disturbed in the result of business activities. The Company timely returns restored land plots to the Forest Fund of the Russian Federation.

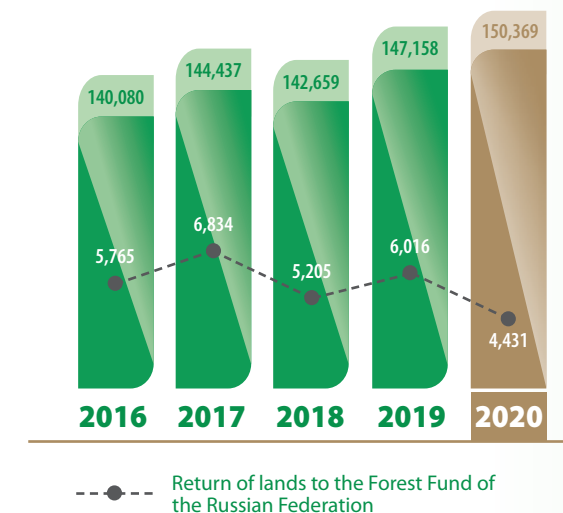
In 2020, more than 150 thousand hectares of land were in use by “Surgutneftegas” PJSC. In accordance with corporate programs of Surgutneftegas, each land plot is used with maximum efficiency; the Company places all of its production facilities in an integrated and compact manner and as per the project documentation, which underwent a state expert review. Land plots are reclaimed and returned to the landowner within the time limits set in the legislation. In the reporting year,

Surgutneftegas returned 4,431 hectares of land to the Forest Fund of the Russian Federation.

A comprehensive approach to restoration of disturbed lands, strong discipline in the workplace, use of modern equipment and materials allow “Surgutneftegas” PJSC to decrease the temporary load on the soil during reclamation, which minimizes damage to the lands.

THROUGHOUT THE YEARS, THE COMPANY HAS BEEN RECLAIMING AND RETURNING THE LAND PLOTS TO THE FOREST FUND OF THE RUSSIAN FEDERATION WITHOUT DELAY

Land area in use by “Surgutneftegas” PJSC, ha



Every land plot gets a special treatment subject to the type of landscape, climatic conditions and other individual characteristics. After reclamation is completed, we continue monitoring restored land plots and, if necessary, set out new plants.

Industrial environmental control is constantly exercised by the Company during all land use operations ranging from field development and infrastructure construction to restoration of the fertile soil of the disturbed lands and return of the reclaimed plots to the Forest Fund of the Russian Federation.

RECLAMATION OF LANDS DISTURBED DURING CONSTRUCTION AND OPERATION OF SLUDGE PITS

For more than 20 years, “Surgutneftegas” PJSC has been successfully using the reclamation method of land plots which were previously occupied by sludge pits. This technology is certified by the State Environmental Expert Commission.

Using the forest rehabilitation technology in the process of reclamation of sludge pits, which are designed for drilling waste disposal, we minimize the negative impact of drilling waste. The Company restored 1,922 land plots using this method.

The forest rehabilitation technology used in the process of sludge pits reclamation was developed by Surgutneftegas together with V.N.Sukachev Institute of Forest SB RAS. This technology allows us to effectively apply natural mechanisms of restoration of ecosystems. In the process of drilling, the Company employs effective four-stage cleaning and circulation systems for drilling fluid. The drill cuttings are not isolated or covered with soil; eventually they transform into soil forming material. At the edge of sludge pits we set out reed mace and willow, which have a high biological productivity. This additional planting stimulates the fast and natural process of sludge pits overgrowing, which eventually (after 15 years or more) turn into complete forest ecosystems.

- Forest rehabilitation technology has the following indisputable advantages:
- less emissions of pollutants into ambient air due to reduced soil moving, motor and road vehicles operations;
 - the use of natural revegetation potential in the most efficient way;
 - absence of necessity for land transfer and borrow pit excavation;
 - restorations of trees and shrubs.

POLLUTION PREVENTION AND ELIMINATION

Prevention from pollution of lands by oil and oil products is the key area of land resources protection. “Surgutneftegas” PJSC is well positioned for timely in-house elimination of oil spills without involvement of third parties.

Surgutneftegas developed a system for prevention and elimination of oil and oil products spills that meets international environmental safety standards in the oil industry. The system is unique in Russia. The Company’s professionals are ready to immediately take all necessary measures within the time limits set in the legislation.

“Surgutneftegas” PJSC set up an out-of-staff accident rescue unit for elimination of oil and oil products spills consisting of eight squads. This unit operates at oil and gas production divisions of the Company and at the lubricants and chemical additives facility of Vitim in the technical maintenance and equipment completing base in the Republic of Sakha (Yakutia). In 2020, the out-of-staff accident rescue unit was recertified. It received a certificate that gives the right to perform accident rescue works.

