



ANNUAL REPORT **2020**

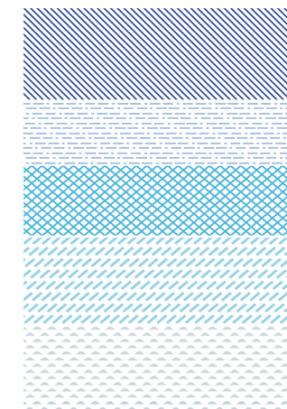
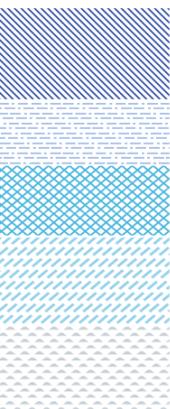


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Introduction

The presented Annual Report discloses information on the results of production and economic activities of the Open Joint Stock Company Severneftegazprom (hereinafter referred to as "OJSC Severneftegazprom," the "Company") for 2020, and the sustainable development priority areas ensuring the achievement of the strategic goals of the Company.

When compiling the Report, all relevant information for the intended users was taken into account. Data officially recognized by the Company and confirmed by internal documentation is disclosed. The information in this report is presented using comparable techniques applied in previous periods. The Annual Report mainly does not use professional vocabulary and does not provide data requiring special knowledge.

The results of the Company's activities in the field of sustainable development are disclosed in accordance

with the standards of the GRI (Global Reporting Initiative) Standards. This report has been prepared in accordance with the GRI Standards: Core option. The validity of the selected indicators in the field of sustainable development is assured by an independent auditor FBK, LLC.

The report contains estimates and forecasts of the authorized management bodies of the Company regarding the results of its activities and future events and/or actions, including plans of the Company, the likelihood of particular events, and particular actions.

Due to their specificity, forecast statements are associated with an inherent risk and uncertainty of both general and private nature. The Company draws attention to the fact that actual results may differ significantly from directly or indirectly expressed forecast statements.

The report is published on the official website of the Company and distributed by address distribution to stakeholders. The opinion, comments, and suggestions for improving the Report from all stakeholders are important for the Company. For these purposes, you can fill out the application form at the end of the Report.



The Board of Directors Chairman's Address

Dear Sirs and Madams, Shareholders, and Colleagues!

OJSC Severneftegazprom fulfilled all obligations assumed by it and despite actual problems resulting from the coronavirus pandemic, ended 2020 with flying colors.

The past year was the time for creating the platform for further successful development of the Company. The Company improved its assets, increased its production capacities, reinforced its financial stability, and continued pursuing its chosen strategy aiming at qualitative changes ensured predominantly with the proactive implementation of new technologies.

In May 2020, OJSC Severneftegazprom achieved a landmark of 300 bln m³ of produced natural gas. Stable supply of hydrocarbons to the global market is ensured, inter alia, through the development of reserves of the Turonian deposit. The Company was the first one in Russia to launch commercial development of hard-to-recover reserves. In November 2020, the third billion cubic meters of natural gas was produced from the Turonian deposit of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. It became possible thanks to a wide range of work for the construction and development of advanced wells that allow developing deposits with complex geological structure. In accordance with the "Technological Scheme for the Development of Cenomanian and Turonian Gas Deposits of the Yuzhno-Russkoye Field," in 2020, drilling of 47 wells and

construction of 42 wells was completed, of which 11 wells were commissioned. The construction and development of 88 wells is scheduled for completion by the end of 2022, thus bringing the operating pool to 105 wells.

Each performance indicator of OJSC Severneftegazprom has people who help to achieve it behind it. The company provides comprehensive support to its employees and their family members and creates conditions for their rest and treatment. Care for its employees' health has always been the Company's priority. Today when the epidemiological situation is critical, all required preventative and sanitary actions are taken at all the Company's facilities to ensure the health and safety of its employees.

Despite new severe challenges the world faces today, OJSC Severneftegazprom is continuing to solve its key strategic problems and remain an efficient asset for the government and its stockholders. Professionalism and concerted efforts of the Company's employees underlie its further successful development and achievement of goals set before it.

Sincerely,
Alexander Medvedev,

Chairman of the Board of Directors of OJSC Severneftegazprom



The General Director's Address

Dear colleagues, shareholders, and partners!

In 2020, OJSC Severneftegazprom continued its further dynamic development and enhancement of resource and technological base. Relying on its key principles being efficiency, innovation, and safety, the Company had positive production and financial performance despite the complicated situation in connection with the coronavirus pandemic. In the reporting year, OJSC Severneftegazprom preserved the design level of its hydrocarbon production thanks to a successful implementation of the project for the development of hard-to-recover reserves at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

Inclusion of the Turonian deposit reserves into development is one of the Company's priorities. In November 2020, the third billion cubic meters of Turonian gas was produced. Having crossed this important threshold and having developed efficient production processes, we entered the active phase of commercial development and, actually, confirmed our position as the leader in the production of hard-to-recover mineral reserves.

On par with large production volumes and continuous implementation of advanced research and development, the Company still adheres to its stringent environmental and technical standards. Labor protection and workplace safety assurance, sustainable use of natural resources, and minimization of environmental risks remain the Company's priorities.

OJSC Severneftegazprom remains a reliable partner as regards the creation of a stable and favorable social environment. The Company contributes to the development of the regions where it operates and implements its social and charitable programs in full. The Reciprocal Cooperation Agreement with the Government of the Yamal-Nenets Autonomous District, providing for, inter alia, the Company's interaction with the Krasnoselkup and Purovsky Districts, and Novy Urengoy was extended for another five-year effective term.

2021 sets as ambitious plans as 2020 for OJSC Severneftegazprom. We intend to continue the development of hard-to-recover reserves, complete construction, and commission the booster compressor station № 2 consisting of six gas pumping units 16 MW each. It would allow us to preserve our production levels and high production performance. I am sure that the existing potential of the Company's team of professionals would allow us to continue our sustainable development and to move further and reliably towards our strategic objectives.

Sincerely,
Vladimir Dmitruk,

General Director of OJSC Severneftegazprom

Key Events of 2020



JANUARY

OJSC Severneftegazprom and the administration of the Novy Urengoy municipality signed the Cooperation Agreement for 2020.

OJSC Severneftegazprom and the Administration of Purovsky District signed the Framework Agreement for 2020–2023 and the Cooperation Agreement for 2020.

OJSC Severneftegazprom celebrated the 22nd anniversary of its foundation.

The organization committee of the tenth Do Good charitable marathon thanked OJSC Severneftegazprom for its aid in hosting an event.



FEBRUARY

OJSC Severneftegazprom held its annual meeting for analysis of the performance of its integrated management system for quality, environmental protection, and industrial safety matters (IMS), and its energy management system (EMS) in 2019.

The team of OJSC Severneftegazprom scored third in the Master's Cup within the framework of finals of Novy Urengoy Volleyball Championship.



MARCH

OJSC Severneftegazprom took part in the Yamal Oil and Gas Forum.

A team of young specialists of OJSC Severneftegazprom took part in the Battle of Inventions, a research and development competition hosted by LLC Gazprom Dobycha Urengoy.

OJSC Severneftegazprom took part in the Spring Job Fair 2020 held by Russian Oil and Gas University (OGU) n.a. I.M. Gubkin.



APRIL

OJSC Severneftegazprom presented its audited financial statements for 2019 in accordance with international financial reporting standards and its independent auditor's report in Russian and English.



MAY

On 13 May, 300 bln of cubic meters of natural gas were produced at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Deposit.

The Youth Board of OJSC Severneftegazprom joined the all-Russian event and congratulated all war veterans in Novy Urengoy.



JUNE

OJSC Severneftegazprom completed its competition called the Best Inventor.

Within its charitable aid agreement, the Company transferred medicines for the treatment of coronavirus infection to the Novy Urengoy City Hospital.

OJSC Severneftegazprom received gratitude from State Budgetary Institution of the Yamal-Nenets Autonomous District Miloserdie Center for aiding in organizing and hosting the Make Children Smile charitable event.



JULY

Two teams representing OJSC Severneftegazprom took part in the Encounter, an offline game hosted by the Youth Department of Novy Urengoy City Administration, held on the Youth Day.



AUGUST

A Loan Agreement was signed to attract long-term financing in the form of a bank loan in the amount of up to 40,000 million rubles on the most commercially beneficial terms for shareholders, without recourse and collateral. The received loan funds are used to finance the 2nd stage of implementation of the Technological Scheme for the development of the Cenomanian and Turonian gas deposits of the Yuzhno-Russkoye field.

OJSC Severneftegazprom donated Krasnoselkup District Central Hospital personal protection equipment required for treating COVID-19 patients and the Arman portable X-ray machine.

The PR Department of the Company took part in the regional stage of the MediaTEK VI All-Russian Mass Media competition of PR functions of fuel and energy companies and regional administrations.

Key Events of 2020



SEPTEMBER

OJSC Severneftegazprom took part in the 18th Moscow International Energy Forum Russian Fuel and Energy Industry in the 21st Century.

The team of OJSC Severneftegazprom won the 11th Mini Football Championship of Novy Urengoy, defeating other amateur Superleague teams.

The team of OJSC Severneftegazprom took part in the Champions' Race, an annual public extreme run.

OJSC Severneftegazprom is the winner of the My City Is My Home competition in the Best Company Territory nomination.

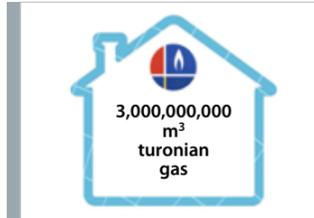


OCTOBER

OJSC Severneftegazprom confirmed compliance of its management systems of quality, environmental protection, industrial safety, and energy management system with international standards.

OJSC Severneftegazprom has successfully completed the certification audit of its traffic safety management systems and confirmed its compliance with ISO 39001:2012 international standard.

13 years of commissioning of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.



NOVEMBER

3 bln of cubic meters of Turonian gas were produced at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Deposit.

Research and development operations of OJSC Severneftegazprom geologists for the development of hydrofracking technologies became widely acclaimed by experts.

This is the year of the 51st anniversary of the discovery of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.



DECEMBER

The Government of the Yamal-Nenets Autonomous District and OJSC Severneftegazprom signed a cooperation agreement for up to 2025.

OJSC Severneftegazprom successfully received the certificate of compliance of its traffic safety management systems and confirmed with ISO 39001:2012 international standard.

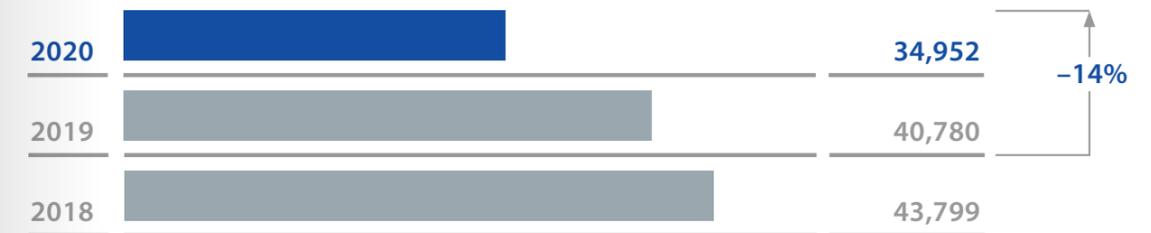
OJSC Severneftegazprom won the annual Best Employer Creating Jobs in the Yamal-Nenets Autonomous District, in two nominations at once: The first place in the "Best Employer for Temporary Jobs for Minors 14–18 Years Old on School Vacations in the Yamal-Nenets Autonomous District," and the second place in the "Best Employer for Employment of Persons with Disabilities in the Yamal-Nenets Autonomous District."



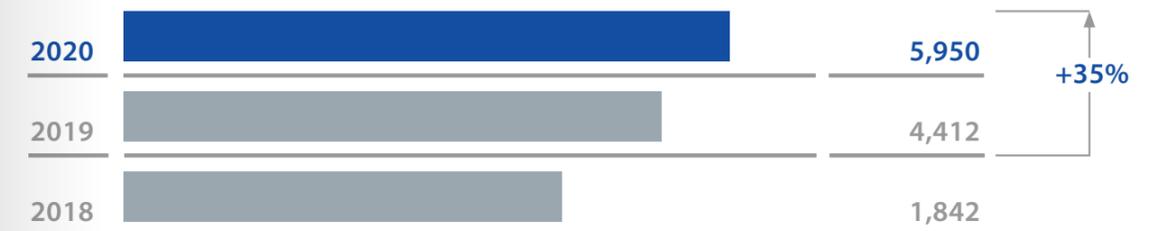
2020 Key Performance Indicators



PRIME COST, RUB MLN



NET PROFIT, RUB MLN



COST OF COMMISSIONED CONSTRUCTION FACILITIES AND FIXED ASSETS, RUB MLN



NET CASH FLOW FROM OPERATIONS, RUB MLN



SITUATION IN THE INDUSTRY AND DEVELOPMENT PROSPECTS

OJSC SEVERNEFTEGAZPROM IS ONE OF THE MAIN PRODUCING COMPANIES OF THE GAZPROM GROUP.

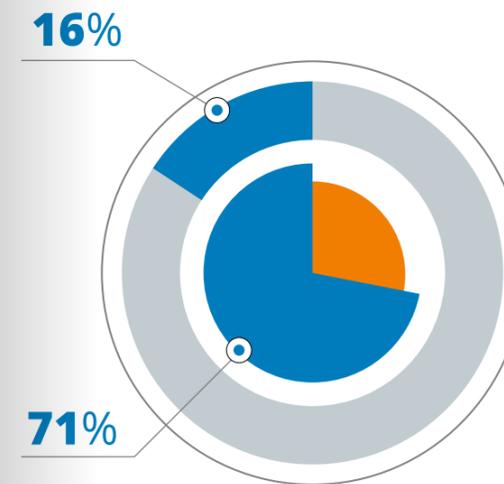
THE KEY PROJECT OF THE COMPANY IS THE DEVELOPMENT AND MANAGEMENT OF THE YUZHNO-RUSSKOYE OIL, GAS, AND GAS CONDENSATE FIELD, WHICH IS ONE OF THE LARGEST OIL, GAS, AND GAS CONDENSATE FIELDS IN RUSSIA.

THE GAS FIELD FACILITIES OF THE YUZHNO-RUSSKOYE FIELD ARE AMONG THE MOST MODERN AND TECHNICALLY EQUIPPED IN RUSSIA TODAY, COMBINING WESTERN AND DOMESTIC TECHNOLOGIES, COMPLEMENTED BY RUSSIAN EXPERIENCE IN DIFFICULT CLIMATIC CONDITIONS.



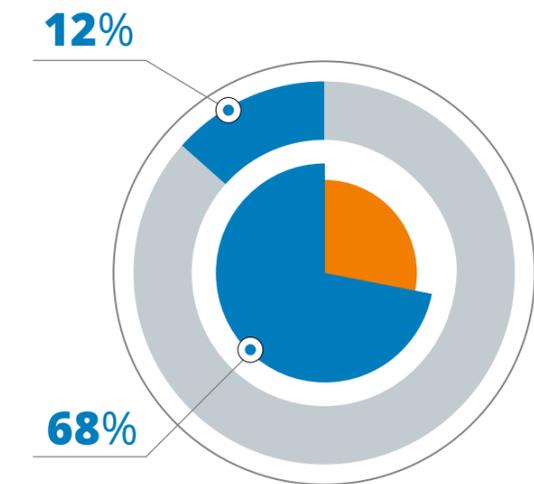
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GAZPROM GROUP NATURAL GAS RESERVES*



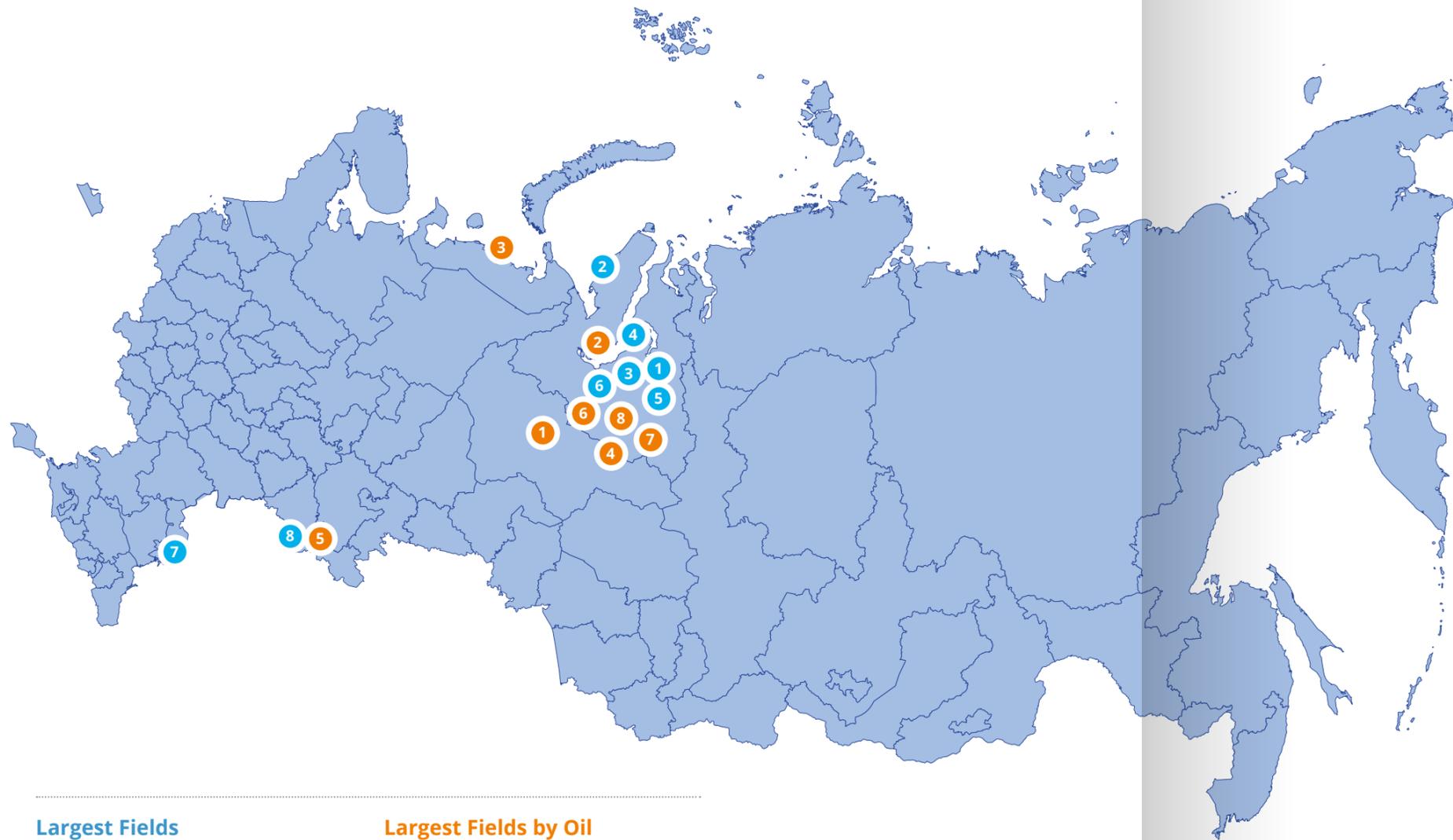
- Estimated Global Reserves
- Gas Reserves in Russia
- Gazprom Group Share

