ESG Presentation
www.gazprom-neft.com
GAZPROM NEFT: RESPONSIBILITY AND CARE

For our employees:

- An integrated protective system has been put in place, directed at minimising the spread of COVID-19 as well as ensuring continuous production
  - Employees have been put on remote working
  - Mass preventative testing of employees
  - Shift turnarounds extended to 90 days
  - Buffer zones (more than 100 with 20,000 employees processing capacity) in place at oil production facilities, automated temperature testing, incoming employees kept separate at all entrances, and contactless shift handovers organized at refineries
  - Advice and information (a “hotline” for shift workers, and a new digital “Mobile Newsfeed”)

For our partners and customers:

- Integrated testing of contractors at oil fields
- Direct involvement in developing a mechanism to support oilfield service companies
- Mobile apps for remote payment at Gazpromneft filling stations
- Minimising contacts and implementation of preventive measures at Gazpromneft filling stations
- Expanded functionality of AZS.GO app, with the launch of a service for business users

For our society:

- An integrated support programme for medics helping to combat COVID-19
- Free car-refills for volunteers (>1,600 free-fuel cards for use at Gazpromneft filling stations)
- Hand sanitiser production launched at GPN facilities with spare capacity, and the first 85-tonne consignment shipped
- Help and support to combat COVID-19 in every locality in which the company operates
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2019 HIGHLIGHTS

Financial results

₽2,485 bln
revenue

₽795.1 bln
adj. EBITDA

₽400 bln
net income

Operational results

1,583 mtoe
1P reserves

41.5 mt
refining throughput

96.1 mtoe
hydrocarbon production

Balanced portfolio of upstream assets
- Associated petroleum gas utilization
- Safe and efficient production technologies
- Developing renewable energy

Modern and efficient refineries
- The refinery modernization programme remains ongoing, and the implementation of various environmental initiatives continues
- High-technology Biosphere treatment facilities

Directly-owned retail network in Russia and abroad
- High-quality services and environmentally friendly products
Gazprom Neft’s business is underpinned by its corporate mission and an understanding of its responsibilities towards society, both now and in the future.

**Society**
- Supply of petroleum products to the public and business
- Total dividends for 2019: ₽180 bln

**Shareholders and investors**
- Total dividends for 2019: ₽180 bln

**Consumers and customers**
- Petroleum product sales: 26.5 MMTonnes
- Employees working at the Company: 51 regions of Russia

**Staff**
- Employees working at the Company: 73,521

**Government**
- Tax payments: ₽749 bln

**Regions of operation and local communities**
- Social investments: ₽7.5 bln

**Resources**
- Efficient use of resources
- Care for the environment
- Replenishing the resource base

**Business activities**
- Results of operation
- Social development input
EXTERNAL CHALLENGES SUPPORT ESG IMPLEMENTATION

- Federal regulation
  - Raising awareness of environmental challenges
  - Non-financial reporting becoming mandatory
  - Regulations stimulating energy efficiency, waste recycling and APG utilization

- European Union
  - Regulatory pressure towards ESG integration ("taxonomy")
  - Sanctions remain an issue for Russian companies seeking overseas financing
  - Specialized subsidiaries for green and sustainability-related projects

- Financial sector
  - Divestments from assets associated with carbohydrates production (Blackrock, EIB)
  - ESG-related investment products show increased stability in stress situations
  - Growing influence of the green bond market

- Corporate level
  - International investors and strategic partners require ESG integration
  - ESG integration as a prerequisite for successful IPO
  - Clients and suppliers await clarity regarding the supply chain
  - Increasing attention in light of recent scandals
CURRENT SITUATION SUPPORTS IMPLEMENTATION OF THE DECARBONIZATION SCENARIO

World liquid hydrocarbons demand scenarios, mln bbl/day

Scenarios

- **EXPANSION**
  - Sustainable economic growth, high prices and oil demand growth

- **VOLATILITY**
  - Unstable oil market situation, sanctions, economical crises

- **NEW WORLD**
  - Development of technologies and decarbonization policies, low oil price

Priorities and emphasis of operations

- **EXPANSION**
  - Expedited growth of conventional business due to advanced technologies and governance:
    - **VELOCITY** – fast project development, data management

- **VOLATILITY**
  - Maximum efficiency and flexibility in development of new areas of business:
    - **VERSATILITY** – active portfolio management, maintaining vertically-integrated structure
    - **EFFICIENCY** – financial discipline, optimization of operations and governance structure