A high level of equipment availability and professional training of employees help to efficiently act in any conditions despite the type of terrain, to avoid the death of animals, including birds and mammals. The created emergency response system allows us to timely take measures that prevent from spill spread, and to eliminate it without a negative impact on the environmental components.

The Company owns highly effective equipment and modern machinery to eliminate contamination, oil and oil products spills consequences from local to federal level, to reclaim polluted land plots.

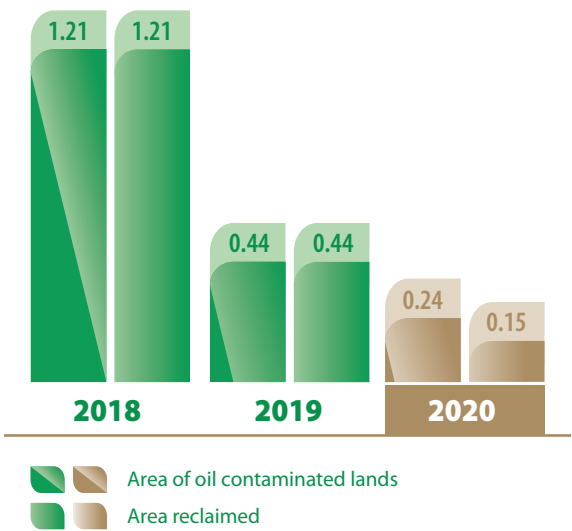
Oil spill response fleet includes the following equipment and materials	
Oil skimmers designed to operate under diverse weather and climatic conditions	166
Skimmer boats for skimming of oil on the surface of rivers and lakes, including shallow water trimarans	10
Self-contained pumps	78
Easy-to-assemble aluminum and steel pipes	13.71 km
Rapid deployment booms made of frost-proof materials, including for onshore protection	20.07 km
Absorbent booms	50.19 km
Mobile tanks for temporary storage of oil	50
Sprinklers for biological agents and bacteria treatment	21
Units for producing thermally exfoliated graphite absorbent (U-SRTG)	9
Multifunctional floating platforms for water bodies and inshore zone integrated treatment	29
Vacuum dump trucks and tank trucks for oil products pumpdown and transportation from the areas of spills	59
Dump trucks for soil transportation	128
All-terrain vehicles with excavators and other equipment	25

In the reporting year, there were three oil spill incidents at the Company’s fields: the first one was due to a criminal tie-in; the second one was due to seal failure during pipeline sounding, and the third one was due to corrosion of the field pipeline. Total land area polluted in the result of oil spills equals 0.24 hectares.

In 2020, the environmental control authority in Yugra inspected three reclaimed land plots of 0.59 hectares, these are: the land plot of 0.44 hectares that was contaminated by oil and reclaimed in 2019, and two land plots with total area of 0.15 hectares that were registered in the reporting year.

All inspected land plots were excluded from the Register of territories and water bodies of Khanty-Mansiysky Autonomous Okrug – Yugra contaminated by oil, oil products and produced water. There is no negative legacy of the Company – the land plots that were previously contaminated by oil and not reclaimed are absent.

Reclamation of oil contaminated lands of “Surgutneftegas” PJSC, ha



FOREST PROTECTION

■ For carrying out the geological study of the subsoil and the development of mineral resources, “Surgutneftegas” PJSC uses only those land plots that have issued permits (title documents). Almost all land plots (99%) are located in the territory of the Forest Fund of the Russian Federation.

Territories of Western and Eastern Siberia are known for their taiga riches. Special treasure of the forest cluster in Yugra is cedar and pine forests with plenty of berries; in Yakutia it is a large area of Dahurian larch and dwarf pines.

In order to maintain the ability of soil to self-recover, the Company performs gross amount of works in forests during winter with settled snow cover.

We manage to avoid additional load on the soil, disturbance of the soil cover by means of special vehicles with wide pneumatic wheels or with caterpillars.

Every year, the Company restores forests as part of its obligations to restore trees and shrubs. In the reporting year, “Surgutneftegas” PJSC invested RUB 99.6 million for this purpose.

AS MANY AS 1,820 THOUSAND OF
COMMON PINE SAPLINGS
WERE PLANTED IN 2020

The Company reclaims lands timely and effectively. The Company restricts the free entry access mode into some forested areas, cleans the land plots adjacent to “Surgutneftegas” PJSC and eliminates unauthorized landfills.

In 2020, within the Clean forest event, we cleaned the territory near the settlement of Nizhnesortymsky.

Surgutneftegas also protects forest areas from fire. In particular, the vehicles we use are fitted with spark arresters; mineralized fire barrier strips stretching in total for 341 kilometers are created or being cut through along the borders of the forests. We set up and operate 33 stations with fire-fighting equipment, erect and update 1,460 fire safety banner stands.