GAZPROM GROUP NATURAL GAS PRODUCTION*



- Global Natural Gas Production
- Russian Natural Gas Production
- Gazprom Group Share

* PJSC Gazprom official website: www.gazprom.ru



Largest Fields by Natural Gas Production

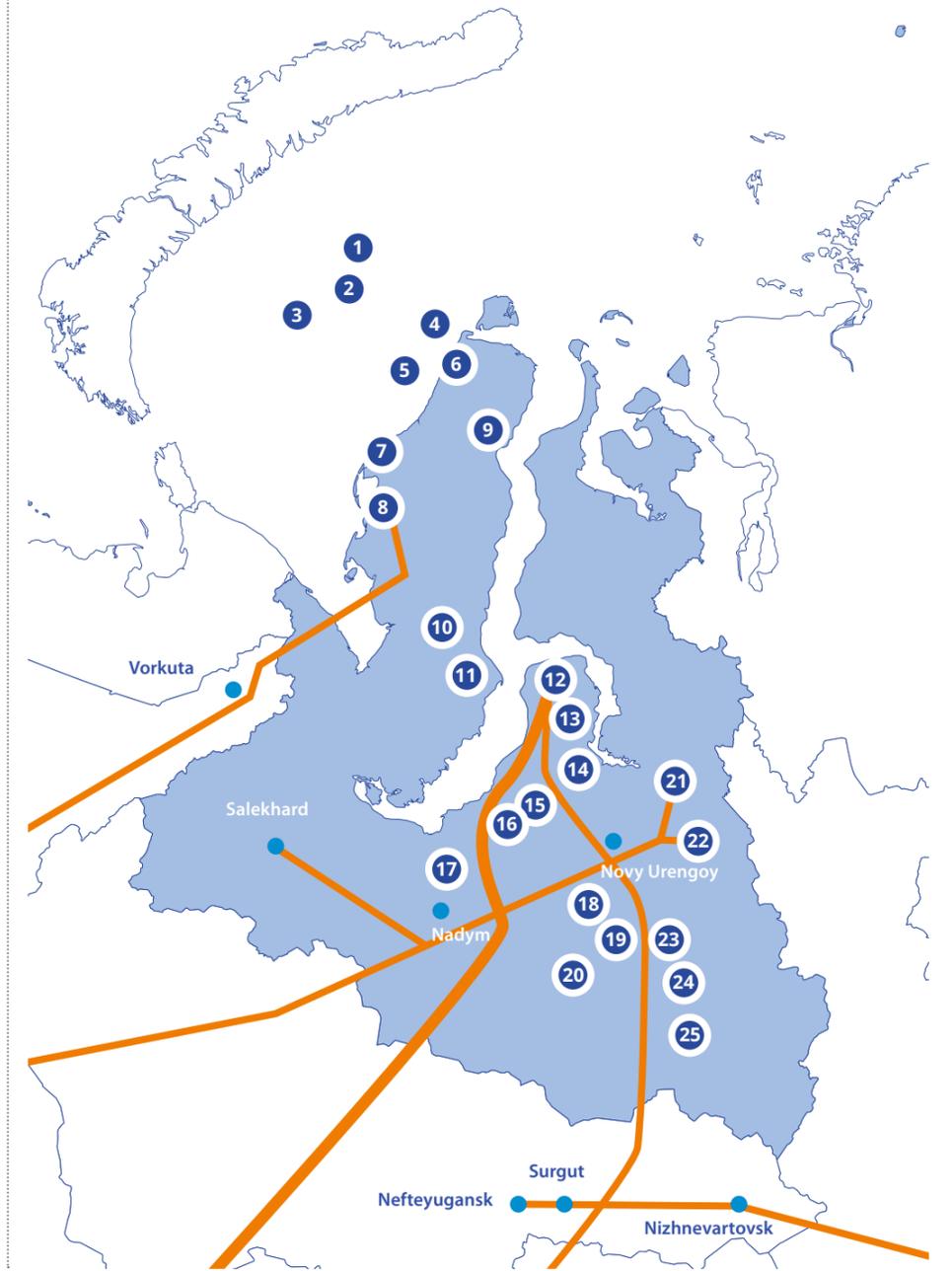
Largest Fields by Oil Production

- 1 ● ZAPOLYARNOYE FIELD
- 2 ● BOVANENKOVSKOYE FIELD
- 3 ● URENGOYSKOYE FIELD
- 4 ● YAMBURGSKOYE FIELD
- 5 ● YUZHNO-RUSSKOYE FIELD
- 6 ● YAMSOVEYSKOYE FIELD
- 7 ● ASTRAKHANSKOYE FIELD
- 8 ● ORENBURGSKOYE FIELD

- 1 ● PRIIBSKOYE FIELD
- 2 ● NOVOPORTOVSKOYE FIELD
- 3 ● PRIRAZLOMNOYE FIELD
- 4 ● VYNGAPUROVSKOYE FIELD
- 5 ● EASTERN AREA OF THE ORENBURGSKOYE OIL AND GAS CONDENSATE FIELD
- 6 ● SUTORMINSKOYE FIELD
- 7 ● ZAPADNO-CHATYLKINSKOYE FIELD
- 8 ● VYNGAYAKHINSKOYE FIELD

Note. Gazprom Group's hydrocarbon fields (without organizations investments into which qualify as joint operations) accounting for 70%+ of oil and gas production in total in 2019.

Fields



- 1 ● RUSANOVSKOYE FIELD
- 2 ● N.A. V.A. DINKOV
- 3 ● LENINGRADSKOYE FIELD
- 4 ● 75 LET POBEDY
- 5 ● NYARMEYSKOYE FIELD
- 6 ● MALYGINSKOYE FIELD
- 7 ● KHARASAVEYSKOYE FIELD
- 8 ● BOVANENKOVSKOYE FIELD
- 9 ● TAMBEYSKAYA GROUP

- 10 ● ROSTOVETSKOYE FIELD
- 11 ● NOVOPORTOVSKOYE FIELD
- 12 ● YAMBURGSKOYE FIELD
- 13 ● YEN-YAKHINSKOYE FIELD
- 14 ● URENGOYSKOYE FIELD
- 15 ● YUBILEYNOYE FIELD
- 16 ● MEDVEZHIE FIELD
- 17 ● NADYMSKOYE FIELD
- 18 ● YAMSOVEYSKOYE FIELD

- 19 ● KOMSOMOLSKOYE FIELD
- 20 ● MURAVLENKOVSKOYE FIELD
- 21 ● ZAPOLYARNOYE FIELD
- 22 ● YUZHNO-RUSSKOYE FIELD
- 23 ● YETY-PUROVSKOYE FIELD
- 24 ● VYNGAYAKHINSKOYE FIELD
- 25 ● NOVOGODNEYE FIELD

— OPERATING GAS PIPELINES



COMPANY DEVELOPMENT PROSPECTS

Business Priorities

Ensuring fulfillment of planned tasks for natural gas production;

Implementation of the equipment maintenance and repair program, calibration of measuring instruments, research in the chemical analytical laboratory of the gas facilities of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Implementation of the Schedule for the reconstruction, modernization, retrofitting, and technical reequipment of the OJSC Severnftegazprom facilities for 2020–2022;

Implementation of the research and development program, development of innovative activities to increase the efficiency of existing production processes;

Implementation of measures for labor protection, industrial safety, and environmental protection in accordance with the requirements of the current legislation of the Russian Federation;

Meeting established requirements and improving the integrated management system (IMS), an energy management system compliant with international standards ISO 9001:2015, ISO 14001-2015, ISO 50001:2018, ISO 45001:2018, ISO 39001:2012, for effective quality management, labor protection, environmental and occupational safety, and energy efficiency.



FIELD FACILITIES OF THE YUZHNO-RUSSKOYE OIL, GAS, AND GAS CONDENSATE FIELD

- 1 **SWITCH VALVE STATION (SVS)**
Designed to accommodate the header input block and collection system flow lines
- 2 **GAS SEPARATION BUILDING (GSB)**
GSB provides gas purification from mechanical impurities, droplet liquid, and gas washout from salts before being fed to the booster compressor station
- 3 **RECUPERATIVE HEAT EXCHANGERS**
For heat exchange between formation and compressed gas
- 4 **BOOSTER COMPRESSOR STATION**
Provides compressing of pre-separated natural gas to the pressure required for its transportation from the gas treatment unit to the Purtafovskaya compressor station by commercial gas pipeline
- 5 **GAS DEHYDRATION STATION**
Consists of two gas dehydration buildings GDB-1, GDB-2. It is intended for dehydration of the separated gas to the required gas dew point in accordance with the requirements of STO Gazprom 089-2010 by the method of absorption drying of water vapor. Triethylene glycol (TEG) is used as an absorbent.

- 6 **GAS DETECTION STATION (GDS)**
Is intended for commercial metering of commercial gas supplied to the commercial gas pipeline
- 7 **WAREHOUSE FOR STORAGE OF CHEMICALS, AND METHANOL**
Is intended for storage of reagents used in technological processes
- 8 **REPAIR AND OPERATIONS BUILDING (ROB)**
Is intended for repair, revision of equipment at Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field
- 9 **WATER TREATMENT FACILITIES (WTF)**
Are intended for the preparation of household drinking water, storage of industrial and fire water supplies, water supply to separate networks of industrial fire, and household drinking water supply
- 10 **SERVICE AND OPERATIONS BUILDING**
Two-story building equipped with power supply, ventilation, water supply, heating, sewage systems. The building includes a spacious lobby, 55 premises for various purposes for the administration and field facilities personnel, the main control panel for gas production, preparation, and transportation, a chemical analytical laboratory, a dining room for gas field facilities duty personnel
- 11 **FIRE STATION**
A complex of premises designed to accommodate the corporate fire department employees and fire fighting equipment engaged in fire prevention and suppression at the field facilities
- 12 **TEG REGENERATION UNIT**
It is intended for restoring the desired concentration of a saturated glycol solution. The TEG regeneration unit consists of two technological lines with a nominal capacity of 17 t/h each. All equipment of the regeneration unit, except for the regenerators, is located in the main premise of the TEG regeneration unit. Glycol regenerators are located in a separate room



13 **BCS-2 PLANNED COMMISSIONING 2021**



YUZHNO-RUSSKOYE OIL, GAS AND GAS CONDENSATE FIELD IS A SITE FOR THE IMPLEMENTATION OF THE LARGEST GAS PRODUCTION PROJECT, TERRITORY OF THE NEW OPPORTUNITIES AND THE INTRODUCTION OF ADVANCED TECHNOLOGIES, ALLOWING YOU TO SUCCESSFULLY DEVELOP OIL AND GAS SECTOR

3 BLN M³
OF THE TURONIAN GAS
PRODUCED IN
NOVEMBER 2020

NATURAL GAS EXPLORATION AND PRODUCTION

THE COMPANY'S DEVELOPMENT PROGRAM INVOLVES INCREASING THE EFFICIENCY OF EXPLORATION AND DEVELOPMENT OF DEPOSITS THROUGH THE IMPLEMENTATION OF A RANGE OF ORGANIZATIONAL, LEGAL, FINANCIAL, DESIGN, AND ENGINEERING MEASURES.



5

- Status of raw material base
- Development of the Cenomanian and Turonian Gas Deposits
- Exploration Work
- Production Drilling Hard-to-recover reserves
- Natural gas production

23
24
26
28
29

Status of raw material base

THE COMPANY IS THE HOLDER OF LICENSE SLKH № 11049 NE FOR THE RIGHT OF GEOLOGICAL SURVEY AND HYDROCARBON PRODUCTION WITHIN THE YUZHNO-RUSSKOYE SUBSOIL AREA. THREE FIELDS ARE LOCATED WITHIN THE AREA: THE YUZHNO-RUSSKOYE COMMISSIONED IN 2007, AS WELL AS THE YAROVOYE AND THE ZAPADNO-CHASELSKOYE ENTERED INTO THE STATE REGISTER AS UNDER DEVELOPMENT.

As of December 31, 2020, all license obligations of the Company in terms of geological exploration are fully completed.

CHARACTERISTICS OF THE RAW MATERIAL BASE AS OF THE END OF THE REPORTING PERIOD

FIELD	HYDROCARBON RESERVES AS OF DECEMBER 31, 2020					
	GAS, BLN M ³		CONDENSATE, MLN TONS		OIL, MLN TONS	
	A + B ₁ + C ₁	B ₂ + C ₂	A + B ₁ + C ₁	B ₂ + C ₂	A + B ₁ + C ₁	B ₂ + C ₂
The Yuzhno-Russkoye Field	572.682	73.109	–	3.046	10.962	34.463
Yarovoeye Field	2.796	10.468	0.212	0.993	0.057	1.203
Zapadno-Chaselskoye Field	8.223	0.079	0.157	–	–	0.160
Total	583.701	83.656	0.369	4.039	11.019	35.826

RESERVES MOVEMENT BY CATEGORY A + B₁ + C₁ AND B₂ + C₂ FOR THE REPORTING PERIOD

HYDROCARBONS	RESERVES AS AT JANUARY 1, 2020		CHANGES IN RESERVES IN 2020						RESERVES AS OF DECEMBER 31, 2020		
	A + B ₁ + C ₁	B ₂ + C ₂	PRODUCTION + LOSS	SURVEY		REVALUATION		TRANSMISSION		A + B ₁ + C ₁	B ₂ + C ₂
				A + B ₁ + C ₁	B ₂ + C ₂	A + B ₁ + C ₁	B ₂ + C ₂	A + B ₁ + C ₁	B ₂ + C ₂		
Oil, mln tons	11.019	35.826	–	–	–	–	–	–	–	11.019	35.826
Gas, bln m ³	607.478	83.656	24.032	0.255	–	–	–	–	–	583.701	83.656
Condensate, mln tons	0.369	4.039	–	–	–	–	–	–	–	0.369	4.039



In November 2020, a 0.255 bln m³ increase in reserves was recorded at the Zapadno-Chaselskoye Field of the Yuzhno-Russkoye license area (YRLA).

Testing of well № 2P located in the north of the Zapadno-Chaselskoye Field within the Zapadno-Chaselskoye license area (Subsoil User: LLC Kynsko-Chaselskoye Neftegaz, PJSC Rosneft) as well as MDT survey results of the well increased commercial reserves of gas in T1 formation by

refining the position of the gas and water contact (GWC) level (it was 874.4 m and now it is 878.6 m). The protocol was received from the Federal Agency on Subsoil Usage (FASU) (№ 03-18/712 dated November 13, 2020), with the positive decision following the state examination (№ 183-20 op dated November 11, 2020). In the above protocol, C1 gas reserves of the Zapadno-Chaselskoye Field formation T1 within the Yuzhno-Russkoye subsoil area increased by 0.255 bln m³.

Development of the Cenomanian and Turonian Gas Deposits

COMPARATIVE CHARACTERISTICS OF DESIGN AND ACTUAL DEVELOPMENT INDEXES

INDICATOR	2020	
	DESIGN	ACTUAL
Annual Gas Recovery, bln m ³ /year	24.5651	24.032
Including		
Cenomanian (PK ₁)	22.5475	21.779
Turonian (T _{1,2})	2.0176	2.253
Accumulated Gas Recovery, bln m ³	315.671	315.365
Including		
Cenomanian (PK ₁)	311.797	311.640
Turonian (T _{1,2})	3.874	3.725
Gas offtake from the initial recoverable reserves, %	45.3	52.16
Including		
Cenomanian (PK ₁)	44.8	51.54
Turonian (T _{1,2})	0.5	0.62
Gas offtake from the initial recoverable reserves for 2020, %		
Including		
Cenomanian (PK ₁)	4.009	3.87
Turonian (T _{1,2})	0.843	0.94
Well commissioning, pcs:		
Production	13	11
Survey	0	0
Absorbing	0	0
Well stock as at the end of the year, pcs:		
Gas	171	201
Survey	26	26
Absorbing	3	3
Well Utilization Rate	0.950	0.959





Exploration Work

IN 2020, EXPLORATION WORK FOR THE STUDY OF MINERAL RESOURCES IN THE TERRITORY OF THE YUZHNO-RUSSKOYE LICENSE AREA WAS CARRIED OUT IN ACCORDANCE WITH LICENSE OBLIGATIONS AND THE GEOLOGICAL ASSIGNMENT APPROVED BY PJSC GAZPROM.