- **NEW WORLD**
  - Search, choice and implementation of new business models and technologies for successful transformation:
    - **TECHNOLOGY DEVELOPMENT** – implementation of state-of-the-art technologies to streamline business processes
    - **SUSTAINABILITY** – minimizing environmental footprint

*Scenarios Priorities and emphasis of operations*
Delivering on our commitment to ESG

Corporate Social Responsibility Initiatives

- Environmental protection
  - Environmental management system
  - Biodiversity preservation programme
  - Accounting and monitoring of greenhouse gas emissions
  - Increasing utilisation of associated petroleum gas (APG)

- Technology and innovative development
  - Technological strategy
  - Creating modern innovation infrastructure
  - Creating technologies for future development

- Health and safety
  - Developing the Safety Framework System by selecting and putting in place prioritised safety barriers
  - Developing a safety culture
  - Creating a digital platform for operational risk management

- Human resources development
  - Single incentive model for employees
  - Partnership with trade unions
  - Training, leadership and career-development programmes

- Well-being of local communities
  - 'Home Towns' Social Investment Programme
  - Supporting indigenous minorities of the Russian Far North
  - Import substitution and local content programmes

- Corporate governance and risk management
  - Transparency in reporting
  - Board diversity and refreshment
  - Sustainability risk management

A company committed to sustainable development values
Company’s goals

**EFFECTIVE BUSINESS**

- Reach business targets
- Enhance the efficiency of core activities
- Provide decent remuneration to shareholders

**SUSTAINABLE BUSINESS**

- Innovate
- Reduce GHG emissions
- Increase the level of industrial and occupational safety
- Prevent environmental damage from business activities
- Sustainably use, restore, and protect natural resources, preserve biodiversity
- Develop the portfolio of projects, taking into account the climate agenda and sustainable development
- Develop and introduce ‘green’ technologies

**RESPONSIBLE BUSINESS**

- Develop Company’s human resources
- Support local communities
- Create and develop cross industry partnerships

**Gazprom Neft** has joined the UN Global Compact – the initiative for corporate social responsibility and sustainable development.
GAZPROM NEFT IS COMMITTED TO MITIGATING HUMAN IMPACT ON THE ENVIRONMENT

Strategic priority

- ZERO harm to Environment
- 95% APG utilization by 2022
- Reduce air pollution emissions

KEY FOCUS AREAS

- Developing and introducing ‘green’ technologies
- Environmental monitoring and industrial environmental control
- Implementing projects to increase APG utilization
- Developing energy-saving technologies
- Increasing gas projects portion in portfolio
- Operating an emergency prevention, containment and response system
- Commissioning environmentally responsible facilities
- Developing and deploying biodiversity preservation programmes

2019 results

-42% reduction in APG flaring
0.7% reduction in the company’s water consumption
>71 mln juvenile fish were released
5.3 mln GJ reduction in electricity consumption

+11 p.p. increase in APG utilization
48% reduction in SO2 emissions
96% of waste was sent for treatment and recycling
1 MW capacity of solar plant was launched

Results
CLIMATE IMPACT MANAGEMENT

**GHG emissions, mt of CO²**

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10.4</td>
<td>13.2</td>
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<tr>
<td>2016</td>
<td>15.4</td>
<td>23.8</td>
</tr>
<tr>
<td>2017</td>
<td>16.2</td>
<td>22.8</td>
</tr>
<tr>
<td>2018</td>
<td>20.0</td>
<td>26.2</td>
</tr>
<tr>
<td>2019</td>
<td>22.0</td>
<td>31.0</td>
</tr>
</tbody>
</table>

**APG production and usage**, bcm

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilisation</th>
<th>Flaring</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8.1</td>
<td>1.6</td>
</tr>
<tr>
<td>2016</td>
<td>9.4</td>
<td>1.9</td>
</tr>
<tr>
<td>2017</td>
<td>11.4</td>
<td>2.7</td>
</tr>
<tr>
<td>2018</td>
<td>14.4</td>
<td>3.1</td>
</tr>
<tr>
<td>2019</td>
<td>16.6</td>
<td>1.8</td>
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**Gazprom Neft supports the implementation of the Paris Agreement,** *which aims to combat climate change and its impacts*

- **APG utilisation** across company subsidiaries in Russia reached *89%* in 2019.
- **APG utilisation** at mature assets with developed gas infrastructure has reached *92–99% since 2016*.
- The higher volumes of APG-flaring since 2016 are the result of new projects under development where APG-utilization infrastructure is still under construction.
- **Gas injection** in enhanced oil recovery (EOR): this technology increases the oil recovery factor (ORF) and optimises the use of associated petroleum gas (APG).
- The company uses **technology of APG storage** for future utilisation (when gas infrastructure is commissioned).