INDICATORS OF AN ENVIRONMENTAL IMPACT

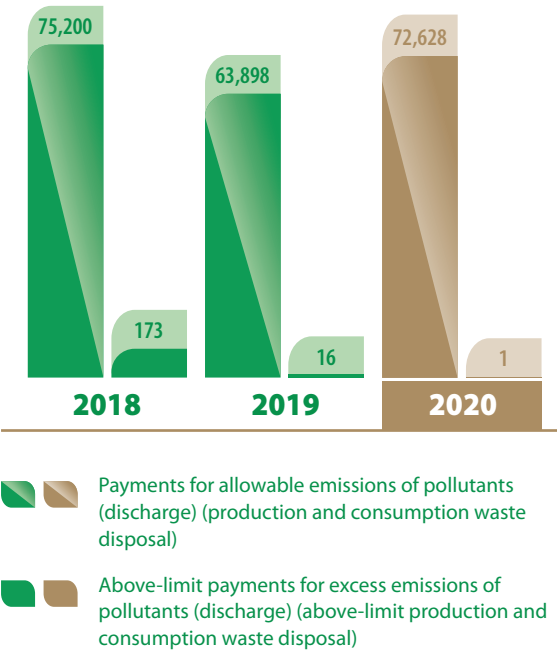
■ “Surgutneftegas” PJSC is the leader among Russian oil and gas companies in terms of preserving the environment. Year after year, the Company shows the numbers which indicate that it has a minimum negative impact on the environmental components.

No.	Name of specific indicator	Unit	2017	2018	2019	2020
1	Oil production	'000 tonnes	60,544.9	60,886.2	60,757.5	54,751.96
2	Hydrocarbon production	'000 tonnes	70,472.46	70,490.52	68,427.97	61,994.10
3	Gross pollutant emissions into the atmosphere	'000 tonnes	176.7	139.5	126.8	122.8
4	Specific pollutant emissions into the atmosphere per unit of produced hydrocarbons	kt/t	2.51	1.98	1.85	1.98
5	APG utilization level	%	99.32	99.56	99.56	99.52
6	Waste generated	'000 tonnes	797.3	798.6	944.8	1,149.9
7	Waste utilized in in-house production	'000 tonnes	462.3	480.5	574.8	725.1
8	Waste decontaminated in in-house production	'000 tonnes	50.5	45.7	63.6	66.5
9	Transferred to external companies	'000 tonnes	176.7	164.1	183.5	240.4
10	Specific indicator of waste disposal per unit of produced hydrocarbons	t/t	0.003	0.003	0.004	0.005
11	Water consumption	'000 cub m	101,105.56	99,965.63	103,437.28	97,702.57
12	Specific water consumption per unit of produced hydrocarbons	cub m/t	1.418	1.408	1.512	1.576
13	Discharge of wastewater into surface water bodies	cub m	0	0	0	0
14	Total land area at the beginning of the year	ha	140,080	144,437	142,659	147,158
15	Total land area at the end of the year	ha	144,437	142,659	147,158	150,369
16	Disturbed land area at the beginning of the year	ha	10,700	10,373	10,287	8,173
17	Disturbed land area at the end of the year	ha	3,866	5,168	4,271	3,742
18	Polluted land area at the beginning of the year	ha	0	0	0	0
19	Polluted land area at the end of the year	ha	0	0	0	0

No.	Name of specific indicator	Unit	2017	2018	2019	2020
20	Amount of oil (oil products) spilled (remained) as a result of pipeline ruptures and accidents	kg	0	0	0	0
21	Number of oil, oil products and produced water spills	spills	5	2	1	3
22	Share of above-limit payments in the total amount of the negative environmental impact payments	RUB/RUB	0.001	0.002	0.000	0.000
23	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	%	93.99	94.09	94.05	93.93
24	Boiler and furnace fuel consumption:					
	Fuel oil	tonnes	644	568	536	351
	Diesel fuel	tonnes	16,476	18,377	19,228	2,964
	Oil	tonnes	40,056	45,049	29,730	25,401
	Gas	'000 cub m	3,135,174	3,413,229	3,140,088	2,964,168
25	Motor fuel consumption:					
	Gasoline	liters	19,054,054	19,513,750	18,871,398	17,491,173
	Diesel fuel	liters	311,979,886	292,596,142	305,539,769	303,520,654
	Kerosene	liters	58,305	49,622	47,135	59,480
26	Vehicles total mileage	km	483,638,262	486,420,935	480,282,201	469,436,804
27	Volume of reduction of fuel and energy consumption	tonnes of equivalent fuel	184,161	102,376	93,797	198,243
28	Consumption of electrical energy from external sources for in-house needs	mn kWh	6,061	5,852	5,954	5,084
29	Electrical energy saving	mn kWh	1,497	812	743	570
30	Consumption of thermal energy from external sources for in-house needs	Gcal	147,987	154,009	144,644	124,513
31	Thermal energy saving	Gcal	14,240	17,399	17,211	13,598
32	Supply of electrical energy to external consumers	'000 kWh	552,531	552,322	578,547	499,243
33	including in-house generated (Eastern Siberia)	'000 kWh	172,862	167,840	190,893	190,280
34	Supply of thermal energy to external consumers	Gcal	23,615	27,782	25,183	20,582
35	including in-house generated	Gcal	23,366	27,550	25,034	20,359

In 2020, actual payments of “Surgutneftegas” PJSC for the negative environmental impact amounted to RUB 72.6 million. Above-limit payments for excess air pollutant emissions in the amount of RUB 1,268 were caused by the use of backup power plants in order to maintain operation of health resorts of the health trust “Surgut” during unplanned power outages in Krasnodarsky Krai.