IN 2020, THE CONSTRUCTION OF EXPLORATION WELL № R-62 AND TESTING OF THE FIRST FACILITY WERE PERFORMED.

The well is designed for additional exploration of hydrocarbon deposits in Jurassic deposits of the Yarovoye Field in the Yuzhno-Russkoye license area. The grounds for geological exploration is the "Supplement to the project for the additional exploration of the Yuzhno-Russkoye license area" (in 2017, the report passed a state examination and received a positive opinion from Federal Budgetary Institution Rosgeolekspertiza, as well as was considered at a meeting of the section on geological exploration and reserves of hydrocarbon deposits of the Gas Industry Commission on Field Development and Subsoil Use). The main tasks of geological exploration work are to clarify the geological structure of the identified hydrocarbon deposits Yu₁¹, Yu₁², Yu₁³, Yu₁⁴⁻¹, Yu₁⁴⁻², Yu₂¹ и Yu₂², increasing the reliability of their reserves, and requalification of C₂ hydrocarbon reserves as C₁ hydrocarbon reserves, and refinement of formation geological models.

According to the approved exploration assignment, drilling with core sampling and testing of well № R-62 was scheduled to start in the Yuzhno-Russkoye license area (LA). The drilling plan for 2020 was completed 100% (3090 meters of rock drilled). The entire scheduled aggregate of geophysical well studies (GPWS) was completed (including MDT by Schlumberger). 159.4 meters of core samples were sampled. Testing of the first facility (formation Yu₂¹) was completed.

RESEARCH AND DEVELOPMENT

Scientific, technical, and case studies were carried out in accordance with the approved geological assignment for 2020, and were fulfilled in full:

In 2020, works on the systematization and storage of core sample material in the core storage in Tyumen, selected in the exploration wells of the Yuzhno-Russkoye license area.

Work was completed under the third stage of the agreement for the formation and custody of reference and representative core sample collections sampled in the Yuzhno-Russkoye license area. For four wells, representative core sample collections were made up of specimens of tops of each meter with datasheets of representative core sample collections drafter, detailed layered lithological descriptions of core sample representative collections prepared, daylight photos of core sample collections taken, etc.

Work was completed for collection, systematization, and analysis of data following the core sample and formation fluid studies in the Yuzhno-Russkoye license area. The result of work under the third stage of the agreement was the tabulated catalog of data following the studies of core sampled from eight survey wells in the Yuzhno-Russkoye license area. The tabular catalog systematizes general information on the wells, stratigraphic division, design, and actual depths and volumes of core sampling with indications of the age of rocks, and core sampling results. For each well, sets of unified tables were drafted following the core sample studies.

Work was completed on creating a volumetric geomechanical model of the Yuzhno-Russkoye Field for the entire sedimentary cover interval for planning geological measures (GTM) and optimal development:

- Volumetric geomechanical model was built for the Yuzhno-Russkoye Field from the surface to the bottom of Cenomanian deposits;
- Combined volumetric geomechanical and hydrodynamic model was created for Turonian deposits;
- Combined volumetric geomechanical and hydrodynamic model was created for Cenomanian deposits;

- Volumetric geomechanical model was built from the surface to the bottom of Lower Cretaceous deposits;
- Volumetric geomechanical model was built from the surface to the bottom of Jurassic deposits;
- Risk assessment was provided regarding geological complications and recommendations were provided regarding failsafe drilling of designed wells inclusive of the best drilling mud density;
- Forecast of changes of the borehole area condition was provided for formations of Cenomanian and Turonian deposits;
- Recommendations were developed for the program of additional studies for vertical exploration wells for geomechanical modeling tasks;
- Recommendations were developed for GTM for development planning purposes.

Under the contract with LLC Gazprom VNIIGAZ, works continue on an integrated study of the isolated core sample produced from exploration well № R-62 of the Yuzhno-Russkoye license area. All work scheduled under stages 2 and 3 of the agreement was completed with the core sample at Tyumen City laboratory.

Integrated laboratory physical and chemical analytical studies were completed for formation fluid samples taken from exploration well № R-62 at the Yuzhno-Russkoye license area during testing of the first facility and delivered to the Formation System Study Center in Tyumen:

- For gas samples from the drill string, detailed component and fractional compositions were identified;
- For formation water and water from the separator, physical and chemical properties, and chemical composition were identified;
- For stable condensate, general physical and chemical properties were identified, and fractional distillation was performed;
- For close cut fraction, properties were also identified.

Fuel cuts were obtained, their physical and chemical properties were identified as well as component and fractional, and individual hydrocarbon compositions of gasoline fractions were identified.

Work started on the methodology for identification of computational parameters following core sample studies and based on the GPS data for the Turonian gas deposit of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Work was completed under the first stage of the agreement, with completion of the work scheduled for 4Q2021.

Work started on integrated reprocessing and interpretation of seismic exploration data and GPS data, and the creation of the single geological model within the boundaries of the Yuzhno-Russkoye license area.





Production Drilling Hard-to-recover reserves

DEVELOPMENT OF HARD-TO-RECOVER TURONIAN GAS RESERVES

The Turonian hydrogeological unit has a local distribution, occurring within a thick (800–1000 m) clay mass being a regional cap rock for large gas accumulations in the Cenomanian, sometimes it contains industrial gas accumulations, both at the Zapolyaroye and the Yuzhno-Russkoye fields. Lithological layers of the formation are represented by sandstones and siltstones with an interlayer of aleurite clays with the inclusion of clay minerals (montmorillonite and mixed-layer formations) in rocks that swell when interacting with water, which has a negative effect on the porosity values. The average weighted permeability value is an order of magnitude lower than the Cenomanian rocks ($52.35 \cdot 10^{-3} \mu\text{m}^2$ — Turonian, $863.43 \cdot 10^{-3} \mu\text{m}^2$ — Cenomanian). Low formation temperatures (16–17 °C) contribute to the operation of wells under hydrate regimes.

Independent development of the Turonian deposit began in accordance with the design project of pilot development of the Turonian gas deposits of the Yuzhno-Russkoye field (in 2007). Pilot production began in December 2011 with the launch of one double bottom hole well connected into the gas collection network (GCN) of the Cenomanian field. In 2014, a pilot U-shape well was drilled. In 2016, a multistage hydraulic fracturing for the layer was carried out at the next subhorizontal well.

In 2017, a new project document “Technological Scheme for the Development of the Turonian and Cenomanian Gas Deposits” was approved by Protocol № 102-r/2017 of the Komsomolsk Gas Field of PJSC Gazprom dated October 31, 2017, and Protocol № 7124 of the Rosnedra Hydrocarbons Central Commission on Development dated December 15, 2017 (project by LLC Gazprom Proectirovanie), providing for the development of the Turonian and Cenomanian deposits as separate facilities with a joint gas collection and treatment system. The following technological solutions are provided for the development of the Turonian:

- The development period duration is 125 years (2017–2141);
- Gas production should be carried out by 138 wells combined in 50 clusters;
- Maximum annual gas production is 9.36 bln m³;
- Average well production rate — 133.0 thous m³/day;
- Cumulative gas production during the period of commercial operation is 239.378 bln m³;
- The use of a joint (existing) GCN.

CONSTRUCTION OF PRODUCTION WELLS AT THE TURONIAN DEPOSIT

According to the project document “Technological Scheme for the Development of the Turonian and Cenomanian Gas Deposits” and Group Working Project № 85/17-1 for Construction of Production Wells with Filter Ending for the Turonian Gas Deposit (project by LLC MIPTTEK) approved by



Order № 230 dated June 24, 2018, the construction of the first stage of further development of the field at the Turonian gas deposit was commenced in 2019.

The first stage includes 88 production wells at 32 cluster areas (2 phases of construction).

Phase 1: at 16 cluster areas, 45 production wells of which 42 wells have upward design and 3 wells are subhorizontal with multistage hydraulic fracturing.

In 2020, phase 1 construction (45 production wells) continued within the first stage of further development of the field for the Turonian gas deposit.

As of December 31, 2020, phase 1: drilling of 44 wells was completed, 41 wells were constructed and recorded as the fixes assets, 4 wells were carried on to 2021.

Phase 1 construction is scheduled for completion in 1H 2021.

Phase 2: at 16 cluster sites, 43 production wells of which 42 wells have upward design and 1 well is subhorizontal with multistage hydraulic fracturing.

Large-scale phase 2 construction was scheduled for 2021.

As of December 31, 2020, phase 2: active construction was commenced. Due to the production process acceleration and the construction schedule refinement, installation of 10 wells and the drilling of 5 wells were completed, and 1 well was recorded as the fixed assets.

Phase 2 production wells construction deadline: 2021 – 1Q 2022.

KEY PRODUCTION INDICATORS

INDICATOR	2020	2019	2018	2017	2016
Production (extracted from the formation)	24.032	25.079	25.128	25.050	25.149
Natural gas losses during the research of gas wells	0.033	0.006	0.002	0.007	0.025
Natural gas gross production	23.999	25.073	25.126	25.043	25.124
Own technological needs	0.260	0.249	0.208	0.163	0.138
Natural gas losses during operation of process facilities	0.0004	0.0006	0.0007	0.001	0.001
Commercial gas	23.739	24.823	24.917	24.879	24.985

Production Drilling
Hard-to-recover reserves

Natural gas production

IN 2020, THE GAS PRODUCTION PLAN OF OJSC SEVERNEFTEGAZPROM WAS DETERMINED AS

23,754 MLN M³

ACTUAL GROSS GAS PRODUCTION AMOUNTED TO

23,999 MLN M³

PLANNED TASK COMPLETED FOR

101.03% (+245.378 MLN M³)





**FOCUS OF ATTENTION OF THE
OJSC SEVERNEFTEGAZPROM COVERS
SUCH AREAS AS THE INTRODUCTION
OF ADVANCED TECHNOLOGIES,
USING OF THE MODERN EQUIPMENT,
CONTINUOUS INNOVATIVE DEVELOPMENT**

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**REGISTERED OBJECT
OF PATENT LAW
AND COPYRIGHT**



TECHNOLOGIES AND INNOVATIONS

THE EFFECTIVENESS OF INNOVATION AND THE CONSTANT SEARCH FOR NEW SCIENTIFIC AND TECHNICAL APPROACHES ALLOWED THE COMPANY TO DEVELOP THE YUZHNO-RUSSKOYE FIELD WITH ONE OF THE MOST MODERNLY EQUIPPED TODAY IN TERMS OF TECHNOLOGICAL AND ENGINEERING SOLUTIONS.

THE COMPANY IS INTERESTED IN IMPLEMENTING INNOVATIVE SOLUTIONS AIMED AT IMPROVING THE EFFICIENCY OF USING THE RESOURCE BASE, IMPROVING EXISTING AND DEVELOPING NEW TECHNOLOGIES. A SEARCH FOR SOLUTIONS AIMED AT INCREASING THE ACTIVITY OF WORKERS IN TECHNICAL IMPROVEMENT AND INVENTIVE ACTIVITY IS CONSTANTLY BEING MADE. CONDITIONS FOR ENCOURAGING AUTHORS OF IMPLEMENTED INNOVATIVE IDEAS WERE IMPROVED. THE INVOLVEMENT OF QUALIFIED SPECIALISTS TO CONDUCT SEMINARS ON INNOVATION AND INVENTIVE ACTIVITY WAS ARRANGED.



6

- Intellectual Property
- Innovation Activities
- Promotion of innovation activities

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“DIGITAL TWIN” OF THE GEOLOGICAL AND TECHNOLOGICAL MODEL: RESERVOIRS — WELLS — GAS GATHERING NETWORK — SWITCH VALVES STATION OF THE YUZHNO-RUSSKOYE FIELD

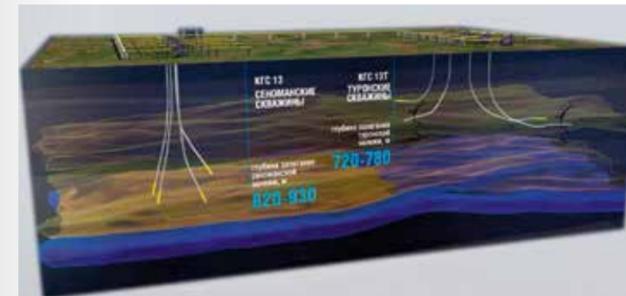
Research Paper on “Digital Twin” of the geological and technological model: reservoirs — wells — gas gathering network — switch valve station of the Yuzhno-Russkoye field was completed successfully in 2019. The results of economic efficiency studies of Digital Twin implementation prove that the project is an efficient one with its internal rate of return (IRR) standing at 32%.

In 2020, test and design work was completed. The large-scale complex of scientific and technical activities was implemented, based on which technical working project was developed, consisting of 23 sections and budget documents with a total volume of 1,300 sheets as well as the video clip illustrating the project structure.

Implementation of the unique project is scheduled for completion by late 2021 with the software and hardware complex commissioning to permanent operation scheduled for 2Q 2022 after a trial operation.

AFTER THE IMPLEMENTATION OF THE “DIGITAL TWIN” COMPANY WILL GET FIVE MAIN EFFECTS: STRATEGIC, COMMERCIAL, MANAGERIAL, RESOURCE AND ENVIRONMENTAL.

Implementing the project would allow improving the economic efficiency of joint development of the Cenomanian and Turonian gas deposits using the same gas collection grid as well as create the system for predictive analysis, technical and economical assessment of the resolutions adopted — online using artificial intelligence.





Intellectual Property

INNOVATIONS HAVE ALWAYS BEEN THE FOCUS OF OJSC SEVERNEFTEGAZPROM. USING THE MOST ADVANCED PROCESSES AND EQUIPMENT GIVES THE COMPANY A COMPETITIVE EDGE.

The professional engineering team of the Company is actively searching for new effective scientific and technical solutions that take into account the specifics of the tasks facing OJSC Severneftegazprom.

All the most important, interesting, and promising technical and organizational decisions of the Company's employees undergo a patenting process with a view to the possibility of their implementation at the enterprises of the fuel and energy complex under license agreements.

In 2020, the following items of patent and copyright were registered with the State Register of the Russian Federation:

- Automated Maintenance and Repair Management System (AMRMS) (Certificate of Software Registration № 2020610840);
- Mobile Controlled Facilities Safety Assurance System (utility model patent № 2721370);
- Device for Filling the Oil Tank of the Gas Turbine Unit with Oil (utility model patent № 199250).

As of December 31, 2020, the Company has 36 patent items and 5 copyright items, 35 of which are used in manufacturing activities.



Innovation Activities

Technical improvement activities aim to increase the efficiency of existing production and organizational processes of OJSC Severneftegazprom.

Motivation of the Company's employees by various kinds of incentives contributes to the constant search for nonstandard technical solutions.

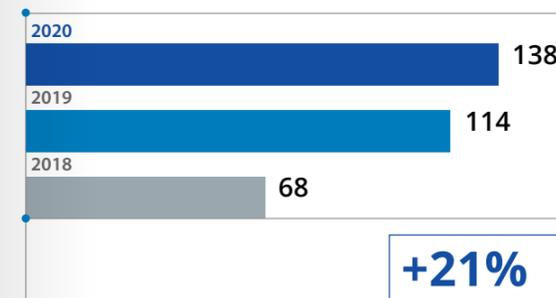
Every year, not only the number of proposed technical improvement proposals increases but also the number of employees involved in the development of the Company's innovative activities.

The constant search for advanced engineering solutions is the key to the successful development of OJSC Severneftegazprom and determines the position of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field as a platform for the introduction of promising technologies and the implementation of innovative solutions.

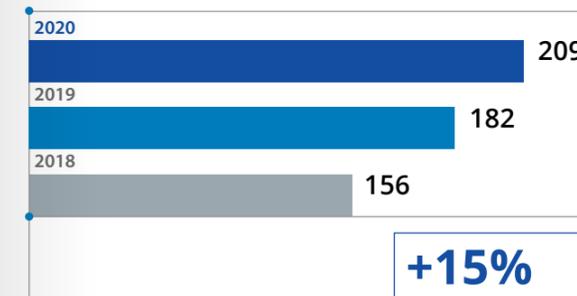
In 2020, innovations were implemented, aimed at:

- Ensuring accounting and control of compliance with equipment maintenance and repair regulations, and expenditure of material and technical resources;
- Increasing functional capabilities of the mobile facilities safety assurance system;
- Decreasing operating costs and process losses of natural gas, and streamlining labor costs of maintenance of gas turbine units.

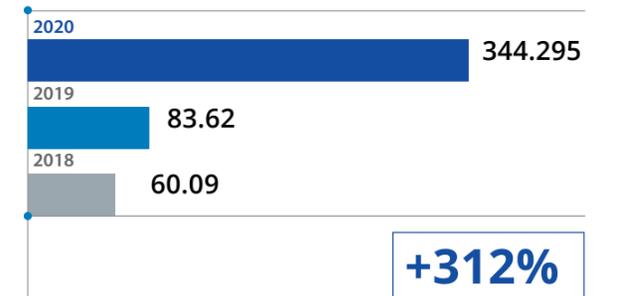
NUMBER OF REGISTERED INNOVATION PROPOSALS, PCS.



