

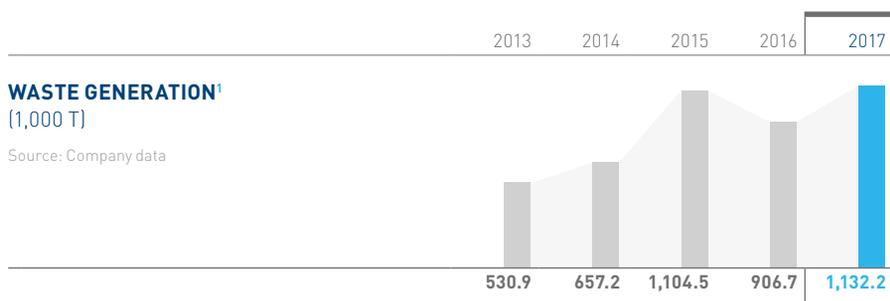
WASTE MANAGEMENT

Gazprom Neft is developing an industrial waste management system that aims to optimize waste flows, mitigate the environmental impact, reduce the economic cost of waste generation, and maximize the possible use of waste.

In 2017, the subsidiaries of the Upstream Division introduced a concept for the utilization

of drilling waste in order to mitigate environmental risks and unify waste management requirements. The concept takes into account the infrastructure of the fields under development, the existing technologies for neutralizing drilling waste, key performance indicators, well construction methods, and the injection of waste into the reservoir.

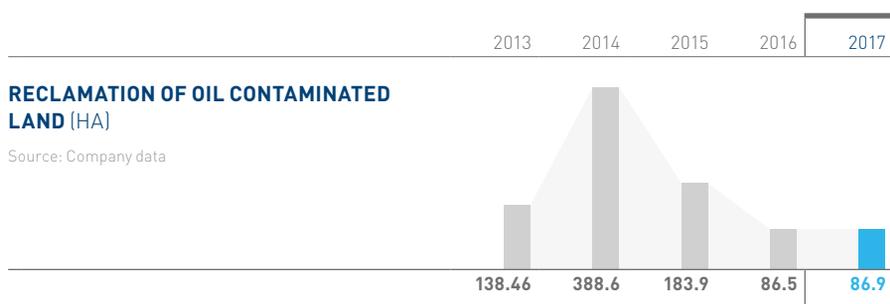
In 2017, the subsidiaries of the Upstream Division introduced a concept for the utilization of drilling waste in order to mitigate environmental risks.



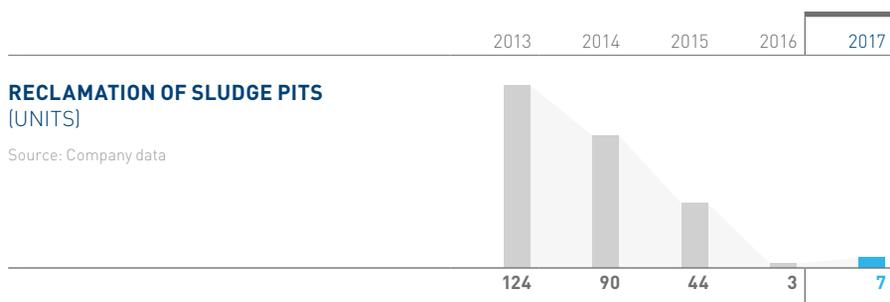
WASTE MANAGEMENT

The Omsk Lubricants Plant has opened a site to store oil sludge. It will help to minimize the risks of soil contamination at the production site and ensure compliance with legal requirements for the accumulation of oily waste.

PROTECTION OF LAND RESOURCES AND VEGETATION



Gazprom Neft reclaims disturbed and contaminated land and sludge pits by introducing advanced technologies for pipeline monitoring and diagnostics and restoring soil taking into account the soil and climatic conditions of the regions.



As part of the 'Clean Territory' project, the Company conducts diagnostics and monitors corrosion in an effort to reduce pipeline failure rates and the area of contaminated land. One of the focuses of the project is the reclamation of polluted "historical heritage" land.

1 — The increase in waste generation during the reporting year is due to higher drilling volumes.

Gazprom Neft and Tyumen State University launched cooperation in conducting chemical and analytical quality control of the environmental restoration work being carried out by Gazprom Neft. Independent laboratories at Tyumen State University will analyse soil samples in reclaimed areas of oil contaminated lands, drilling waste, oily waste, and products generated from their utilization. Independent control is a proactive measure that allows for promptly identifying and correcting deviations when performing environmental restoration work.

In 2017, the Company continued to replicate the 'Green Seismics' technology at its enterprises, which saves trees from being cutting down during seismic operations. The conventional approach requires creating wide clearings that are needed for heavy all-terrain vehicles to pass through. Thanks to cable-free recording equipment, which can be installed using light technology, 'Green Seismics' allows for significantly narrowing the clearings or not making them at all. The technology is already being utilized at Gazpromneft-Noyabrskneftegaz, Gazpromneft-Khantos, Slavneft-Megionneftegaz, and Gazpromneft-Vostok.

NEW RECLAMATION METHODS

In 2017, Gazpromneft-Noyabrskneftegaz conducted the pilot testing of recultivation technologies for saline lands.

Washing the soil layer with water and using agronomic and biological methods of reclamation revealed it was possible to accelerate the adaptation and purification of soils. Based on the testing results, the technology will be introduced at the Company's facilities.

SPECIFIC LAND PROTECTION INDICATORS

Indicator	2016	2017
Ratio of area of contaminated land at the end of the year vs. at the start of the year, ha/ha	0.0046	1.44
Specific amount of spilled oil, condensate, and petroleum products as a result of accidents and leaks, kg/t of extracted hydrocarbons (TOE)	0.0033	0.0010

PRESERVING BIODIVERSITY

Gazprom Neft is implementing a perpetual corporate programme to preserve biodiversity based on a list of flora and fauna that serve as indicators of the stable condition of the marine ecosystems in Russia's Arctic zone. The programme was developed by the Company jointly with leading scientific research institutes, Russian Arctic National Park, and the Marine Mammal Council taking into recommendations from the UN Development Programme, the Global Environment Facility, the Ministry of Natural Resources and Environment, and the World Wildlife Fund in Russia.

The Company carries out environmental monitoring of its impact on the Arctic ecosystems in the area of its operations. Studies conducted in 2017, including toxicological and genetic analyses of biological samples, did not reveal any significant changes.

Starting in 2017, the Company introduced action programmes to preserve biodiversity for all its assets located in Russia. The implementation of these programmes will be continued in full in 2018.

A programme to reproduce aquatic biological resources is a key component of the Company's field development projects.

The Company's enterprises released 36 million valuable young fry into reservoirs during the reporting year as part of the programme to reproduce aquatic biological resources. Gazpromneft-Khantos, Gazpromneft-Yamal, Messoyakhaneftegaz, Gazpromneft-Muravlenko, and Gazpromneft-Omsk Oil Refinery took part in the programme.