Payments for the negative environmental impact, thousand RUB



IN-HOUSE ENVIRONMENTAL MONITORING

■ **“Surgutneftegas” PJSC pays close attention to production environmental monitoring (PEM) which helps to constantly monitor the environmental condition. We do it in order to timely detect and prevent negative changes which can arise from anthropogenic factors.**

Production environmental monitoring is a comprehensive system for organizing long-term monitoring, information gathering, predicting and assessing temporal and spatial changes in environmental components because of anthropogenic activity at the Company’s license blocks. Throughout the years of monitoring we have created a chemical analyses database, which helps us to timely assess indicators and control compliance with environmental quality standards, preventing a negative impact of business activities on the environment. The database also allows the Company to ensure rational natural resources management and reproduction.

In order to timely identify a specific impact of man-made facilities and develop measures for its mitigation or elimination, Surgutneftegas regularly monitors the environmental condition at man-made facilities, including sludge storage ponds, waste disposal landfills, well sites, pipeline crossings over the watercourses and flares.

Over the years, “Surgutneftegas” PJSC has controlled the environmental condition across the areas of its operations in accordance with the developed corporate projects and PEM programs. The monitoring network functions at all license blocks of the Company. The area of monitoring is about 150 thousand square kilometers. An extensive database that covers the status of the environmental components of the license blocks prior to the commencement of their commercial development (initial (background) contamination) and after the fields are put in production is supplemented annually during local environmental monitoring.

In 2020, the condition of environmental components was controlled at 124 license blocks of the Company at 5,222 control points, including:

- during assessment of the initial contamination and conducting local environmental monitoring of license blocks at 1,386 control points;
- during environmental monitoring of man-made facilities at 3,836 points.

“Surgutneftegas” PJSC has the license to operate in the sphere of hydrometeorology and related areas, including determination of the pollution level of ambient air, water and soil.

“Surgutneftegas” PJSC has substantial resources for effective environmental monitoring. Testing is carried out in 11 accredited laboratories fitted with the best equipment. The Central Base Laboratory for Ecoanalytical and Technological Studies of the Engineering and Economic Implementation Center is accredited for 145 measurement techniques; the production and research laboratory of OGPD “Talakanneft” – for 86 techniques; physical and chemical testing laboratories of the R&D and production workshops of six oil and gas production divisions use from 11 to 21 techniques. Apart from in-house laboratories, the Company engages laboratories of independent third-party organizations for environmental monitoring, and the results of their research are accepted by the regulatory bodies when exercising regulation and supervisory functions.

In 2020, we ensured sampling and analysis of 31,857 environmental components under environmental monitoring.

“Surgutneftegas” PJSC organized remote monitoring of fields by air patrolling, including the use of unmanned drones, large-scale aerial photography and ultra-high resolution space imagery. Remote sensing data is applied to update the environmental situation within license blocks, make inventories of disturbed lands, perform

landscape monitoring, develop projects on reclamation and environmental monitoring. In 2020, geobotanical monitoring in the area of 206 waste disposal facilities was performed based on expert interpretation of remote sensing data.

The results of production environmental monitoring confirm that “Surgutneftegas” PJSC does its activity with the minimum environmental impact. Environmental conditions at the Company’s license blocks are favorable.



BIODIVERSITY CONSERVATION AND SUPPORT OF SPECIALLY PROTECTED NATURAL RESERVATIONS AND OTHER TERRITORIES WITH A SPECIAL MODE OF MANAGEMENT

BIODIVERSITY CONSERVATION

Biodiversity conservation is one of the key areas of the Environmental policy in "Surgutneftegas" PJSC. The Company is a member of the working group of the Russian Ministry of Natural Resources for business and biodiversity conservation issues. The group was created to achieve goals of the federal project on "Biodiversity conservation and environmental tourism development" that had been implemented in accordance with the international Biodiversity Convention.

An integral part of the Ecology comprehensive program in "Surgutneftegas" PJSC – biodiversity conservation – is aimed at minimization of the environmental impact from production processes and preserving the original state of the areas of the Company's operations. Protection of lands, water bodies, reproduction of biological resources, monitoring of the environmental components, including study of biota, as well as monitoring of biodiversity indicators species – these are the main vectors of the biodiversity conservation program in the areas of "Surgutneftegas" PJSC operations.