THE NUMBER OF EMPLOYEES INVOLVED IN THE DEVELOPMENT OF INNOVATION, PERSONS



THE ECONOMIC EFFECT OF THE USE OF INNOVATIVE DEVELOPMENTS IN PRODUCTION ACTIVITIES, RUB MLN





Promotion of innovation activities

The promotion of the employees' innovative activities results of the OJSC Severneftegazprom is an integral element in the formation of the Company's reputation advantages and an important condition for the stable and dynamic development of production.

Successful results of scientific and technical research and the development of technological and organizational solutions are presented at competitions and conferences in the field of innovation and are also published in specialized journals.

PRESENTATION OF THE COMPANY'S INNOVATIVE SOLUTIONS AT COMPETITIONS AND CONFERENCES:

Public Prize n.a. N.K. Baybakov for Sustainable Development of Energy Industry and Society.

Topic of the presentation: Improving the Process of Gas Dynamic Studies of Turonian Gas Deposit Wells of the Yuzhno-Russkoye Field, the laureate diploma.

The competition of research and development works by young scientists and specialists of Gazprom VNIIGAZ.

Topic of the presentation: Design, Completion, and Assessment of Geometry of Cracks of MSHF for the Horizontal Well in the Turonian Gas Deposit of the Yuzhno-Russkoye Field, degree 2 laureate diploma.

The New Idea All-Russian Contest for the Best Research and Development Work by Young Employee of Fuel and Energy Industry Enterprises.

Topic of the presentation: Creating and Implementing Innovative Development Methods for Field with Hard-to-Recover Gas Reserves to Allow Improving Production Efficiency; scheduled for completion in 1Q 2021.

Novy Urengoy City Administration Round Table: Innovative Technologies in Fuel and Energy Industry.

Topic of the presentation: Results of Innovation Activities of OJSC Severneftegazprom.

Novy Urengoy Gas Forum "Gas. Oil. New Technologies for the Far North".

The topic of the exposition: "Protecting the present, we preserve the future." Innovative technologies implemented at OJSC Severneftegazprom, aimed at increasing the level of labor protection and industrial safety, reducing energy consumption and emissions of harmful substances and greenhouse gases into the atmosphere, and ensuring sustainable development of the Company are presented.



PRESENTATION OF THE COMPANY'S INNOVATIVE SOLUTIONS IN PUBLICATIONS:

Gas Industry.

The name of the publication: Decreasing Corrosion Impact of Domestic and Industrial Rain Wastewater Containing Water-Methanol Mixture on Equipment of Systems for Collection, Treatment, and Pumping of Gas Production Wastewater into the Absorbing Formation.

Authors: V.V. Dmitruk, A.A. Kasyanenko, S.V. Poltavsky, A.A. Legay.

The name of the publication: Internal Audit as an Improvement Tool for OJSC Severneftegazprom.

Authors: N.V. Poltavskaya.

The name of the publication: HF in Turonian Gas Deposit.

Authors: A.V. Plotnikov, M.P. Mironov, I.R. Dubnitsky.

Studies of Hydrate Formation Conditions on Core Samples from Low Permeability Headers with High Residual Water Saturation and Rocks under Influence of Well Killing, Development, and Intensification Muds.

Authors: I.R. Dubnitsky.

Engineering Practice.

The name of the publication: Automation of Metrological Support at the Fuel and Energy Enterprise.

Authors: M.V. Chuvashov.

The name of the publication: Telecommunication Systems Revisited during the Period of Struggle Against Spreading Coronavirus Infection.

Authors: R.V. Shvaykin.

The name of the publication: Nonprofit Development of the Monitoring System for Safety Assurance for Mobile Facilities of OJSC Severneftegazprom.

Authors: V.V. Dmitruk, A.A. Kasyanenko, A.N. Solodovnichenko, A.N. Dolgikh.

Connect.WIT.

The name of the publication: IT as an Algorithm for Efficient Control of the Integrated Management System.

Authors: R.V. Shvaykin.

Society of Petroleum Engineers.

The name of the publication: MHF on a Hydrocarbon Basis in a Low Permeability Gas Deposit.

Authors: A.V. Plotnikov, E.P. Mironov, A.A. Legay, I.R. Dubnitsky, S.A. Zavyalov, V.V. Vorobiev.

Chief Energy Engineer.

The name of the publication: «Improving Reliability of Electric Power Supply of Gas Production Facilities of the Yuzhno-Russkoye Field of OJSC Severneftegazprom.

Authors: V.V. Dmitruk, A.A. Kasyanenko, A.N. Ulyanov, A.A. Legay.

Oil and Gas 2019.

The name of the publication: Improving Design Solutions for Increasing Operational Reliability of Booster Compressor Station Equipment.

Authors: A.V. Evdokimov, I.V. Kravchenko.

Subsoil Use in the 21st Century.

The name of the publication: Authenticating Methodologies for Interpretation of Gas Dynamic Studies of Horizontal Well with Ascending Ending of Turonian Deposits.

Authors: V.V. Vorobiev, E.P. Mironov, A.S. Zhurilin.



**EFFECTIVE INVESTMENT MANAGEMENT PROVIDES
A RELIABLE BASIS FOR SUSTAINABLE DEVELOPMENT
OF THE COMPANY**

Modernization, qualitative improvement, and increasing the volume of fixed assets create a production potential to increase the technical level and production efficiency and management of OJSC Severneftegazprom.

RUB **26.59** BLN

VOLUME OF
CAPITAL
INVESTMENTS
FOR 2020



INVESTMENT ACTIVITIES

THE PRIORITY AREAS OF THE INVESTMENT PROGRAM OF OJSC SEVERNEFTEGAZPROM REMAIN THE PRESERVATION OF THE CURRENT LEVEL OF RELIABILITY AND COMPLIANCE WITH LICENSE OBLIGATIONS AND EXPLORATION WORK PLAN ESTABLISHED BY THE LONG-TERM DEVELOPMENT PLAN FOR THE YUZHNO-RUSSKOYE FIELD, ENSURING A STABLE LEVEL OF ANNUAL NATURAL GAS PRODUCTION AS PART OF FULFILLING CONTRACTUAL OBLIGATIONS OF LONG-TERM CONTRACTS FOR GAS SUPPLY AND IMPLEMENTATION OF STRATEGICALLY IMPORTANT PROJECTS.



7

The main goals and objectives of the Company's investment program:

- Achieving key targets of the Long-Term Development Plan for the Cenomanian and Turonian gas deposits of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;
- Implementation of approved design solutions ensuring commissioning of facilities under construction and reducing the number of facilities under construction;
- Accomplishment of the exploration plan in accordance with the existing license obligations;
- Risk minimization.

The implementation of the Company's investment projects for reconstructing, modernizing, retrofitting, and technical reequipment of primary and secondary production capacities by renewing, improving, and increasing the number of fixed assets as well as improving the technical level, production and management efficiency.

Construction of facilities is carried out in close cooperation and with the operational interaction of the Company's services and contracting organizations representatives.



INVESTMENTS IN THE DEVELOPMENT AND ARRANGEMENT OF THE CENOMANIAN AND TURONIAN DEPOSITS

In accordance with "Technological Scheme for the Development of the Turonian and Cenomanian Gas Deposits of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field, and the Company's existing licensing obligations, in the reporting period, the works were performed on the following facilities:

- Construction and development of wells at the Turonian gas deposit of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Stage one;
- Development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. GTU. Booster compressor station № 2;
- A complex of works for the development of hydraulically placed sand quarry № 2G;
- Development of wells R-35 and R-51 (installation of process equipment);
- Reconstruction of development gas well № 381 of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by sidetracking;
- Technical reequipment of wells №№ 133 and 352: tubing replacement.

The addendum was developed for the project of reconstruction of production gas wells of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by sidetracking.



INVESTMENTS INTO ADDITIONAL EXPLORATION OF THE FIELD

Exploration drilling of well № R-62 of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

INVESTMENTS INTO RECONSTRUCTION, MODERNIZATION, AND TECHNICAL REEQUIPMENT OF THE PRODUCTION FACILITIES AT THE YUZHNO-RUSSKOYE OIL, GAS, AND GAS CONDENSATE FIELD

In 2020, work was completed on the following facilities:

Technical reequipment of automatic fire extinguishing and fire alarm systems, warning systems, and evacuation control in buildings and structures of OJSC Severneftegazprom.

Work was completed on the following facilities:

Reconstruction of the access roads to the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field: Access road Urengoy — Krasnoselkup. Area of Yuzhno-Russkoye Oil and Gas Field — Beregovoye Gas Condensate Field — 68.716 km; Access road to the PSFS. PK area 0+00 — peg 122+79.25; Access road the PSFS. PK area 122+79.25 – PSFS; Access road: Commercial gas pipeline, km 64;

Reconstruction of BCS-1 (GSU № 1-4);

Retrofitting of facilities with security hardware ITSO: Shift camp at the YRF, PSFS, GTU, ESP, communication nodes (PRS-34, PRS-65, PRS-93, URS-1), AHF at the customer's base;

Technical reequipment of the facilities. GTU. Intrasite utility networks: Water supply and sewage networks.

INVESTMENTS INTO ADMINISTRATIVE AND HOUSEHOLD FACILITIES

To improve the functional parameters of the facilities, the scheduled works were completed for the reconstruction of the premises of the Administrative Building and Shift Workers Muster Station in Novy Urengoy.

INVESTMENTS INTO NONCURRENT ASSETS

Creating the corporate information and control system (CICS) of OJSC Severneftegazprom.

Completion of trial operations for the development of the Digital Twin technological working project for the geological and process model: producing formation — well — gas collecting grid — switch valves station of the Yuzhno-Russkoye Field.

CAPITAL INVESTMENTS FOR THE REPORTING PERIOD

Capital investments in 2020 amounted to RUB 26,586 mln, which is 212% YoY (RUB 8,523 mln in 2019).

CAPITAL INVESTMENTS IN 2020

AMOUNTED TO

26,586 MLN RUB



CAPITAL INVESTMENTS FOR THE REPORTING PERIOD

RUB MLN, VAT EXCLUDED

	2020	2019	CHANGE 2020/2019	
	ACTUAL	ACTUAL	+/-	%
Capital Investments, TOTAL	26,586	8,523	18,063	212
Including:				
Production Drilling	16,004	2,930	13,074	446
Technical reequipment of the wells	2	–	2	100
Field Exploration	439	102	337	330
Survey and design work of future years	16	19	–3	–17
Equipment not included in Construction Estimates	135	170	–35	–21
Construction facilities	9,854	5,279	4,575	87
Purchase of noncurrent assets	137	23	114	494

A significant increase in capital investments in the reporting period is due to the following activities:

Construction and development of wells at the Turonian gas deposit of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Stage one;

Construction of exploration well № R-62;

Development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. GTU. Booster compressor station № 2;

A complex of works for the development of hydraulically placed sand quarry № 2G;

Reconstruction of development gas well № 381 of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by sidetracking;

Reconstruction of the access roads to the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Reconstruction of BCS-1 (GSU № 1-4);

Reconstruction of the premises of the Administrative Building and the Shift Workers Muster Station in Novy Urengoy;

Technical re-equipment of the facilities. GTU. Intrasite utility networks: Water supply and sewage networks;

Technical re-equipment of automatic fire extinguishing and fire alarm systems, warning systems, and evacuation control in buildings and structures of the Company;

Creating the corporate information and control system (CICS) of OJSC Severneftegazprom.





IN 2020, THE TOTAL COST OF CONSTRUCTION FACILITIES AND COMMISSIONED FIXED ASSETS AMOUNTED TO

RUB 17,425 MLN

FACILITIES COMMISSIONING FOR THE REPORTING PERIOD

RUB MLN, VAT EXCLUDED

	2020	2019	CHANGE 2020/2019	
	ACTUAL	ACTUAL	+/-	%
Capital Investments, TOTAL	17,425	5,335	12,090	227
Including:				
Production Drilling	14,012	3,546	10,466	295
Technical re-equipment of the wells	3	-	3	100
Exploration Drilling	-	-	-	-
Equipment not included in Construction Estimates	135	170	-35	-21
Construction facilities	3,220	1,607	1,613	100
Noncurrent assets	55	12	43	359

In 2020, the following facilities were completed:

- Production well SGC 1T № 101;
- Production well SGC 1T № 102;
- Production well SGC 1T № 103;
- Production well SGC 3T № 301;
- Production well SGC 3T № 302;
- Production well SGC 5T № 501;
- Production well SGC 5T № 502;
- Production well SGC 5T № 503;
- Production well SGC 6T № 601;
- Production well SGC 7T № 702;
- Production well SGC 7T № 703;
- Production well SGC 8T № 801;
- Production well SGC 8T № 802;
- Production well SGC 9T № 901;
- Production well SGC 9T № 902;
- Production well SGC 10T № 1001;
- Production well SGC 10T № 1002;
- Production well SGC 10T № 1003;

- Production well SGC 10T № 1001;
- Production well SGC 10T № 1001;
- Production well SGC 15T № 1501;
- Production well SGC 15T № 1502;
- Production well SGC 15T № 1503;
- Production well SGC 15T № 1501;
- Production well SGC 15T № 1501;
- Production well SGC 15T № 1501;
- Production well SGC 17T № 1701;
- Production well SGC 17T № 1702;
- Production well SGC 17T № 1703;
- Production well SGC 18T № 1801;
- Production well SGC 18T № 1802;
- Production well SGC 18T № 1803;
- Production well SGC 22T № 2201;
- Production well SGC 39T № 3901;
- Production well SGC 39T № 3902;
- Production well SGC 39T № 3903;
- Production well SGC 40T № 4001;
- Production well SGC 40T № 4002;
- Production well SGC 40T № 4003;
- Production well SGC 41T № 4101;
- Production well SGC 41T № 4102;
- Production well SGC 41T № 4103;
- Reconstruction of a production gas well № 381 of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by sidetracking;
- Technical re-equipment of well № 133 Tubing replacement;
- Technical re-equipment of well № 352 Tubing replacement;
- Access road to GWC site № 1T;
- Engineering preparation of the site, development of gas wells cluster № 1T, gas wells №№ 101, 102, 103 piping; cluster 1 VL-10 kV for GWC; intra-site electric grids to GWC № 1T; intra-site automation networks to GWC № 1T;
- Access road to GWC site № 3T;
- Engineering preparation of the site, development of gas wells cluster № 3T, gas wells №№ 301, 302 piping; cluster 3 VL-10 kV to GWC; intra-site electric grids to GWC № 3T; intra-site automation networks to GWC № 3T;
- Access road to GWC site № 4T;
- Access road to GWC site № 5T;
- Engineering preparation of the site, development of gas wells cluster № 5T, gas wells №№ 501, 502, 503 piping; intra-site electric grids to GWC № 5T; intra-site automation networks to GWC № 5T;
- Access road to GWC site № 6T;
- Access road to GWC site № 7T;
- Engineering preparation of the site, development of gas wells cluster № 7T, gas wells №№ 701, 702, 703 piping; intra-site electric grids to GWC № 7T; intra-site automation networks to GWC № 7T;
- Access road to GWC site № 8T;
- Engineering preparation of the site, development of gas wells cluster № 8T, gas wells №№ 801, 802 piping; intra-site electric grids to GWC № 8T; intra-site automation networks to GWC № 8T;
- Access road to the well site of GWC № 9T;
- Engineering preparation of the site, development of gas wells cluster № 9T, gas wells №№ 901, 902 piping; cluster 8 VL-10 kV to GWC; cluster 13 VL-6 kV from cluster 13 to the Customer's camp; cluster 9 VL-10 kV to GWC; intra-site electric grids to GWC № 9T; intra-site automation networks to GWC № 9T;
- Access road to the well site of GWC № 10T;
- Engineering preparation of the site, development of gas wells cluster № 10T, gas wells №№ 1001, 1002, 1003 piping;
- Access road to GWC site № 12T;
- Access road to GWC site № 15T;
- Engineering preparation of the site, development of gas wells cluster № 15T, gas wells №№ 1501, 1502, 1503 piping; intra-site electric grids to GWC № 10T; intra-site automation networks to GWC № 10T;
- Access road to GWC site № 18T;
- Engineering preparation of the site, development of gas wells cluster № 18T, gas wells №№ 1801, 1802, 1803 piping; intra-site electric grids to GWC № 18T; intra-site automation networks to GWC № 18T;



- Access road to GWC site № 17T;
- Engineering preparation of the site, development of gas wells cluster № 17T, gas wells №№ 1701, 1702, 1703 piping; intra-site electric grids to GWC № 17T; intra-site automation networks to GWC № 17T;
- Access road to GWC site № 22T;
- Access road to GWC site № 39T;
- Access road to GWC site № 40T;
- Production site GWC № 40;
- Engineering preparation of the site, development of gas wells cluster № 40T, gas wells №№ 4001, 4002, 4003 piping; VL-48/96 V;
- Access road to GWC site № 41T;
- Development of wells R-35 and R-51 (commissioning of the process equipment for headers Nadym 2.6M after completing installation);
- Reconstruction of the premises of the Administrative Building and the Shift Workers Muster Station in Novy Urengoy;
- Technical re-equipment of automatic fire extinguishing and fire alarm systems, warning systems, and evacuation control in buildings and structures of OJSC Severneftegazprom;
- Booster compressor station № 2 (commissioning of two standby gas turbine engines (PS-90GP-2)).
- Noncurrent assets (ITA, R&D).