* Noyabrskneftegaz, Khantos, Vostok, Orenburg, Yamal

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ENERGY CONSERVATION AND IMPROVING CONSUMPTION EFFICIENCY AT THE COMPANY’S ASSETS ARE TOP STRATEGIC PRIORITIES FOR GAZPROM NEFT

Company’s goals in energy conservation and efficiency:
- Developing and certifying the energy management system
- Testing and implementing new energy-conservation technologies
- Implementing digitalization projects
- Refinery Modernization Program
- Reduce the consumption of non-renewable energy resources
- Optimizing high watercut production well fund
- Installing temperature controls to optimise electric heating systems

Transition to clean energy

Solar power at the Omsk refinery

1 MW capacity launched in 2019

20 MW plan to expand capacity by 2021

Total energy consumption per unit

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
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<tbody>
<tr>
<td>Value</td>
<td>0.77</td>
<td>0.72</td>
<td>0.70</td>
</tr>
<tr>
<td>Growth</td>
<td>-10%</td>
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</tr>
</tbody>
</table>

Growth in hydrocarbon production, MMToe

5.3 mln GJ reduction in electricity Consumption in 2019

NIS alternative energy projects

- Wind farm 102 MW capacity
- Geothermal energy 72 wells
Gazprom Neft constantly monitors:

- water protection zones
- surface water
- groundwater and wastewater
- assesses the condition of bed sediments in surface water bodies in its regions of operation

To minimise the risk of oil and petroleum products contaminating the soil, Gazprom Neft constantly monitors the reliability of its equipment and makes use of new technologies. In addition, the company recycles waste generated in the course of production.

### Waste generation and recycling, kt

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste generation</td>
<td>1,539</td>
<td>1,376</td>
<td>1,476</td>
<td>1,564</td>
<td>1,790</td>
</tr>
<tr>
<td>Recycling</td>
<td></td>
<td></td>
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- **Key programs**
  - Program for the disposal/neutralization of oily waste
  - Program for the disposal of daily drilling waste

**WATER RESOURCES AND WASTE MANAGEMENT**

**Target**

*Increase in the proportion of waste shipped off for disposal and utilization*
Clean Territory
Programme to increase pipeline reliability

by **80%**
accident rate dropped 2009 vs 2017 due to the Program implementation

**100%**
of pipeline under monitoring

> **250 km**
of oilfield flowlines monitored by unmanned aerial vehicle

Green Seismic Project

**Conventional seismic**

**Green Seismic**

**Green Seismic 2.0**

Receiver lines – 4m
Source lines – 4-5m

Receiver line width reduced to 1 m
Source line width reduced to 1-3 m
Crooked-line geometry further reduces clearings

> **3.5 million trees**
saved due to the implementation of the Green Seismic

No trees wider than **35 cm**
were cut down
IMPLEMENTATION OF BEST PRACTICES IN ECOLOGICAL STANDARDS AT MOSCOW REFINERY

Efficiency and environmental friendliness

- Transition of technological furnaces to usage of gas fuels
- Optimisation of facilities’ heat exchange
- Implementation of energy saving technologies

Completed utilisation of oil-consisting waste, remaining since the Soviet period

100% EURO-5 class fuels production

Bitumen and sulfur production facilities rebuilt

Commissioning of BIOSPHERE biological treatment facilities

- up to 99.9% wastewater treatment efficiency
- 3x reduction of water withdrawal

Total environmental impact reduced by 50% (relative to 2011)

- 7% reduction in energy consumption
- Replacement of 5 previous-generation facilities

2015

2020

EURO+ facility commissioned

Total environmental impact further reduced by extra 50% (relative to 2015)

2011

2020
The Aquatic Bioresources Reproduction Programme is an important part of the company’s field development projects.

>71 million juvenile fish of commercially valuable species were released into bodies of water in 2019.

18,500 km² the Company’s area of responsibility

10 years of research

30 fish species

19 mammal species inhabit the Pechora Sea

>71 million juvenile fish of commercially valuable species were released into bodies of water in 2019.