We monitor biodiversity indicators species at the territory of the Company's production facilities in Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast and the Republic of Sakha (Yakutia). For this purpose, specialists of Lomonosov Moscow State University, the Tyumen Scientific Center of Siberian Branch of RAS and the Institute for Biological Problems and Cryolithozone of the Yakutsk Scientific Center of Siberian Branch of RAS have developed the lists of species – key biocenoses diversity indicators (vascular plants, mosses, lichens, birds, mammals).

In order to restore aquatic biological resources and maintain biodiversity in Khanty-Mansiysky

Autonomous Okrug – Yugra and the Republic of Sakha (Yakutia), "Surgutneftegas" PJSC allocated more than RUB 79.7 million in 2020. From June till August, more than 47.6 million young and larval peled were released into water bodies with the assistance of the Company.

In the reporting year, the Company invested RUB 99.6 million in forest restoration. As many as 1,820 thousand common pine saplings were planted in the area of 704 hectares.

"Surgutneftegas" PJSC carries out environmental and biological assessment of priority development territory and a spatial analysis of environmental risks when planning activities in especially valuable and sensitive areas.

IN 2020, "SURGUTNEFTEGAS" PJSC INVESTED ABOUT RUB 8 BILLION IN THE BIODIVERSITY CONSERVATION PROGRAM

Over the years, the Company has been performing biological monitoring in Numto nature park within the biodiversity conservation program in Khanty-Mansiysky Autonomous Okrug – Yugra. It is done with the assistance of scientific organizations which have a great research experience in the region. In Numto nature park the Company fully implements measures to minimize environmental risks when placing production facilities in the wetland ecosystems, to mitigate a negative impact of business activities on the hydrology of wetlands and to avoid birds

hazard. The Company provides regular monitoring of hydrological regimes of wetlands together with performance assessment of culverts. In 2020, scientists followed the isolation regime due to restrictions that were imposed in order to prevent a new coronavirus disease (COVID-19) from spreading. The necessary amount of work was carried out by the Company's employees – environmental monitoring professionals (geobotanists, agrologists, chemists and other). The results of research confirm the efficiency of environmental protection measures and the absence of negative impact on the sensitive ecosystem of Numto nature park.

In the reporting year, due to anti-epidemic measures taken in the Republic of Sakha (Yakutia),

the Company by its own means performed monitoring of biological resources and cryolithozone together with assessment of a man-made impact on the environment in the course of business activities of "Surgutneftegas" PJSC. We analyzed the data on ecosystem transformation for the previous years and predicted further changes. The received results are used during development of mitigating and compensatory environmental protection measures in project documentation.

On the basis of the Company's geoinformation system, "Surgutneftegas" PJSC created a unique database which contains information on discovered habitat of rare and endangered biota representatives and which is updated as far as new research results appear.



More fish
at sites



SUPPORT OF SPECIALLY PROTECTED NATURAL RESERVATIONS AND OTHER TERRITORIES WITH A SPECIAL MODE OF MANAGEMENT

"Surgutneftegas" PJSC prospects, explores and produces hydrocarbons, constructs infrastructure and develops fields that are within the areas of the specially protected natural reservations (SPNR) in strict adherence to the licenses for subsoil use. We carry out production operations according to a special procedure within the areas of SPNR and other areas with a special mode of management.

The Company ensures maximum preservation of primordial living environment, housekeeping activities and industries of the indigenous population, minimizes the environmental impact from production processes, strives to preserve the original state of oil production blocs, sustainability of ecosystems and their biodiversity, makes a significant contribution to the development of the areas of its operations.

According to the Environmental policy of "Surgutneftegas" PJSC its employees and contractors should follow the code of conduct and rules for works arrangement within the areas of SPNR and other areas with a special mode of management, know certain customs in the places of residence of the small-numbered indigenous peoples of the North, who have traditional nature management.

To implement the basic principles of preserving the ethnoses, the Company ensures the achievement of the following goals and the solution of the following tasks:

- minimize the number and area of industrial sites and linear facilities through implementation of the best available technologies for exploration, production and transportation of oil and gas;
- minimize a negative environmental impact, reducing emissions, effluents and waste, eliminating any man-made impact outside the areas designated for production facilities;
- eliminate the vehicles and personnel presence and movement outside the boundaries of industrial sites and facilities designated for this purpose without proper authorization;

- arrange field operations to survey areas of proposed location of industrial sites for the presence of ethno-archeological and ethnographic objects, and if any, transfer production facilities outside the area, subject to technological capabilities;

- ensure subsequent restoration of original natural functions of ecosystems, including resource capacities that preserve the traditional way of life and industries of the small-numbered indigenous peoples of the North, through detailed survey of the areas of proposed location of industrial sites and consideration of ecosystem features at the design stage;

- limit unauthorized access to traditional nature management areas and SPNR;

- supervise observance of the code of conduct by employees working within boundaries of SPNR.

In 2020, "Surgutneftegas" PJSC invested more than RUB 30.5 million as per the agreement with Budgetary Institution Numto nature park in KhMAO-Yugra. These funds were invested to carry out R&D activities in the nature park and to maintain facilities at the visitor center in Numto village.