DYNAMICS OF THE VALUE OF FACILITIES UNDER CONSTRUCTION

RUB MLN, VAT EXCLUDED

FACILITY (BY GROUPING PARAMETERS)	December 31, 2020	December 31, 2019	December 31, 2018
Construction of fixed assets facilities (industrial construction)	9,538	1,415	736
Construction of the fixed assets facilities (production drilling)	2,500	506	1,089
Construction of the fixed assets facilities (exploration drilling)	832	393	291
Survey and design work of the future periods	40	40	215
Purchase of noncurrent assets	111	29	18
Equipment for Installation	1,115	2,983	41
Total Construction in Progress	14,135	5,366	2,390

As at December 31, 2020, the facilities of fixed assets construction in progress and project development include:

- Production well SGC 2T № 201;
- Production well SGC 2T № 202;
- Production well SGC 2T № 203;
- Production well SGC 2T № 204;
- Production well SGC 4T № 401;
- Production well SGC 4T № 402;
- Production well SGC 4T № 403;
- Production well SGC 6T № 602;
- Production well SGC 7T № 701;
- Production well SGC 19T № 1901;
- Production well SGC 19T № 1903;
- Production well SGC 20T № 2001;
- Production well SGC 20T № 2002;
- Production well SGC 20T № 2003;
- Production well SGC 20T № 2004;
- Production well SGC 22T № 2202;

- Reconstruction of a production gas well № 383 of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by sidetracking;
- Reconstruction of well № 253;
- Reconstruction of well № 403;
- Survey and design work of the future years, including:
 - Design work on the development of the Lower Cretaceous and Jurassic deposits of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;
 - A comprehensive project for the development of the Yuzhno-Russkoye Field;
 - Developing the project "Reconstruction of the Administrative Building Premises in Novy Urengoy. Administrative and Housing Building";
 - Project development for the facility "BCS Modernization: Gas Separation Building for Changing the Installation Location of Removable High-Frequency Ultrasonic Sensors";
 - Project development for the facility "BCS Technical Re-equipment: Gas separation building. Equipping with additional heat exchangers for natural gas cooling";
 - Developing the project "Retrofitting the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field with Service Platforms, Stair Flight, Shed, and Fire-Resistant Gate Automatic Closing Device";
 - Project development for the facility "Retrofitting the 'Shift Camp: Refrigerator' at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field";
 - Project development for the facility "Technical Re-equipment. System of Electric Heating of Drainage Lines of Air Filters of the Barrier Air Supply System for Compressors NTs16DKS-02 within the Gas Pumping Units GPA-16DKS-09 Ural stations № 1...4 of the Gas Production BCS at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field";
 - Developing the project "Technical Re-equipment. System of Electric Heating of Ball Valves in Input and Output Lines of Gas Separation Building Separators and Float Valves of GPA-1-1...8 of the gas production BCS of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. BCS: Intra-site Utilities: Process Pipelines";
- Hydraulically Placed Quarry № 201 at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;
- Development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. GTU. Booster compressor station;
- Production well SGC 22T № 2203;
- Production well SGC 24T № 2401;
- Production well SGC 24T № 2402;
- Production well SGC 26T № 2601;
- Production well SGC 26T № 2602;
- Production well SGC 27T № 2701;
- Production well SGC 27T № 2702;
- Production well SGC 28T № 2801;
- Production well SGC 28T № 2802;
- Production well SGC 30T № 3001;
- Production well SGC 30T № 3002;
- Production well SGC 30T № 3003;
- Production well SGC 31T № 3101;
- Production well SGC 31T № 3102;
- Production well SGC 33T № 3301;
- Production well SGC 33T № 3302;
- Production well SGC 33T № 3303;
- Production well SGC 34T № 3401;
- Production well SGC 34T № 3402;
- Production well SGC 34T № 3403;
- Production well SGC 36T № 3601;
- Production well SGC 36T № 3602;
- Production well SGC 36T № 3603;
- Production well SGC 37T № 3701;
- Production well SGC 37T № 3702;
- Production well SGC 37T № 3703;
- Production well SGC 38T № 3801;
- Production well SGC 38T № 3802;
- Production well SGC 39T № 3904;
- Production well SGC 40T № 4004;
- Exploration drilling — wells №№ R-54, R-61, R-62;



Line communication center (stage № 2);

Access road to GWC site № 2T;

Engineering preparation of the site, development of gas wells cluster № 2T, gas wells №№ 201, 202, 203, 204 piping; intra-site electric grids to GWC № 2T; intra-site automation networks to GWC № 2T;

Engineering preparation of the site, development of gas wells cluster № 4T, gas wells №№ 401, 402, 403 piping; intra-site electric grids to GWC № 4T; intra-site automation networks to GWC № 4T; cluster 4 VL-10 kV to GWC;

Engineering preparation of the site, development of the gas well cluster No 6T; gas wells №№ 601, 602 piping; intra-site electrical grids to GWC № 6T; intra-site automation networks to GWC № 6T; VL-10 kV to gas well cluster GWC № 6T; gas pipeline flow line from GWC № 6T to the gas collecting header, jumper 1-GTU; methanol pipeline to GWC № 6T; spotlight mast to GWC № 6T; MPEPP block box to GWC № 6T;

Engineering preparation of the site, development of gas wells cluster № 12T, gas wells №№ 1201, 1202 piping; intra-site electric grids to GWC № 12T; intra-site automation networks to GWC № 12T; cluster 12 VL-10 kV to GWC;

Access road to GWC site № 16T;

Engineering preparation of the site, development of gas wells cluster № 16T, gas wells №№ 1601, 1602, 1603 piping; intra-site electric grids to GWC № 16T; intra-site automation networks to GWC № 16T;

Access road to GWC site № 19T;

Engineering preparation of the site, development of the gas well cluster № 19T; gas wells №№ 1901, 1903 piping; intra-site electrical grids to GWC № 19T; intra-site automation networks to GWC № 19T; VL-10 kV to gas well cluster GWC № 19T; gas pipeline flow line from GWC № 19T; methanol pipeline to GWC № 19T; spotlight mast to GWC № 19T; MPEPP block box to GWC № 19T;

Access road to GWC site № 20T;

Engineering preparation of the site, development of gas wells cluster № 20T, gas wells №№ 2001, 2002, 2003, 2004 piping; intra-site electric grids to GWC № 20T; intra-site automation networks to GWC № 20T; gas pipeline flow line from GWC № 20T; production site at GWC № 20T;

Engineering preparation of the site, development of gas wells cluster № 22T, gas wells №№ 2201, 2202, 2203 piping; intra-site electric grids to GWC № 22T; intra-site automation networks to GWC № 22T;

Access road to GWC site № 24T;

Engineering preparation of the site, development of the gas well cluster No 24T; gas wells №№ 2401, 2402 piping; intra-site electrical grids to GWC № 24T; intra-site automation networks to GWC № 24T; VL-10 kV to gas well cluster GWC № 24T; gas pipeline flow line from GWC № 24T; methanol pipeline to GWC № 24T; spotlight mast to GWC No 24T; MPEPP block box to GWC № 24T;

Access road to GWC site № 26T;

Engineering preparation of the site, development of gas wells cluster № 26T, gas wells №№ 2601, 2602 piping; intra-site electric grids to GWC № 26T; intra-site automation networks to GWC № 26T;

Access road to GWC site № 27T;

Engineering preparation of the site, development of gas wells cluster № 27T, gas wells №№ 2701, 2702 piping; intra-site electric grids to GWC № 27T; intra-site automation networks to GWC № 27T; cluster 27 VL-10 kV to GWC;

Access road to GWC site № 28T;

Engineering preparation of the site, development of gas wells cluster № 28T, gas wells №№ 2801, 2802 piping; intra-site electric grids to GWC № 28T; intra-site automation networks to GWC № 28T; cluster 28 VL-10 kV to GWC;

Access road to GWC site № 30T;

Engineering preparation of the site, development of gas wells cluster № 30T, gas wells №№ 3001, 3002, 3003 piping; intra-site electric grids to GWC № 30T; intra-site automation networks to GWC № 30T;

Access road to GWC site № 31T;

Engineering preparation of the site, development of gas wells cluster № 31T, gas wells №№ 3101, 3102, 3103 piping; intra-site electric grids to GWC № 31T; intra-site automation networks to GWC № 31T;

Access road to GWC site № 33T;

Engineering preparation of the site, development of gas wells cluster № 33T, gas wells №№ 3301, 3302, 3303 piping; intra-site electric grids to GWC № 33T; intra-site automation networks to GWC № 33T; cluster 33 VL-10 kV to GWC; production site at GWC № 33T;

Access road to GWC site КГС № 34T;

Engineering preparation of the site, development of gas wells cluster № 34T, gas wells №№ 3401, 3402, 3403 piping; intra-site electric grids to GWC № 34T; intra-site automation networks to GWC № 34T;

Access road to GWC site № 36T;

Engineering preparation of the site, development of gas wells cluster № 36T, gas wells №№ 3601, 3602, 3603 piping; intra-site electric grids to GWC № 36T; intra-site automation networks to GWC № 36T;

Access road to GWC site № 37T;

Engineering preparation of the site, development of the gas well cluster № 37T; gas wells №№ 3701, 3702, 3703 piping; intra-site electrical grids to GWC № 37T; intra-site automation networks to GWC № 37T; VL-10 kV to gas well cluster GWC № 37T; gas pipeline flow line from GWC № 37T; methanol pipeline to GWC № 37T; spotlight mast to GWC № 37T; MPEPP block box to GWC № 37T;

Access road to GWC site № 38T;

Engineering preparation of the site, development of gas wells cluster № 38T, gas wells №№ 3801, 3802 piping; intra-site electric grids to GWC № 38T; intra-site automation networks to GWC № 38T;

Engineering preparation of the site, development of gas wells cluster № 39T, gas wells №№ 3901, 3902 piping; intra-site electric grids to GWC № 39T; intra-site automation networks to GWC № 39T; cluster 39 VL-10 kV to GWC; temporary access ways to quarry 201G;

Engineering preparation of the site, development of gas wells cluster № 40T, gas wells №№ 4001, 4002, 4003, 4004 piping; intra-site electric grids to GWC № 40T; intra-site automation networks to GWC № 40T; production site GWC № 40T;

Engineering preparation of the site, development of gas wells cluster № 41T, gas wells №№ 4101, 4102, 4103 piping; intra-site electric grids to GWC № 41T; intra-site automation networks to GWC № 41T; cluster 41 VL-10 kV to GWC;

Gas collecting header, jumper 1 — GTU (including access road to the pig launcher site, access road to tank-truck earthing device site № 1);

Gas collecting header of GWC № 39T — tie-in of GWC № 41T (including access road to tank-truck earthing device site № 1);

Access road to the ready well killing fluid storage tank park;

Ready killing mud tank park;

Integrated information protection system of information management system of industrial and economic activities (1st priority) of OJSC Severneftegazprom;

The geotechnical monitoring system of OJSC Severneftegazprom facilities;

Reconstruction of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field: Access road Urengoy — Krasnoselkup. Area of Yuzhno-Russkoye Oil and Gas Field — Beregovoye Gas Condensate Field — 68.716 km; Access road to the PSFS. PK area 0+00 — peg 122+79.25; Access road the PSFS. PK area 122+79.25 – PSFS; Access road: Commercial gas pipeline, km 64;

II stage of construction of the facility "Development of the Yuzhno-Russkoye Oil and Gas Field. GTU. BCS № 2" Reconstruction of existing buildings and structures: Development of the Yuzhno-Russkoye Oil and Gas Field. GTU. BCS № 2. BCS: Compressor units 1, 2, 3, 4;

Installation of the security hardware suite for OJSC Severneftegazprom facilities;

Modernizing and retrofitting the ETMG SC: Engineering and technical means of guarding for the shift camp of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field (ETMG SC. Adjustment);

Technical re-equipment of the facility "GTU: Intra-site Utilities: Water supply and sewage networks";

Vehicle modernization;

Corporate Information and Management System of OJSC SNGP (for PCs with 1C: ERP and 1C: Document);

Development of the Yuzhno-Russkoye Oil and Gas Field facilities Thermal waste decontamination suite;

Development of process fluids for the Yuzhno-Russkoye Oil and Gas Field well repairs;

Noncurrent assets (ITA, R&D).





**SUSTAINABLE FINANCIAL STANDING IS THE
BASIS FOR RELIABLE PRODUCTION**

Taking cost cutting actions and controlling growth of operating expenses ensured achieving all set production objectives for 2020

RUB 44,073 MLN

REVENUE
FROM SALES
OF NATURAL GAS
FOR 2020



KEY FINANCIAL INDICATORS

THIS SECTION IS A REVIEW OF THE FINANCIAL STANDING OF OJSC SEVERNEFTEGAZPROM AS OF DECEMBER 31, 2020, AND IS SUBJECT TO REVIEW IN CONJUNCTION WITH THE COMPANY'S FINANCIAL STATEMENTS FOR 2020, PREPARED IN ACCORDANCE WITH RUSSIAN ACCOUNTING STANDARDS AND AVAILABLE FOR REVIEW TO ALL INTERESTED PARTIES ON THE OFFICIAL WEBSITE AT THE COMPANY'S: [HTTP://WWW.SEVERNEFTEGAZPROM.COM](http://www.severneftegazprom.com)



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- Key Financial Indicators
- Profit and Loss Statement
- Cashflow for the Reporting Period
- Key Financial Ratios

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Key Financial Indicators

INDICATOR NAME	RUB mln		
	2020	2019	CHANGE IN %
Revenue	44,073	51,742	-15
Gas Production Costs*	(4,051)	(3,911)	4
– for production of 1,000 m ³ of gas (RUB)	(171)	(158)	8
Depreciation	(4,966)	(5,176)	-4
Tax Expenses	(25,864)	(31,613)	-18
GE expenses**	(71)	(80)	-11
Management Expenses	(1,380)	(1,355)	2
Operating Profit	7,742	9,607	-19
Net Profit	5,950	4,412	35
Net Cash from Operating Activities	12,702	12,617	1
Fixed assets commissioning (including ITA and R&D)	17,425	5,335	227

* Expenses for gas production — all expenses included in the prime cost (works, services), excluding depreciation, tax deductions, and geological exploration.

** Exploration work.

-5,749 RUB MLN

EXPENSES
FOR GAS MET

+1,538 RUB MLN

NET PROFIT

The long-term agreements concluded by OJSC Severneftegazprom for the sale of produced gas fully ensure the regular receipt of revenue and guarantee sales market throughout the entire period of development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

The volume of natural gas sales in 2020 amounted to 23,739 mln m³.

Net profit in 2020 grew by 35% YoY to RUB 5,950 mln due to decrease of interest expense accrual for the residual obligation for liquidation of fixed assets.

Revenue decreased in 2020 by 15% YoY due to decrease of gas sale price as set forth in long-term gas supply contracts due to decreasing tax load under the mineral extraction tax.



Profit and Loss Statement

INDICATOR NAME	2020	2019	RUB mln CHANGE IN %
Revenue	44,073	51,742	-15
Prime cost, including:	(34,952)	(40,780)	-14
Taxes (MET, property tax, other taxes)	(25,864)	(31,613)	-18
Depreciation	(4,966)	(5,176)	-4
Gas Production Costs*	(4,051)	(3,911)	4
GE Expenses	(71)	(80)	-11
Gross Profit	9,122	10,963	-17
Management Expenses	(1,380)	(1,355)	2
Sales Profit	7,742	9,607	-19
Interest Receivable	305	429	-29
Interest payable (including interest expense on estimated liabilities)**	(719)	(4,287)	-83
Other Income and Expense (Balance)	161	(172)	194
Profit before tax	7,488	5,578	34
Net Profit	5,950	4,412	35

* Expenses for gas production — all expenses included in the prime cost (works, services), excluding GE costs, depreciation, and tax deductions.
 ** Accrued interest expense related to the increase in the present value of long-term estimated liabilities for the reserve for the decommissioning of long-term assets and the restoration of natural resources. These expenses are due to the accrual of estimated liabilities for the decommissioning of fixed assets and the regeneration of natural resources in accordance with RAS 8/2010 "Estimated Liabilities, Contingent Liabilities, and Contingent Assets".

A decrease in accrued interest expense for the estimated liability for liquidation of fixed assets as well as a decrease in the prime cost due to changes in tax deductions in connection with the decreased weighted average natural gas MET rate, contributed to improvement of the Company's net profit indicator for 2020.

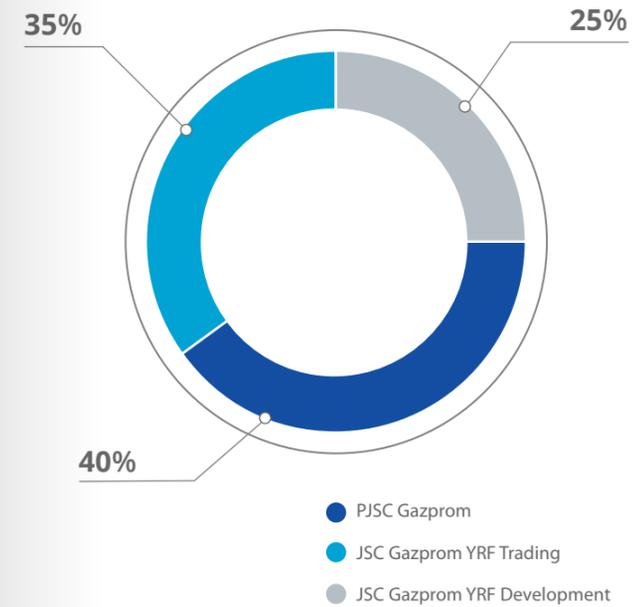
Due to the outflow of funds for financing capital investments related to the project "Implementation of the Second Stage of the Technological Scheme for the Development of the Cenomanian and Turonian Gas Deposits of the

Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field of OJSC Severneftegazprom," a decrease in the amount of funds placed in deposit accounts, and as a result, a decrease in interest receivable occurred in 2020.

Decreased estimated liabilities for liquidation cost in 2020 versus 2019 in connection with decreased presented value thereof resulted into decreased interest payable as well as to growth of other income due to adjustment of the estimated liability.



