

# MITIGATING NEGATIVE ENVIRONMENTAL IMPACTS AND THE EFFECTIVE USE OF RESOURCES

## THE COMPANY'S STRATEGIC GOALS IN ENVIRONMENTAL SAFETY:

- to reduce its environmental footprint and support a favourable natural and living environment
- to prevent environmental damage from business activities
- to introduce best practices in environmental safety
- the sustainable use, restoration, and protection of natural resources and the preservation of biodiversity

The careful and sustainable use of natural resources and minimizing environmental risks are key priorities in Gazprom Neft's activities. As it seeks to achieve its 'Goal – Zero' environmental damage, the Company consistently reduces its environmental footprint, introduces best practices, inventions, and technologies for nature protection, and improves the environmental training system for its employees.

The Company's environmental activities are based on risk management and the introduction of risk prevention measures. Gazprom Neft ensures constant environmental monitoring and industrial environmental control. An analysis of the environmental impact of production activities is carried out at all stages of the production life cycle, starting with front-end engineering. An assessment of the potential environmental impact, an analysis of the results of environmental monitoring, and an independent expert examination are mandatory when making the appropriate managerial and investment decisions.

When planning new projects, Gazprom Neft enterprises assess the environmental impact of the planned activities. Based on the results of the analysis, the best available technologies (BAT) that aim to mitigate any negative impact are introduced during all stages of the project.

The Company's environmental management system complies with the requirements of the international standard ISO 14001. Gazprom Neft has regularly conducted audits for compliance with the standard since 2013. An independent audit confirmed the compliance of the Gazprom Neft PJSC environmental management system with the requirements of ISO 14001:2015 in 2017. Certificates of compliance of the environmental management systems with ISO 14001 have been issued to Gazprom Neft Shelf; Gazpromneft-Sakhalin; Gazpromneft-Moscow Oil Refinery; Gazpromneft-Omsk Oil Refinery; Gazpromneft-Ryazan Bitumen

## Investment in environmental protection in 2017

RUB **27.1** BN **+52%**

## In 2017 the Year of Ecology featured

**1,100**  
MEASURES

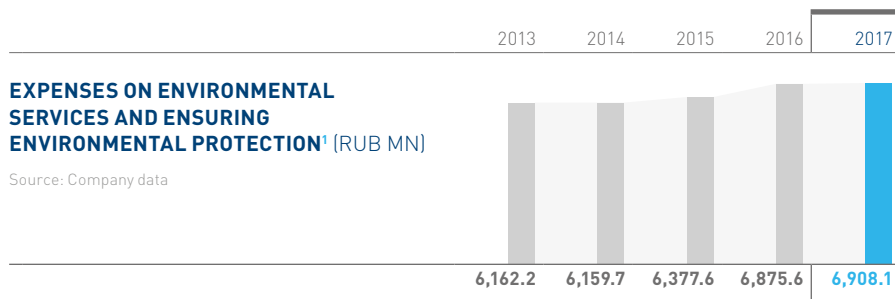
Materials Plant; Gazpromneft-Lubricants, Omsk Lubricants Plant branch; Gazpromneft-Moscow Lubricants Plant; and Gazpromneft Shipping.


The Company spent RUB 6.9 billion on environmental services and operating costs to ensure environmental safety and protection in 2017.

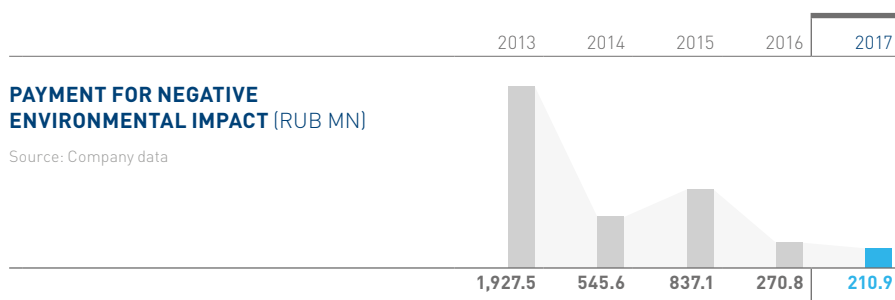
Total investment in environmental protection amounted to RUB 27.1 billion in 2017, or almost double the amount invested in 2016 (RUB 14.3 billion).

## MAIN ENVIRONMENTAL PROGRAMMES OF GAZPROM NEFT

Environmental aspect	Key programmes	Indicators
<b>ATMOSPHERE</b>	<ul style="list-style-type: none"> <li>■ Target gas programme</li> <li>■ Oil refinery modernization programmes using BAT</li> <li>■ Recovery and purification systems for emissions from petroleum product facilities</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduction in specific pollutant emissions into the atmosphere</li> <li>■ Reduction in specific greenhouse gas emissions</li> <li>■ Increase in the level of APG utilization</li> </ul>
<b>WATER RESOURCES</b>	<ul style="list-style-type: none"> <li>■ Construction of new biological treatment facilities as part of the modernization of oil refineries</li> <li>■ Wastewater quality control</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduction in the consumption of river water</li> <li>■ Reduction in the load on urban treatment facilities</li> <li>■ Increase in the reuse of recycled water</li> </ul>
<b>LAND RESOURCES</b>	<ul style="list-style-type: none"> <li>■ The 'Clean Territory' project (corrosion diagnostics and monitoring and the reconstruction and replacement of pipelines)</li> <li>■ Programmes for the reclamation of oil contaminated lands</li> <li>■ Reclamation of disturbed lands by sludge pits and sludge collectors</li> <li>■ Pilot testing of treatment technologies for saline land</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduction in pipeline failure indicators</li> <li>■ Restoration of soil fertility in the ecosystems of production areas</li> <li>■ Introduction of new technologies for the reclamation of saline lands</li> </ul>
<b>PRODUCTION WASTE</b>	<ul style="list-style-type: none"> <li>■ Programme for the disposal/neutralization of oily waste</li> <li>■ Programme for the disposal of daily drilling waste</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase in the proportion of waste shipped off for disposal and utilization</li> </ul>
<b>PRESERVING BIODIVERSITY</b>	<ul style="list-style-type: none"> <li>■ Programme for the preservation of the biodiversity of marine ecosystems in the Arctic zone of the Russian Federation</li> <li>■ Programmes for the preservation of biodiversity in the regions where the Company operates</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduction in the impact on the biodiversity of regions of operations</li> <li>■ Preservation of the natural abundance and dynamics of biological species</li> </ul>



 Detailed indicators on the Company's environmental activities are presented in Appendix 1 to this Report, p. 138



<sup>1</sup> — Excluding expenses on the capital construction, reconstruction, and repair of fixed assets that have a positive environmental effect.