With the assistance of the Company, a large-scale research network of frost effect studies is planned to be established in the nature park, which will be integrated into global program to monitor changes in continuous permafrost zone.

In 2020, we carried out monitoring of the environmental components and industrial environmental control at the Company's facilities within the cultural heritage site of local significance, the sightseeing attraction Sacred Lake Imlor and adjacent territories. The results of regular inspections confirmed that the environment of the territory is not disturbed.

The Company applies an ecosystem approach, effectively implements a range of measures to ensure ambient air protection, land and water resources protection, and to prevent the fields from becoming polluted with production and consumption wastes as well as oil spills. We conduct the environmental monitoring

of the territory. The measures taken allow "Surgutneftegas" PJSC to have an accident-free operation, to significantly decrease the risk of incidents and, as a result, to preserve the habitat of game animals and areas for gathering of wild-growing herbs, mushrooms, nuts, which form the basis of the traditional way of life of the indigenous population.

There are checkpoints along the Company's field roads in order to protect the facilities of the fuel and energy complex and to limit unauthorized access to traditional nature management areas of the indigenous people.

The Company's employees who work in the places of residence of the small-numbered indigenous peoples of the North stick to the following principles:

- understanding and respect for the traditions, customs and rituals forming a major part of the culture of the indigenous people;
- taking into account the partnership experience and continuous improvement of the system of relations with the small-numbered indigenous peoples of the North;
- immediate reporting to the Indigenous Peoples Affairs Department of Land Use Division, Environmental Safety and

Management Division of "Surgutneftegas" PJSC in the event of misunderstanding, threat of conflict or violation of the established requirements;

- conflict resolution and misunderstanding clearing up through discussion and negotiation;
- impermissibility of conflicts between the employees of the Company and the indigenous people;
- ensuring privacy of the small-numbered indigenous peoples of the North;
- adherence to environmental standards and requirements.



Unique pictures of fauna in Numto nature park



INTERACTION WITH THE SMALL-NUMBERED INDIGENOUS PEOPLES OF THE NORTH

■ Among the priorities, “Surgutneftegas” PJSC is maintaining environmental balance and partnership with local people, especially in the territories of the traditional nature management of the small-numbered indigenous peoples of the North. The Company ensures a minimum allowable impact from business activities on the environment and preserves living environment of indigenous ethnoses.

Based on public discussions of the Company’s operation plans, “Surgutneftegas” PJSC coordinates with the indigenous people the placement of production facilities in traditional nature management areas and habitats of the small-numbered indigenous peoples of the North. The Company meets the most stringent requirements of the federal and regional legislation for geological exploration and construction of field facilities located in specially protected natural reservations.

We facilitate innovations and introduce environmentally friendly and resource saving technology in order to ensure environmental safety production at the level of international standards. “Surgutneftegas” PJSC is a proponent of keeping trustworthy partnership with the indigenous people, having group discussions about relevant matters, finding a compromise on all problems and disputes. The small-numbered indigenous peoples of the North that have necessary knowledge, competence and professional education certificate come to work in Surgutneftegas. Indigenous people have time for deer herding due to shiftwork.

Throughout almost twenty years, the Company has been concluding contracts on subsoil use of land plots with local authorities, regional authorities and holders of traditional nature management rights (elders and family heads). All agreements have been fully performed in the reporting year.

The services supporting the small-numbered indigenous peoples of the North, established in the business units and the headquarters of “Surgutneftegas” PJSC, cooperate with the indigenous people. The Company provides

the indigenous population with health services such as dental services, communication services, transportation including helicopter services, as well as materials and equipment (snowmobiles, chainsaws, motorboats, power plants, etc.).

“Surgutneftegas” PJSC routinely helps the organizers of the Competition of Herders Professional Skills and national holidays: allocates the prize fund, gives assistance in transportation of the competitors, deer and other necessary cargoes, if the need arises, from remote inaccessible territories to the Cup of the Governor of Yugra for deer races. In 2020 (from March till December inclusive), all mass events were canceled because of the COVID-19 pandemic.

In order to ensure transport link with Numto national village where all year round one can get only by helicopter, we annually build a winter road. With the help of “Surgutneftegas” PJSC, indigenous people can get to big residential areas with the developed infrastructure to buy food and other necessary stuff (the nearest one is more than 200 kilometers away). The Company transports furniture, appliances and other bulk cargoes, delivers construction materials and firewood as per the social and economic agreement with the administration of the Beloyarsky District and at personal requests from the indigenous people.

As it was proposed by indigenous population and authorities, we restricted the unauthorized access to traditional nature management areas and SPNR along the roads of “Surgutneftegas” PJSC. Utility vehicles can pass through the checkpoints after inspection if a driver has a route permit. The indigenous people of those areas and their relatives have a free pass through the checkpoints. The Company’s employees respect customs

and beliefs of the indigenous people, ensure the inviolability of places of the worship and shrines as well as personal belongings of the small-numbered indigenous peoples of the North.