GAS SALES REVENUE STRUCTURE



The requirements for the quality of gas supplied to Customers are regulated in accordance with STO Gazprom 089-2010 "Combustible natural gas supplied and transported through gas pipelines. Technical conditions." This standard is aimed at improving product quality and ensuring the efficiency and safety of gas pipeline systems.



COMMERCIAL GAS SALES

	2020	2019	2018
TOTAL, including:	23,739	24,823	24,917
PJSC Gazprom	9,495	9,929	9,967
JSC Gazprom YRF Trading	8,309	8,688	8,721
JSC Gazprom YRF Development	5,935	6,206	6,229

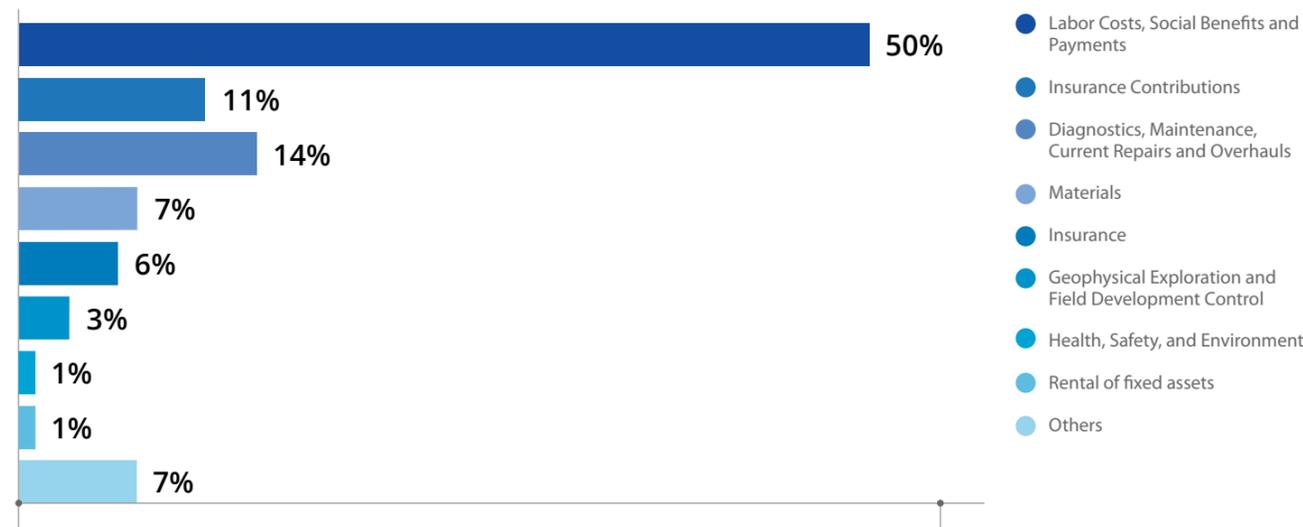


Gas production costs (excluding tax, depreciation and exploration expenses)

A 4% increase in production costs for gas production in 2020 was mainly due to an increase in labor costs, social benefits and payments by 3% (wage indexation), additional payments to shift employees for special conditions to ensure production process continuity during the pandemic, and an increase in operating costs due to an increase in the production wells stock.



STRUCTURE OF GAS PRODUCTION COSTS



GAS PRODUCTION COSTS PERFORMANCE

INDICATOR NAME	2020	2019	RUB mln CHANGE IN %
Materials	274	261	5
Labor costs, Social Benefits and Payments	2,021	1,827	11
Insurance Contributions	464	390	19
Rental of fixed assets	27	25	8
Insurance Costs	233	320	-27
Diagnostics, maintenance, repair and overhaul	561	588	-5
Geophysical Exploration and Field Development Control	127	111	14
Health, Safety, and Environment	55	52	7
Others	288	335	-14
TOTAL	4,051	3,911	4
GE	71	80	-11
TOTAL INCLUDING GE EXPENSES	4,122	3,991	3

TAXES (excluding income tax)

INDICATOR NAME	2020	2019	RUB mln CHANGE IN %
Mineral Extraction Tax	25,083	30,916	-19
Property Tax	778	695	12
Other Taxes	3	3	0
TOTAL TAXES (EXCLUDING INCOME TAX)	25,864	31,613	-18

The main part (97%) in the taxes structure falls on deductions on the mineral extraction tax (MET).

In accordance with the Tax Code of the Russian Federation, the calculation formula for the MET rate for natural gas has been established.

An 19% decrease in MET expenses in 2020 was due to a decrease in the weighted average annual rate of the specified tax (from RUB 1,255 per thous m³ of Cenomanian, RUB 259 per thous m³ of Turonian in 2019 to RUB 1,125 per thous m³ of Cenomanian and RUB 230 per thous m³ of Turonian in 2020).



ASSETS

IN 2020, THE COMPANY'S ASSETS GREW BY 31%, OR BY

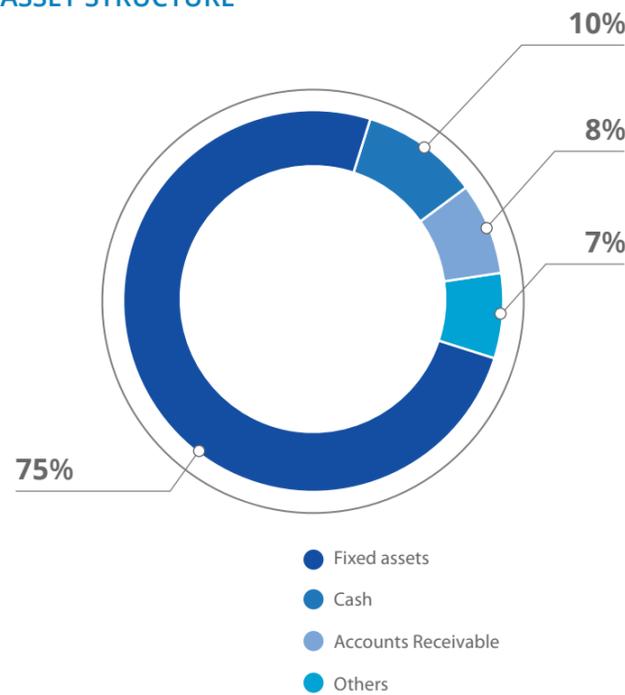
RUB **19.2** BLN

THE VALUE OF ASSETS AT THE END OF 2020

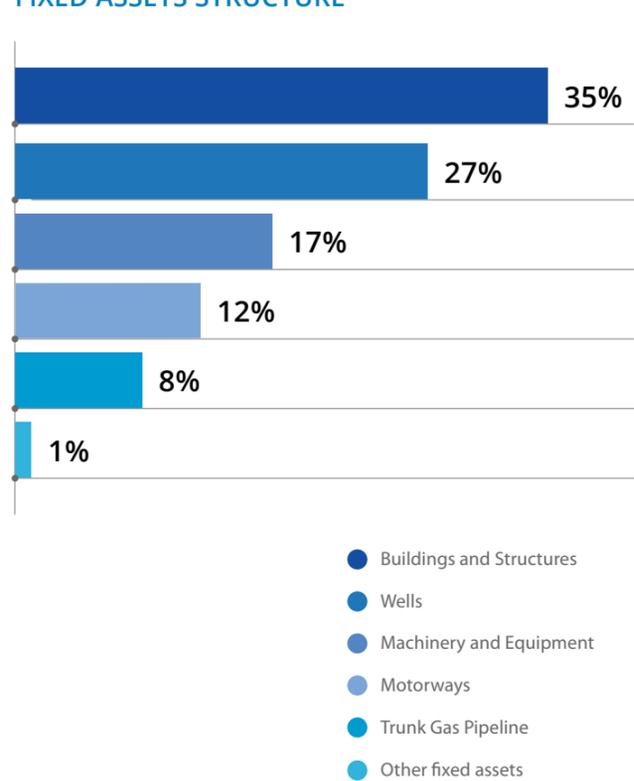
RUB **80.2** BLN



ASSET STRUCTURE



FIXED ASSETS STRUCTURE



CHANGES IN THE COMPANY ASSETS FOR THE REPORTING PERIOD

	AS OF DECEMBER 31, 2020	AS OF DECEMBER 31, 2019	CHANGE IN %
NONCURRENT ASSETS	64,092	43,431	48
Intangible Assets	121	9	by over 13 times
Research and Development Results	61	47	30
Intangible Exploration Assets	-	-	-
Fixed assets	60,325	39,362	53
Deferred Tax Assets	2,334	2,179	7
Other noncurrent assets	1,251	1,833	-32
CURRENT ASSETS	16,128	17,589	-8
Reserves	1,224	675	81
Accounts Receivable	6,602	7,658	-14
Financial Investments	-	-	-
Cash	8,190	9,151	-11
Other current assets	112	106	6
TOTAL	80,221	61,020	31

Changes in the Company assets in 2020 occurred for the following items:

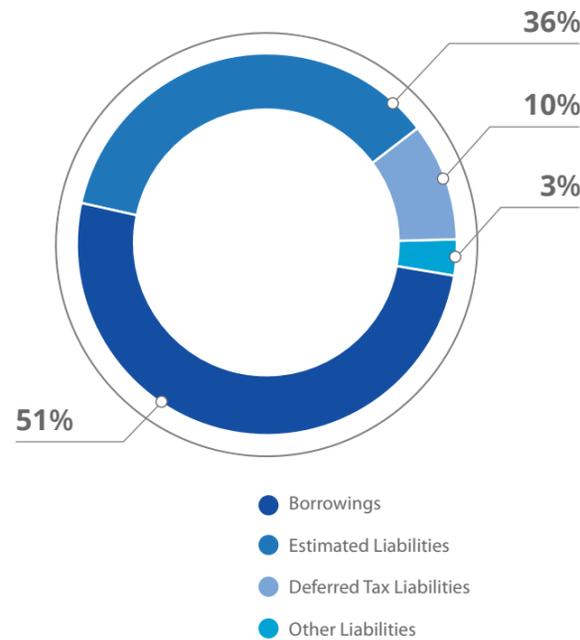
- Intangible assets increased by RUB 112 mln or over 13-fold;
- Fixed assets increased by RUB 20,963 mln, or 53%, due to an increase in the commissioning of facilities and an increase in the indicator of incomplete capital expenditures for 2020 by RUB 8,689 mln, or 163%;
- Deferred tax assets increased by RUB 155 mln, or 7%;
- Stocks increased by RUB 549 mln, or 81%, with the deviation due to early warehouse accounting of the earth liberated after dismantling cluster sites after drilling by the Company. This situation occurred due to the outstripping performance of works for the gas well cluster development under the Further Development of Cenomanian and Turonian Gas Deposits of the Yuzhno-Russkoye Field project. Stage One in 2020.



LONG-TERM AND SHORT-TERM LIABILITIES

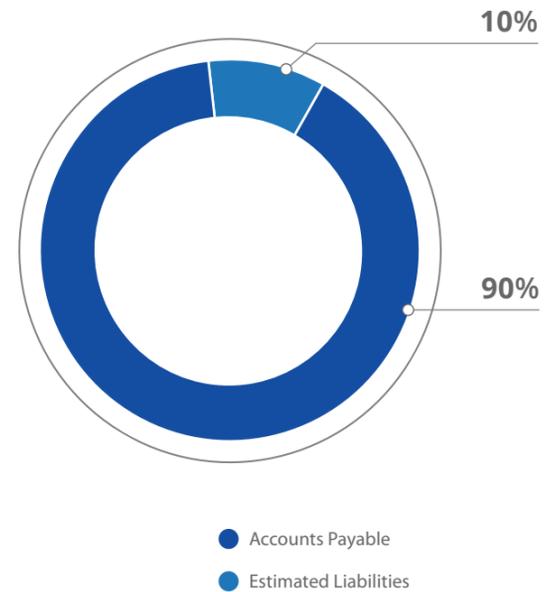
LONG-TERM LIABILITIES

TOTAL: RUB 28.7 BLN M³ AS AT DECEMBER 31, 2020



SHORT-TERM LIABILITIES

TOTAL: RUB 8.3 BLN M³ AS AT



LONG-TERM AND SHORT-TERM LIABILITIES

INDICATOR NAME	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	CHANGE IN %
LONG-TERM LIABILITIES	28,705	12,153	136
Bank Loans Repayable for more than 12 months, total, RUB mln	14,780	–	100
Deferred tax liabilities	2,724	2,420	13
Estimated Liabilities	10,411	9,553	9
Other liabilities	790	180	by over 4 times
SHORT-TERM LIABILITIES	8,352	7,245	15
Bank Loans Repayable within 12 months, total, RUB mln	22	–	100
Accounts Payable	7,523	6,747	12
Estimated Liabilities	807	498	62
TOTAL	37,057	19,398	91



Changes in the Company liabilities in 2020 occurred for the following items:

An increase in long-term liabilities by RUB 16,552 mln, or 136%, was due to lending from VTB Bank (PJSC) repayable in more than 12 months — in connection with financing the second stage of “Technological Scheme for the Development of the Cenomanian and Turonian

Gas Deposits of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by OJSC Severneftegazprom”; an increase in short-term liabilities by RUB 1,107 mln, or 15%, was due to increasing accounts payable to suppliers and contractors.

CAPITAL AND RESERVES

	AS OF DECEMBER 31, 2020	AS OF DECEMBER 31, 2019	CHANGE IN %
AUTHORIZED CAPITAL, SURPLUS CAPITAL AND RESERVES	25,177	25,177	–
Authorized Capital	40	40	–
Revaluation of noncurrent assets	36	36	–
Surplus Capital	25,099	25,099	–
Reserve Capital	2	2	–
RETAINED EARNINGS	17,986	16,444	9
Including profit in the reporting period	5,950	4,412	35
TOTAL CAPITAL AND RESERVES	43,163	41,622	4

In 2020, the capital and reserves of the Company increased by RUB 1,541 mln, or 4%, due to the obtaining of a positive financial result for 2020 in the amount of RUB 5,950 mln, which is RUB 1,538 mln more than in 2019.





Cashflow for the Reporting Period

NET OPERATING PROCEEDS INCREASED
BY 1% TO

RUB **12,702** MLN

NET CASH

INDICATOR NAME	RUB mln			
	2020	2019	DEVIATION 2020/2019	CHANGE IN %
Net Cash from Operating Activities	12,702	12,617	85	1
Net cash used in investment activities	(24,395)	(8,532)	(15,863)	-186*
Net cash used in financial activities	10,733	(1,689)	12,422	735**

* The indicator reflects the effect of cash outflows from the use on investment activities. In 2020, RUB 15,863 mln more than in 2019 were spent, therefore, the funds balance of the Company decreased, therefore this indicator has a negative value.

** The indicator reflects the effect of proceeds for financial activities of the Company. In 2020, RUB 14,780 mln of loan funds were borrowed, therefore, the Company's cash balance increased, and thus this indicator has a positive value.



Key Financial Ratios

KEY FINANCIAL STABILITY INDICATORS

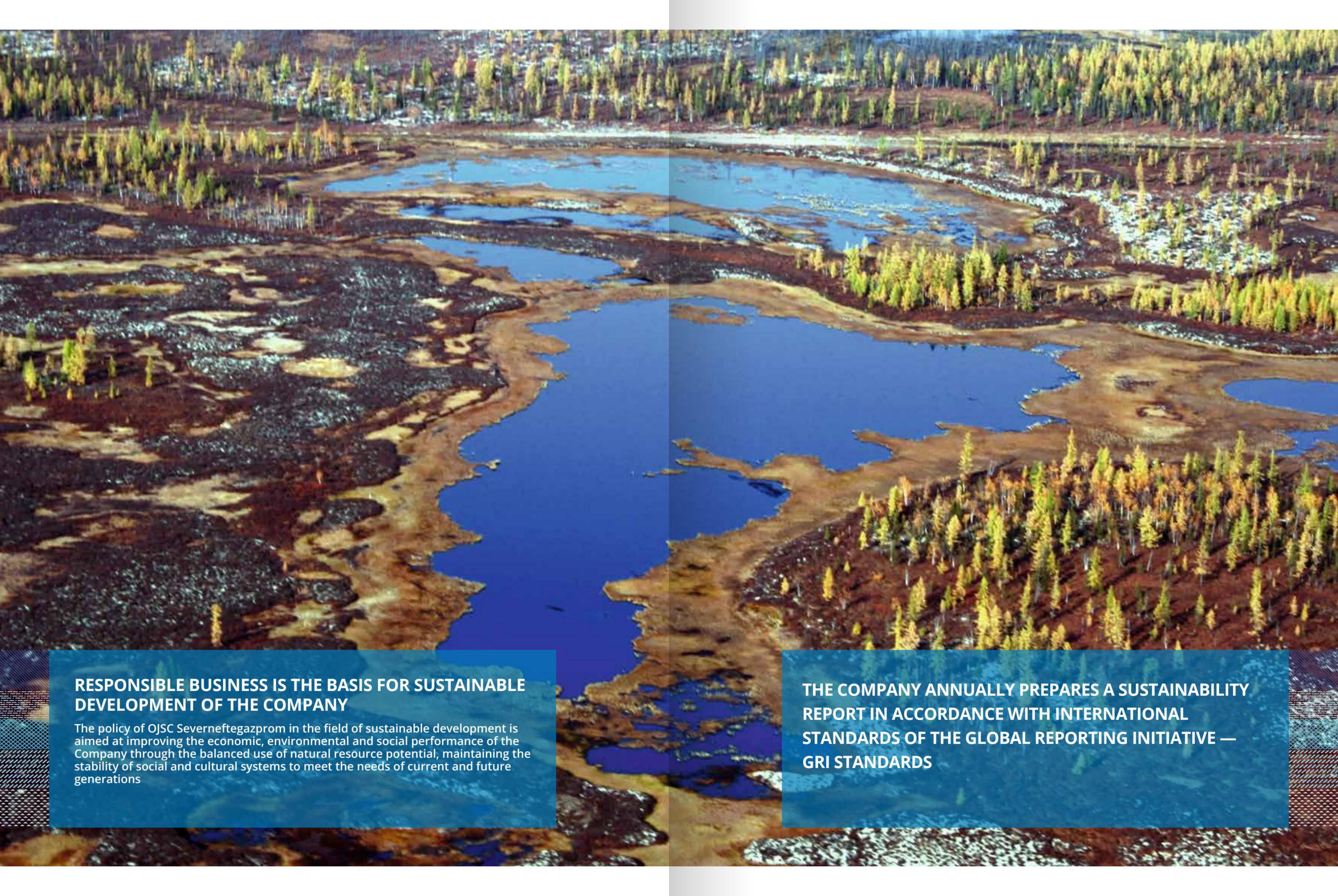
FINANCIAL RATIO NAME	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	CHANGE FOR THE PERIOD	ECONOMIC VALUE OF THE RATIOS
Equity-Assets (Financial Independence) Ratio	0.54	0.68	-0.14	Equity to Total Capital Ratio Industrial Standard: at least 0.5
Financial Leverage Ratio	0.86	0.47	0.39	Debt to Equity Ratio Reflects the proportion of equity and borrowings
Financial Stability (Investment Coverage) Ratio	0.90	0.88	0.02	Equity and fixed liabilities to total assets ratio
Equity mobility ratio (subject to long-term liabilities)	0.18	0.25	-0.07	Reflects the financial stability and the share of equity used for financing the company's business. Shows the solvency level
Current assets mobility ratio	0.51	0.52	-0.01	The ratio of the most mobile part of the current assets (financial investments and cash) to the total value of current assets