Arctic Biodiversity Preservation Programme

- The company’s area of responsibility
- Offshore monitoring stations
- Onshore monitoring stations
- Offshore deepwater monitoring stations
- Ornithological research
- Offshore ichthyological research
- Area of monitoring of the Arctic walrus

Varandey

Pechora Sea

Prirazlomnaya Offshore ice-resistant fixed platform (OIFP)

Prirazlomnoye oil field

Air monitoring of sea mammals

Routes of research vessels

Onshore monitoring stations
Gazprom Neft currently has 2 producing greenfield projects in permafrost area:

- **Novy Port**: first oil in 2014
- **Messoyakha**: first oil in 2016

Gazprom Neft preventive measures to avoid negative impact on permafrost:

- Construction takes into account the preservation of the permafrost layer, some examples are:
  - construction on areas with optimum permafrost conditions
  - equipment of facilities and machinery with active and passive heatset systems
  - the use of “cold pumps” technology
  - the system of barriers around storage reservoirs
  - pipelines on stocks

Regular monitoring of:

- the ground stability
- climate conditions
- infrastructure safety

Represent about 10% of total production
Characterized with modern infrastructure and equipment
Production using the state-of-the-art technologies
Oil-loading facility

Overall height 141 meters

Oil-loading facility

Overall height 126 meters

Platform is designed to operate at maximum safety in Arctic environment

- Platform is secured on the sea floor by its gravitational weight (506,000 Tonnes)
- Oil storage tanks are equipped with safe cleaning and degasification system
- Oil is stored using wet method utilizing sea water to fill vacant tank space and prevent accumulation of flammable gases
- Equipped with direct loading unit with emergency shutdown system preventing oil spills

Oil spill response plan

A detailed plan (compliant with international best practice and standards) has been introduced to eliminate potential oil spills. This document considers various potential risks and stipulates actions to be taken by personnel and auxiliary staff in any unforeseen situation

- created in cooperation with the Central Research and Design Institute of Maritime Fleet
- agreed with the Federal Agency of Sea and River Transport of the Transport Ministry and the Energy Ministry of the Russian Federation
- approved by the Emergencies Ministry of Russia

150 training drills

Gazprom Neft Shelf has held since early 2014

The specialized equipment was acquired to eliminate potential oil spills in the Arctic conditions and collect the oil

The Revised Plan was approved and implemented in 2018
Strategic priority

- Zero harm to people or property
- Reducing the accident and injury rates in the company and in contractors
- Qualified and engaged employees
- Promoting and supporting the activity of local communities

KEY FOCUS AREAS

- Employee health and safety
- Internal talent development
- Well-being of communities in regions of presence

2019 results

-34% FAR decreased against the five-year average
0 industrial accidents
#1 employer awards from Randstad and HeadHunter portals
₽7.5bln Social investments

-21% LTIF decreased
-13.9% decrease in the number of incidents involving equipment
₽2bln invested in training and development
675 volunteer campaigns
**Strategic HSE goals**

- **0** fatalities
- **0** technological accidents

**Company’s activities**

- Building an HSE training system focused on barrier mechanisms
- Developing a safety culture among employees and contractors
- Creating scenarios and effective barriers to prevent incidents that could have disastrous consequences
- Implementation of preventive medical programs and support for a healthy lifestyle
- Improving transport safety
- Using IT solutions to optimise security

**HSE RISK MANAGEMENT CYCLE**

**The Safety Framework Project**

The Safety Framework Project was launched across the company to develop and implement barriers to mitigate the key risks.

- **31** identified scenarios
- **105** established safety framework barriers

The company developed cause-and-effect models for all the scenarios.

* To achieve the Fatal Accident Rate (FAR) and Tier 1 Process Safety Event (PSE) values at or below those of the world’s top 10 safest liquid hydrocarbon producers by 2030.
SAFETY REMAINS GAZPROM NEFT’S KEY PRIORITY

Main risks in industrial safety

- Expert assessment of equipment, timely repairs, and the modernization of production facilities

VIOLATION OF RULES

- Training employees in organizing work and industrial safety
- Monitoring compliance with work organization requirements
- Developing a culture of safe conduct

VIOLATIONS BY CONTRACTORS

- Inclusion of requirements on compliance with Russian and corporate industrial and occupational safety in agreements with contractors
- Production control
- Monitoring and assessment of work efficiency by suppliers in this sphere when performing contractual obligations
- Involvement of suppliers in the Company’s activities to improve safety culture

Occupational health and safety

FAR

<table>
<thead>
<tr>
<th>Year</th>
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<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>FAR</td>
<td>2.707</td>
<td>3.093</td>
<td>3.083</td>
<td>0.744</td>
<td>0.504</td>
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LTIF

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>LTIF</td>
<td>0.929</td>
<td>0.564</td>
<td>0.601</td>
<td>0.640</td>
<td>0.504</td>
</tr>
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Industrial safety

- Zero industrial accidents in 2019

-13.9% decrease in the number of incidents involving equipment 2019 vs 2018
Gazprom Neft values talent more than capital

2019 average headcount: 73,251

Human resources cost: ₽121.5 bln

Decrease in staff turnover in 2019: 1.8 p.p.