At the intersection of road traffic routes with deer paths and roads of the indigenous population we posted signs and ensured safe traffic. If the need arises, we clear dirt roads used by the small-numbered indigenous peoples of the North from fallen trees.

In accordance with the current special treatment regulations, hunting, fishing and gathering of wild-growing herbs (berries, mushrooms, cedar cones and nuts, medical herbs) are prohibited for the Company’s employees and contractors working in such territories. Conveyance of firearms, fishing equipment, dogs and other animals is prohibited. Explosives and hazardous chemicals, as well as alcohol beverages, are strictly prohibited.

“Surgutneftegas” PJSC follows the well-known and ancient principle “First, do no harm”,

guarantees reliability of production, improves its environmental activity. The Company increases the economic potential of the territory where the indigenous population lives, makes a contribution to the improvement of the life quality of people who preserve original culture and traditional housekeeping, who are engaged in deer herding at summer and winter pastures, who go fishing and hunting within the field area. Through generations, families of Khanty, Mansi, and Nenets share a unique experience of their ancestors. One rule remains unchangeable: careful treatment of nature and its resources is the priority for “Surgutneftegas” PJSC as well.

Industrial development of oilfields is completed by fulfilled socially oriented projects which contribute to sustainable development in the areas of the Company’s operations, harmonization of the relationship between northern ethnoses and Surgutneftegas.



Contribution to sustainable development of original areas of the indigenous people of the North



Six hundred kilometers to the capital of Yugra and back home by deer and sled

R&D ACTIVITIES IN THE FIELD OF ENVIRONMENTAL PROTECTION

■ The Company successfully cooperates with scientific institutions, carries out its own research and expert projects in order to improve environmental protection and to develop environmental safety system.

Throughout many years, “Surgutneftegas” PJSC has been cooperating with scientific organizations; most of them are incorporated into the Russian Academy of Sciences. From such organizations we receive an independent professional assessment of the environmental conditions in the area of our production operations, they also help us to develop and introduce the new and the most effective technologies which facilitate minimization of an environmental impact.

For almost four decades we have accumulated comprehensive analytical data by means of research in the field of environmental safety, environmental monitoring and environmental and biological assessment of the territory of the Company’s operations. This data allows us to develop the tactics and strategy of our environmental activity.

Due to unfavorable epidemic conditions and the need to follow measures that prevent a new coronavirus disease (COVID-19) from spreading, environmental monitoring professionals from “SurgutNIPIneft” – a research institute of “Surgutneftegas” PJSC – carried out research of the environmental condition in 2020. In 2020, the habitat of rare flora and fauna species was inspected in the areas of the Company’s operations in Khanty-Mansiysky Autonomous Okrug – Yugra, including Numto nature park.

The Company applies the results of the research to make management decisions aimed at minimizing a negative environmental impact of oil production facilities.

THE “GREEN OFFICE” PRINCIPLES

■ “Surgutneftegas” PJSC seeks to minimize a negative environmental impact and maintains the “green office” principles at all spheres. The Company supports saving of natural resources by reducing the amount of waste and cutting costs on upkeeping the premises.

The “green office” principles of the Company are as follows:

- usage of modern energy-saving lamps and spotlights in indoor and outdoor lighting systems;
- usage of electronic ballasts in fluorescent spotlights;
- usage of programming units and motion sensors in indoor lighting systems and daylight sensors and automatic switches in the outdoor lighting;
- optimization of operating mode of electrical equipment and heat consumption of buildings;
- replacement of air conditioners with multi systems;

- implementation of energy efficient pumping modules and ventilators;
- usage of power filters at workplaces to switch off simultaneously several units of equipment after completing work;
- implementation of metering devices, water flow and heat consumption regulators.

The Company uses an electronic document flow system. Default double-sided black-and-white printing, which is set automatically for all printers, helps to significantly decrease the amount of paper we use in the Company.

Surgutneftegas uses its in-house shredding and pressing unit for waste paper, packing board and other wastes related to the stationery. This recycled material is a valuable resource which is highly-demanded by specialized enterprises for its further use.

ENVIRONMENTAL EDUCATION AND PROFESSIONAL TRAINING OF EMPLOYEES

Priorities of “Surgutneftegas” PJSC are the following: environmental safety of all links of the production process, environmental friendliness and careful treatment of natural resources. Each Company’s employee and contractor should comply with the requirements of the environmental legislation of the Russian Federation. Environmental education forms corporate and personal responsibility among employees.

Every year the Company holds economic competitions among teams of oil and gas production shops, well servicing and workover crews, personnel that take part in well drilling, and drilling crews. The winners are selected by many criteria, including work quality, performance indicators in the field of environmental safety of the Company’s facilities, avoidance of accidents and defects.