KEY LIQUIDITY INDICATORS

FINANCIAL RATIO NAME	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	CHANGE FOR THE PERIOD	ECONOMIC VALUE OF THE RATIOS
Current (Total) Liquidity Ratio	1.93	2.43	-0.50	The ratio of short-term assets to short-term liabilities. It shows the security of short-term liabilities with all current assets
Quick (Interim) Liquidity Ratio	1.78	2.33	-0.55	The ratio of liquid assets to short-term liabilities. It shows the security of short-term liabilities with cash, short-term financial assets, and short-term receivables
Absolute Liquidity Ratio	0.98	1.26	-0.28	The ratio of highly-liquid assets to short-term liabilities. It shows how much short-term liabilities can be repaid immediately

PROFITABILITY ANALYSIS

PROFITABILITY INDICATORS	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	CHANGE FOR THE PERIOD	ECONOMIC VALUE OF THE RATIOS
Sales Margin before Interest and Tax (EBIT Sales Margin), %	17.6	18.5	-0.9	It reflects the profit per a piece of sold product. Sales profit (loss) to sales revenue ratio
Net Profit Sales Margin	13.5	8.5	5.0	It reflects the net profit per a piece of sold product. Net profit to sales revenue ratio
Interest Payable Coverage Ratio, ICR	11.4	2.3	9.1	The ratio describes the business ability to service its debt obligations. It shows how many times the earnings before interest and tax exceed the interest payment expense.



RESPONSIBLE BUSINESS IS THE BASIS FOR SUSTAINABLE DEVELOPMENT OF THE COMPANY

The policy of OJSC Severneftegazprom in the field of sustainable development is aimed at improving the economic, environmental and social performance of the Company through the balanced use of natural resource potential, maintaining the stability of social and cultural systems to meet the needs of current and future generations

THE COMPANY ANNUALLY PREPARES A SUSTAINABILITY REPORT IN ACCORDANCE WITH INTERNATIONAL STANDARDS OF THE GLOBAL REPORTING INITIATIVE — GRI STANDARDS

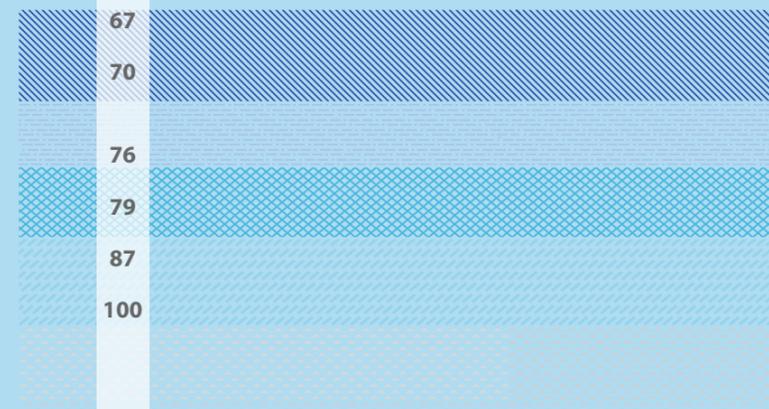
SUSTAINABLE DEVELOPMENT

THE COMPANY MAKES A SIGNIFICANT CONTRIBUTION TO THE SOCIOECONOMIC DEVELOPMENT OF THE TERRITORIES WHERE IT OPERATES, TO PRESERVATION AND MAINTENANCE OF THE ENVIRONMENT. PRODUCTION SAFETY AND CARE FOR EMPLOYEES ARE ALSO THE MOST IMPORTANT TASKS IN THE FIELD OF SUSTAINABLE DEVELOPMENT.

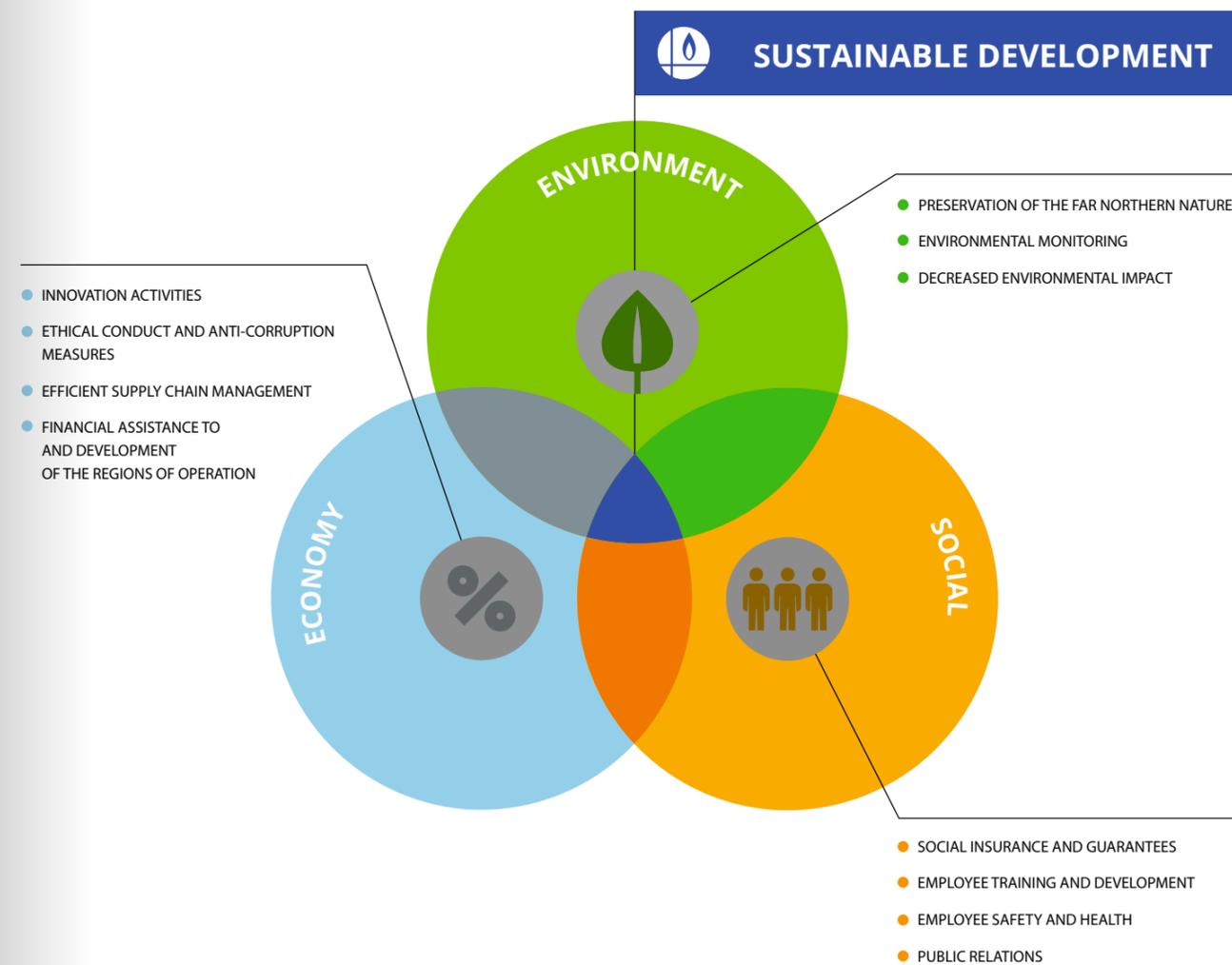


9

- Prioritizing
- Environmental Protection
- Energy Consumption and Energy Saving
- Staff and Production Safety
- Personnel and Social Policy
- Interaction with stakeholders



Prioritizing



OJSC Severneftegazprom builds its work in accordance with the sustainable development concept adopted in the Russian Federation and worldwide, which provides a balanced approach to solving socioeconomic problems, problems of maintaining healthy environment, and natural resource potential in order to meet the needs of both the present and the future generations.

Sustainable development activities are one of the strategic objectives of the Company. During the reporting period, a number of positive results were achieved, the main of which were the maintenance of high production indicators and the trouble-free operation of the field.

Since 2011, the Company annually discloses nonfinancial information in the field of sustainable development as part of the Annual Report. When preparing the Report, the Company focuses primarily on the interests of stakeholders, which may have an impact on the activities of the Company or may be influenced by the Company's activities.

This report has been prepared in accordance with the standards of the Global Reporting Initiative - GRI Standards (Core option).

The content of the Sustainability Report for 2020 was formed on the basis of monitoring and identifying significant topics in the process of interaction with stakeholders.



Following the analysis of the information obtained, at the end of 2020, a meeting of the working group on sustainable development was held at which significant topics were approved for inclusion in the Company's Annual Report for 2020.

Following the assessment conducted by the working group, the below significant topics were identified:

- employment;
- workplace health and safety;
- training and education;
- Rights of indigenous and minority peoples;
- asset integrity and technological security;
- energy;
- water;
- emissions;
- discharges and waste;
- economic performance;
- procurement practices;
- reserves.

In addition to the significant topics identified by the working group, this Report also considered additional aspects providing the most complete picture of the Company impact on the economy, social sphere and environment.

A table containing a complete list of significant topics disclosed in the Report, as well as pages showing the location of relevant indicators, is presented in Annex № 3 Index of GRI Content.

In preparing this Report, we used the data of management accounts, statistics and accounting statements of OJSC Severneftegazprom, drawn up in accordance with Russian Accounting Standards (RAS), published on the official website of the Company at www.severneftegazprom.com





Environmental Protection

Continuous improvement of approaches in the field of environmental safety, use of international environmental experience, and strict compliance with statutory requirements allow the Company to achieve the most rational use of natural resources and minimize negative impact on the environment.

OJSC Severneftegazprom uses the best international experience in the field of ecology, follows environmental standards established by the legislation of the Russian Federation, and clearly adheres to the principle of respect for the environment.

To ensure sustainable use of environmental resources, OJSC Severneftegazprom continuously takes actions for:

ensuring the resource saving and reduction of negative impact on the environment;

increasing energy efficiency for production processes at all its stages;

pollution prevention, which means the priority of preventive actions to prevent negative environmental impacts;

involvement of all Company personnel in activities to reduce environmental risks;

improving the environmental management system and improving production indicators in the field of environmental protection.

A practical tool for implementing the principles of sustainable development in the field of environmental protection is the environmental management system operating in the Company, certified for compliance with the requirements of the international standard ISO 14001.

As part of the requirements of environmental legislation, the Company carries out operational environmental monitoring at its facilities, which ensures compliance with established standards and the rational use of natural resources.

A significant attention in the environmental management system at OJSC Severneftegazprom is paid to constant monitoring of key environmental indicators in the area of operation of the main production facilities. The Company carries out operational environmental monitoring in accordance with the Program for Environmental Monitoring of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field Territory for the period 2016–2020, which ensures the assessment of the anthropogenic load on the environment and the obtaining of objective information regarding its condition.

The results of these studies show that there were no signs of environmental degradation as a result of the Company's production activities during the reporting period. The ecological state of the territory of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field remains stably favorable.

THE FORECAST FOR THE FUTURE IS OPTIMISTIC: THE CALCULATIONS MADE SUGGEST THAT A STABLE ENVIRONMENTAL SITUATION WILL REMAIN IN THE FIELD IN THE MEDIUM TERM. THE LIKELIHOOD OF MAINTAINING THE CURRENT FAVORABLE CONDITION UNDER THE CURRENT LEVEL OF ANTHROPOGENIC LOAD AND THE ABSENCE OF EMERGENCY SITUATIONS, TO THE PREVENTION OF WHICH THE COMPANY CONSTANTLY DIRECTS SIGNIFICANT EFFORTS, IS ASSESSED AS HIGH.



POLLUTANT EMISSIONS

One of the significant areas of environmental activity of OJSC Severneftegazprom is air protection.

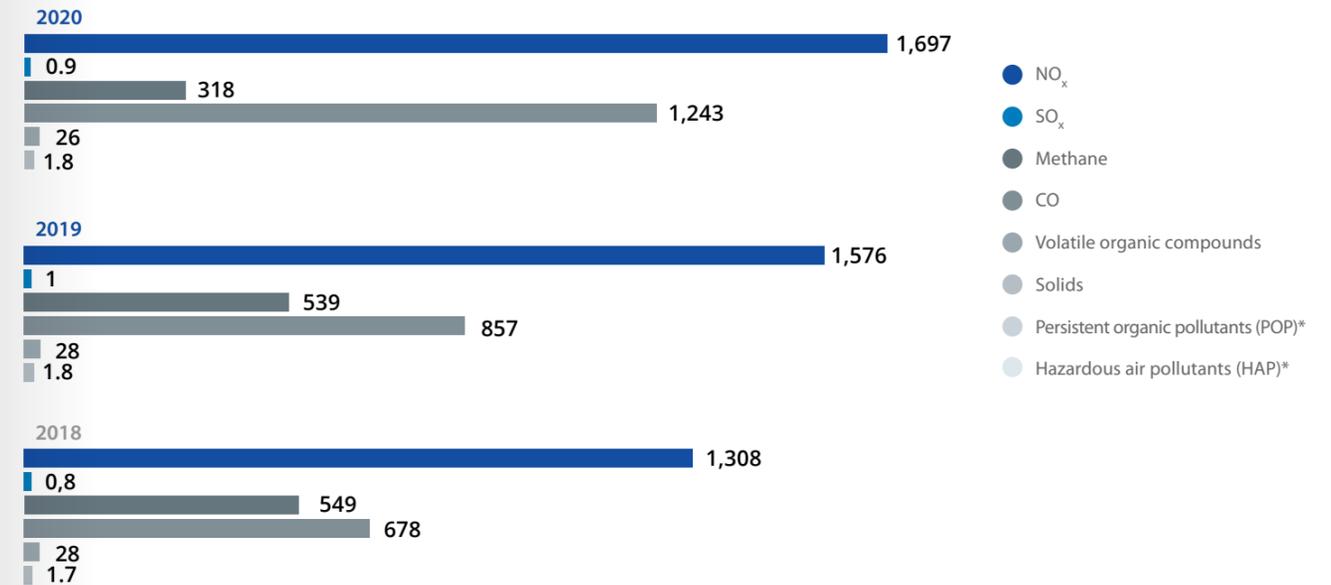
At the end of 2020, the total mass of pollutant emissions amounted to 3.287 thous tons (including 3.271 thousand tons of Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field emissions), which is 0.284 thous tons more than in 2019. It stands in connection with increased consumption of fuel gas for compressing and development during construction of Turonian gas wells.

The company regularly conducts research on the assessment and accounting of GHGs emissions. Direct emissions include emissions from sources owned by the Company. The volume of direct GHGs emissions amounted to 544.251 thous tons in CO₂ equivalent in 2020.

Indirect emissions come from sources belonging to other organizations. Under the current legislation, the Company does not need to record indirect emissions. To calculate its indirect emissions, the Company uses HSE MS being a guideline document or methodology for drafting environmental emissions reporting by Wintershall Dea Holding GmbH in accordance with which no indirect emissions were recorded. This methodology involves accounting for indirect greenhouse gas emissions only at production facilities.

In accordance with the Environmental Policy, one of the obligations voluntarily taken by OJSC Severneftegazprom is the implementation of all possible measures aimed at preventing negative environmental impacts. Reducing GHGs emissions to mitigate the effects of climate change is recognized by the world community as one of the priority tasks.

STRUCTURE OF POLLUTANT EMISSIONS, T



* POP and HAP are not emitted.



The Company is working on the reduction of GHGs emissions into the air. The innovative projects developed and implemented by the specialists of OJSC Severneftegazprom ensured a significant reduction in GHGs emissions.

Due to the innovative activities of the employees of OJSC Severneftegazprom, it was possible to avoid additional direct GHGs emissions of methane in the amount of 63.363 thous tons in CO₂ equivalent.

Based on the results of production control and laboratory studies, excesses of the established standards for maximum permissible emissions for all emissions sources were not registered in 2020.