Invested in training and development: ₽1.95 bln

Gazprom Neft consequently expand talent search and development programmes both internally and with major High Education Institutes.

Corporate University
- 5 faculties in place
- 32 departments engaged
- 2,600 courses are available on the University portal
- 72,100 employees underwent trainings in 2019

Cooperation with HEIs
- 42 agreements with HEIs concluded
- 182 HEI students sponsored
- 1,948 students undertook an internship in the company
- 505 graduates were hired by Gazprom Neft

Gazprom Neft guarantees its employees equal rights and takes steps to prevent discrimination.

Gazprom Neft has topped the best employer rankings:
- Randstad
- HeadHunter portal

#1
The “Home Towns” Programme
one of the most successful and best-known regional development initiatives undertaken by Russian business

₽7.5 bln
social investment in 2019

>350
social initiatives implemented

- developing basic social infrastructure throughout the regions in which the company operates
- ensuring comprehensive improvement of the urban environment
- creating conditions for developing education, culture and sports
- popularising science among young people
- preserving the unique culture and traditional lifestyle of indigenous peoples in the north of Russia
GOVERNANCE

2019 results

- Improving risk management
- Increasing transparency
- Acting responsibly
- Developing corporate culture

The Open Group
- being the first Russian company to join global consortium that enables the achievement of business objectives through technology standards

KEY FOCUS AREAS
- Adding value to stakeholders
- Balanced management
- Open and transparent governance
- Increasing value of partnerships

The Corporate Code updated
- the Regulation on the Ethics Committee updated and relaunched
- the Ethics Committee following the revision of its composition and membership
- Digital Transformation Strategy adopted
- the Regulation on Insider Information approved, the Regulation on the Procurement of Goods, Works and Services, and the External Audit Policy
- the Technology Strategy updated
TOP MANAGEMENT INvolvement

- Approving sustainable development policies and initiatives
- Formulating a sustainable development strategy
- Reviewing progress in strategy implementation
- Strategic planning, goal-setting, overseeing and managing the relevant activities on a day-to-day basis
- Determining sustainable development priorities in the relevant areas of the business
- Overseeing the relevant sustainable development activities in subsidiaries

Managing the sustainability management structure of Gazprom Neft

Key performance indicators (KPIs)

Protecting the environment, workplace safety, and high standards of corporate governance are all non-negotiable priorities for Gazprom Neft, and are no less important than production or refining volumes

Alexander Dyukov
CEO and Chairman of the Management Board, Gazprom Neft

In the field of sustainable development are included in the KPI system for Gazprom Neft managers and employees
Financial impact levels of risks and distribution of authority within IRMF

The IRMF process in the Gazprom Neft group:
- Identifying and revising risks
- Qualitative and quantitative risk assessment
- Developing management initiatives
- Monitoring initiatives

- Financial impact levels of risks and distribution of authority within IRMF
- At least once a year
- At least once a quarter
CORPORATE CULTURE PRINCIPLES SUPPORTING SUSTAINABLE DEVELOPMENT

From a culture focused on results to a culture of cooperation and creativity

Gazprom Neft has adopted a Corporate Code of Conduct, in which the company has set out the priorities and principles of its business, stipulating that:

- we support our country’s progress and contribute to its intellectual, technological and human capital
- we consistently implement best practice and lead the way in our industry
- we create new areas of growth in the regions in which we operate, and accelerate their development
- we create an enabling environment for self-fulfilment and fully unlocking people’s potential

**Ethics Committee** is tasked with monitoring compliance with the provisions of the Gazprom Neft Corporate Code of Conduct

**6,413 managers** attended corporate culture workshops

1. Safety of people, the environment, and company property
2. Working conditions based on respect
3. Responsible attitude to assets
4. Attention and respect to colleagues
5. Compliance with antimonopoly legislation
6. Clear and equal requirements for all business partners, compliance with business ethics standards
7. Prevention of corruption, conflicts of interest and the use of insider information
8. Government and community relations based on long-term systematic partnership

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