Representatives of over 50 professions usually take part in the professional skills competitions “Best-in-Profession”, scientific and technical conference for young scientists and professionals of “Surgutneftegas” PJSC. Environmental protection professionals control observance of all environmental requirements and production regulations.

We continue further training of our employees to upgrade the skills of personnel in the field of environmental protection and environmental safety. In 2020, thirty employees successfully finished the course of Provision of environmental safety by managers and specialists of the environmental departments and environmental control systems at the Polytechnic Training Center (PTC) of “Surgutneftegas” PJSC.

In the reporting year, 1,109 employees improved their skills in waste management of hazard classes I-IV, including 1,107 at the PTC. “Surgutneftegas” PJSC developed professional training courses for its managers and specialists responsible for decisions on business activities

and other issues as well as for workers admitted to manage wastes.

At all spheres of its activities, Surgutneftegas builds awareness among employees of the importance of environmental protection, rational use of natural resources and favorable environment. The Company holds the induction meeting with the personnel prior to each shift. Within the territories with a special mode of business activities, in particular, Numto nature park, all employees study special memos and animated films about basic principles of the Environmental policy in “Surgutneftegas” PJSC, the code of conduct in the SPNR and rules of cooperation with the indigenous population.

It is impossible to create environmental culture and high standards in terms of environment on demand and in a short time frame. It is a slow but steady process which represents collective and socially significant work. In the reporting year, we performed volunteer clean-ups in forests and inshore zones of the Surgutsky District in accordance with anti-pandemic restrictions. On a voluntary basis, the Company’s employees and their families still take part in the All-Russia Environmental and Charitable project named “Good little caps”. Plastic caps that we collected undergo further recycling, and then the recycling plant transfers earned money to the charity fund for children in need. In 2020, over 100 kilograms of “good little caps” were collected just by the employees of the Environmental Safety and

Management Division of “Surgutneftegas” PJSC. More and more employees of the Company join this project, the Youth Association of “Surgutneftegas” PJSC is actively involved in it.

By the end of the reporting year, regional web-sites published information about an unusual initiative of the Company’s environmental experts who proposed to maintain a squirrel population after decreasing the area of trees and shrubs

in “Kedrov Log” park in Surgut. The idea was implemented with assistance of Yugansky Nature Reserve specialists: feeding stations and small houses for squirrels were fixed. The personnel of “Surgutneftegas” PJSC added up one more good tradition for environmental attitude: to have more family walks in the park and to keep the food for its critters at the sufficient level through long Siberian winter.



Volunteer
clean-up “Clean deed”
near the Kalinina river



“Surgutneftegas” PJSC
employees’ families
stand up for squirrels



COOPERATION WITH PUBLIC ORGANIZATIONS AND THE MASS MEDIA

■ **“Surgutneftegas” PJSC effectively cooperates with public organizations, ensures information transparency in terms of environmental safety in production, preserves favorable environment in the areas of the Company’s operations, fulfills social and economic agreements on sustainable development of the regions.**

Due to the quarantine many events of the reporting year were held online or with the lowest number of participants allowed and in compliance with the social distancing, masks and gloves regime.

Before the quarantine was introduced, the journalists from regional mass-media organizations had visited deer pastures that belong to the small-numbered indigenous peoples of the North within Numto nature park, a national village with the same name, and had witnessed the broad support which Surgutneftegas gives to the indigenous population either under the agreement with the municipality or at personal requests of those people.

The Company’s employees, representatives of the environmental control authority in Yugra and the Surgut regional forestry were actively involved into the local campaign named “Clean deed” which had been launched by the proponents of the environmental movement “Third planet from the Sun”. They cleaned the shore line of the Kalinina river within the workshop for oil treatment and pumping of the Zapadno-Surgutskoye field.

The Company arranged a press tour to Aitor lake in the Oktyabrsky District in Khanty-Mansiysky Autonomous Okrug – Yugra, where the annual compensatory event of the Company for artificial reproduction of water biological resources took place.

In 2020, for the first time “Surgutneftegas” PJSC was among partners of the “All-Russia Environmental Dictation”, organized with assistance of the Russian Ministry of Natural Resources and the Federation Council Committee on Agriculture and Food Policy and Environmental Management. Despite the difficult epidemic situation, the environmental dictation was successfully passed by over two million people from various parts of our country. Representatives of federal and regional mass-media organizations published materials on preparation, procedure and results of the environmental dictation.

According to the results of the reporting year, “Surgutneftegas” PJSC topped the environmental information transparency ranking of Russian oil and gas companies. The organizers of the event pointed out that “public deed is not just the assessment mechanism of environmental transparency and safety in the oil and gas sector, but it is also a contribution to modernization.” The ranking makers recommended that participants pay their attention to and support the initiative of Surgutneftegas. On the Company’s web-site you can find sections devoted to requests from citizens and public organizations as well as data and publications about environmental conflicts.



The Company’s employees take part in the environmental and charitable project named “Good little caps”



The All-Russia Environmental Dictation was held with help of “Surgutneftegas” PJSC