Accidental emissions of pollutants into the environment also did not occur.

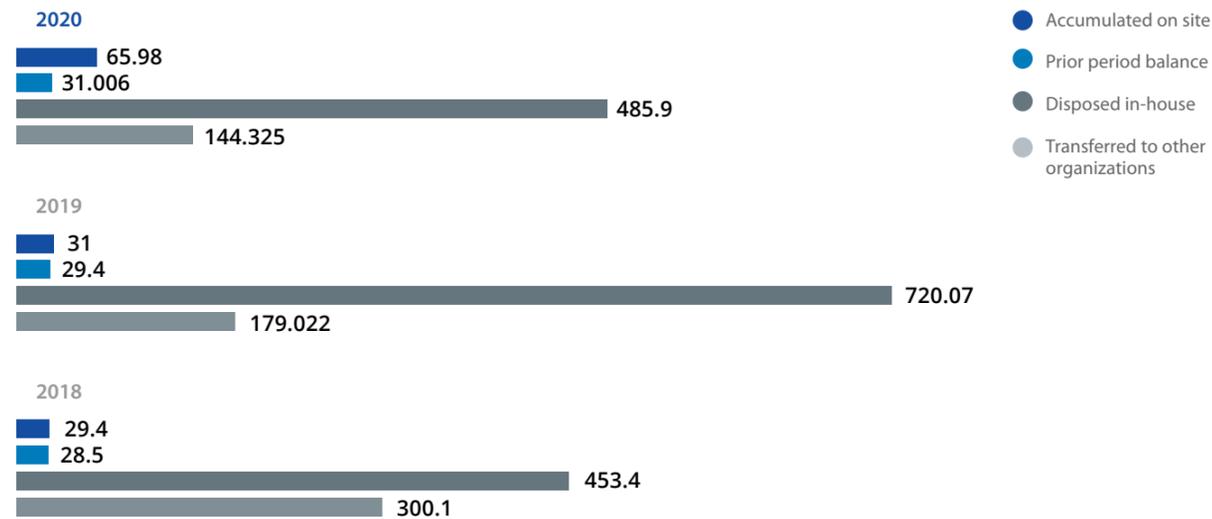
WASTE MANAGEMENT

When implementing environmental programs, much attention is paid to waste management. In carrying out its production activities, OJSC Severneftegazprom seeks to implement the most advanced practices and technologies for minimizing the amount of waste generated.

THE TOTAL MASS OF WASTE GENERATED IN 2020 WAS

665 TONS

MASS OF HAZARDOUS AND NONHAZARDOUS WASTE OF THE COMPANY FOR THE PERIOD 2018–2020, TONS



The total mass of waste generated in 2020 was 665.201 tons. The decrease in waste generation is associated with the decrease in industrial and office machinery write-offs, and wastes during waste water treatment.

In accordance with the concluded agreements, wastes of I-IV hazard classes that are not subject to waste disposal, as well as wastes of V hazard class, which are secondary resources, were transferred to third parties for use, disposal or recycling.

During 2020, the following wastes were generated: hazard class I — 0.113 t; hazard class II — 7.835 tons; hazard class III — 32.253 tons; hazard class IV — 493.100 tons; hazard class V — 131.900 tons.



LAND RECLAMATION

To reduce the impact of production activities on the soil cover, OJSC Severneftegazprom seeks to maximally effectively implement a set of measures for environmental restoration. The company regularly carries out reclamation of temporarily occupied lands, aimed at restoring their original condition.

IN 2020, THE COMPANY RECLAIMED

0.694 HECTARES

OF DISTURBED LANDS

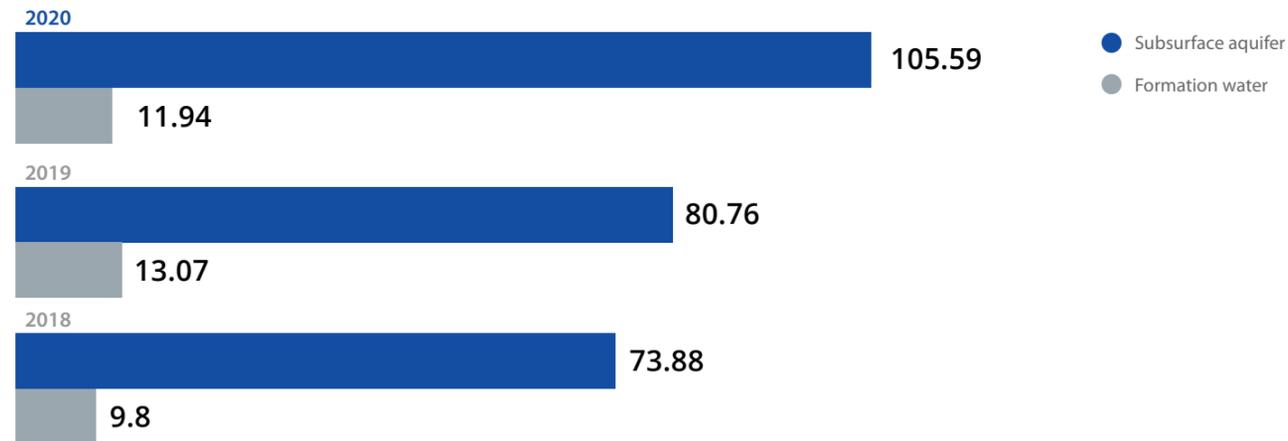
WATER SUPPLY

Water resources of Russia are estimated as one of the largest in the world, but this does not relieve obligations of domestic gas companies on rational and careful use.

To meet its production and business needs, the Company extracts water from the underground horizon. Water is not taken from surface water bodies. In the reporting period, 117.53 thous m³ of water were extracted from underground sources. Of these, 105.59 thous m³ accounted for the subsurface water horizon, and 11.94 thous m³ — for the water extracted along with natural gas.



DYNAMICS OF GROUNDWATER EXTRACTION FOR THE PERIOD FROM 2018 TO 2020, THOUS M³



The Company uses a recycled water supply system that allows for reuse of purified water. This system is equipped with sports and recreational facilities and utility facilities operated on the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field territory. As a result of its use, the total volume of water reused in 2020 amounted to 819.56 thous m³.

In general, the volume of wastewater discharged into the absorbing horizon for the reporting period amounted to 74.89 thous m³, which is fully consistent with the technological design, including produced water without use — 11.94 thous m³, domestic and industrial wastewater — 62.95 thous m³.

The company regularly conducts laboratory and instrumental control of surface, underground, groundwater and wastewater.

Sewage is carried out into the Cenomanian aquifer by pumping wastewater into absorbing wells at a sewage injection site. Before injection, domestic wastewater is treated at the AE-150B domestic wastewater treatment plant with a capacity of 150 m³/day, industrial wastewater is treated at the Flottweg sewage treatment plant, with a maximum capacity of 360 m³/day. The quality of wastewater treatment sent to the injection meets the established requirements.



KEY PERFORMANCE INDICATORS OF THE COMPANY IN ENVIRONMENTAL PROTECTION

№ П/П	INDICATOR NAME	INDICATOR NAME	2020	2019	DEVIATION FROM 2019	
			ACTUAL	ACTUAL	+/-	+/-, %
1	Gross emissions of harmful substances into the atmosphere — total	thous tons	3.287	3.003	+0.284	+9.45
	Including:					
	within the limits	thous tons	3.287	3.003	+0.284	+9.45
	excess emissions	thous tons	0	0	–	–
	Including: methane CH ₄ emissions	thous tons	0.318	0.538	–0.220	–40.9
2	Specific NO _x emissions (gross NO _x emissions per unit of fuel gas)	thous tons/ mln m ³	0.000070	0.000063	0.000007	+11.7
3	Total water withdrawal (water taken and received)	thous m ³	123.26	99.74	23.520	+23.6
4	Sewage — total	thous m ³	80.62	86.12	–5.500	–6.4
5	Waste generated per year — total	thous tons	0.665	0.901	–0.236	–26.2
6	Share of waste directed for disposal (% of the amount generated for the reporting period, taking into account the availability at the beginning of the year)	%	79.104	85.380	–6.276	–7.4
7	Area of reclaimed land per year	ha	0.694	7	–6.306	–90.1
8	Costs of environmental protection	RUB thous	84,872	166,427	–81,555	–49.0
9	Current (operational) costs of environmental protection measures	RUB thous	61,762	59,685	+2,077	+3.5
10	Costs of environmental services, including the land protection and restoration	RUB thous	22,710	106,344	–83,634	–78.6
11	Costs of development and approval of environmental documentation	RUB thous	1,305	3,511	–2,206	–62.8
12	Costs of operational environmental control and monitoring	RUB thous	2,616	3,272	–656	–20.0
13	Costs of overhaul of the fixed assets for environmental protection	RUB thous	6,269	0	+6,269	+100
14	Fee for negative impact on the environment	RUB thous	400	398	+2	+0.5
	Including:					
	within the limits	RUB thous	400	398	+2	+0.5
	for excess exposure	RUB thous	0	0	–	–
15	Investments in fixed assets (development) aimed at protecting the environment	RUB thous	0	0	–	–
16	Number of inspections of state environmental authorities	units	2	3	–1	–33.3
17	The number of violations of environmental legislation (according to acts of inspections of state environmental authorities)	units	0	0	–	–
18	Fines paid for violation of environmental legislation	RUB thous	0	0	–	–
19	Environmental damage claims filed	units	0	0	–	–
	Including:					
	as a result of accidents	units	0	0	–	–
20	Environmental damage claimed	RUB thous	0	0	–	–
	Including:					
	as a result of accidents	RUB thous	0	0	–	–



Energy Consumption and Energy Saving

To reduce energy consumption, the Company regularly conducts research and activities to introduce energy-saving technologies and increase energy efficiency.

In 2020, an external supervisory audit of the energy management system was successfully passed for compliance with the requirements of international standard ISO 50001:2018, following which the system was recognized as effective, no inconsistencies were revealed by the auditors. The system is focused on ensuring continuous improvement of consumption indicators, more efficient use of available energy sources, reduction of GHGs emissions and other environmental impacts. The scope of the energy management system includes the main and auxiliary processes of production, preparation and sale of hydrocarbons.

Energy Efficiency Improvement Activities at OJSC Severneftegazprom are regulated by the Guidebook on the Energy Management System, as well as the Energy Policy, which formulates strategic goals. The main directions of activities to improve energy efficiency, as well as specific tasks and indicators are outlined expected to be achieved in 2020–2022*.



ENERGY CONSUMPTION

In 2020, as part of the energy management system, the Company implemented measures to reduce energy consumption by replacing spotlights with arc sodium lamps for LED spotlights and substitution of pipeline temperature measurement units in heating panels.

IN 2020, THE COMPANY SAVED MORE THAN 3.555 MLN KWH

* The energy policy of OJSC Severneftegazprom is open and accessible to all stakeholders on the Company's website (www.severneftegazprom.com).



ELECTRICITY CONSUMPTION, MLN KWH*



* Electricity consumption includes the volume of electricity sales to the third parties.

The increase in electricity consumption compared to the indicators for 2019 was due to the need for power supply to capital construction facilities and contractor carriages.

As one of the leading gas producing companies, OJSC Severneftegazprom sets a goal to minimize the natural gas consumption during its production.

NATURAL GAS CONSUMPTION, MLN M³



The increase in gas for own consumption in 2020 was due to a decrease in reservoir pressure and an increase in fuel gas volumes for compressing for BCS.

HEATING ENERGY CONSUMPTION, KGCAL



The increase in heating energy consumption versus 2019 is due to the need for supplying heat to capital structures.



DECREASED POWER CONSUMPTION

To increase energy efficiency, OJSC Severneftegazprom carries out a set of organizational, economic and technological measures aimed at increasing the value of rational use of energy resources in the manufacturing sector.

The Company sets goals in its activities to reduce the amount of energy consumed and to reduce the environmental impact, which was the reason for OJSC Severneftegazprom to develop and approve the Action Plan for Energy Saving at Production and other Facilities as well as EMS goals and objectives.

To reduce the amount of energy consumed, OJSC Severneftegazprom takes measures aimed at:

effective approach and improvement related to the energy conservation programs;

use of advanced technologies to minimize the environmental impact of production.

INDICATORS OF THE IMPLEMENTATION OF THE COMPANY'S ENERGY SAVING PROGRAM FOR 2020

MAIN MEASURES	SAVING OF FUEL AND ENERGY RESOURCES AS A RESULT OF THE IMPLEMENTATION OF THE ENERGY SAVING PROGRAM AND INCREASING ENERGY EFFICIENCY					
	NATURAL GAS, MLN M ³		HEATING ENERGY, GCAL		ELECTRICITY, MLN KWH	
	PLAN	ACTUAL	PLAN	ACTUAL	PLAN	ACTUAL
Reducing technological losses of natural gas during well surveying (gas well stock)	1.808	9.773	-	-	-	-
Reducing natural gas losses from emptying process equipment	0.3043	0.1696	-	-	-	-
Replacement of spotlights with arc sodium lamps by LED spotlights	-	-	-	-	0.102	0.217
Decrease of natural gas consumption for electricity generation for pipeline heating	0.184	2.239	-	-	0.281	3.338
Total	2.2963	12.1816	-	-	0.383	3.555



Staff and Production Safety

OJSC SEVERNEFTEGAZPROM CONSIDERS LABOR PROTECTION AND INDUSTRIAL SAFETY AS KEY FACTORS FOR THE SUSTAINABLE DEVELOPMENT OF ITS BUSINESS AND AS THE MOST IMPORTANT COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY TO BOTH THE PRESENT AND THE FUTURE GENERATIONS.



Particular attention at OJSC Severneftegazprom is paid to creating an effective industrial and occupational safety management system. This is primarily due to the fact that modern gas fields are complex, potentially hazardous production facilities and the risks of various accidents and emergency situations at such facilities are fraught with serious consequences.

For this purpose, the Company introduced and effectively operates an integrated management system in the field of quality, environmental protection, occupational safety based on international standards ISO 14001, ISO 9001, ISO 45001. Based on these standards, since 2009, OJSC Severneftegazprom has implemented a Policy in the field of quality, environmental protection, occupational health and safety. The document defines the core principles for ensuring environmental management, protecting the health of employees and occupational safety.

Due to the implementation of this policy, OJSC Severneftegazprom ensures efficient and trouble-free operation of all production facilities and facilities, implements a systematic approach to managing safety issues and continuously improves activities in this area. In 2020, the Policy in the field of quality, environmental protection, occupational health and safety was updated.

In 2020, the Company has successfully completed its compliance audit of the integrated quality, environmental protection, occupational health and safety system and identified no non-compliances with requirements of international standards ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

Year 2020 also implementation of requirements of international standard ISO 39001:2012, Traffic Safety Management Systems. Application Requirements and Guidelines. In October 2020, OJSC Severneftegazprom successfully completed its certification audit of its traffic safety management systems and confirmed its compliance with ISO 39001:2012 international standard, and received the conformity certificate.



THE CORE PRINCIPLES OF THE COMPANY'S ACTIVITIES IN THE FIELD OF OCCUPATIONAL SAFETY:

- USE OF ADMINISTRATIVE AND PRODUCTION CONTROLS;
- IDENTIFICATION OF HAZARDS, ANALYSIS AND ASSESSMENT OF RISKS;
- ADVANCED TRAINING AND KNOWLEDGE TESTING FOR EMPLOYEES;
- PREVENTIVE MEASURES AGAINST INDUSTRIAL ACCIDENTS;
- COMPLIANCE WITH LAWS, REGULATIONS AND OTHER REQUIREMENTS;
- IMPROVEMENT OF EXISTING PRODUCTION PROCESSES, THE INTRODUCTION OF NEW SAFE TECHNOLOGIES;
- THE USE OF MODERN PERSONAL PROTECTIVE EQUIPMENT;
- ACTIVE STAFF INVOLVEMENT IN ENSURING INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH;
- APPLICATION OF BEST INTERNATIONAL PRACTICES AND STANDARDS;
- INFORMATION AVAILABILITY AND TRANSPARENCY;
- INFORMING CONTRACTORS ABOUT NORMS, POLICIES AND REQUIREMENTS IN THE FIELD OF OCCUPATIONAL SAFETY, MONITORING THEIR IMPLEMENTATION.

OCCUPATIONAL SAFETY

The health and life of employees, decent working conditions are the key priority for the OJSC Severneftegazprom management. That is why the OSH management system is built in the Company in strict accordance with the requirements of Russian legislation and international standards.

The Company has created conditions under which the impact of harmful or hazardous production factors on a person is excluded or does not exceed acceptable standards. The application of a systematic approach based on a regular analysis of working conditions and monitoring the state of the working environment allows timely identification of potential risks, hazardous actions of personnel and workplaces with harmful working conditions.

The integrated management system of OJSC Severneftegazprom in the field of labor protection and industrial safety has been certified for compliance with BS OHSAS 18001 standards since 2010, and for compliance with ISO 45001:2018 requirements since November 12, 2019.

Every year, the Company approves an internal audit program, within the framework of which it confirms compliance with the specified standard of business processes in the Company, and evaluates the effectiveness of the integrated management system and efforts to improve it.

Compliance of the management system with international requirements is confirmed by supervisory audits on a regular basis.

In October 2020, the independent certification body LLC SSU DQS (a representative of DQS, the international certification agency) completed the compliance audit of the integrated quality, environmental protection, and occupational safety system for compliance with requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018. The Company's certificates of conformity with ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 were extended.

To increase the responsibility of personnel in matters of maintaining safety at the workplace and preventing injuries, the Company has introduced a procedure for conducting behavioral safety audits. Works in this area allow identifying and prevent hazardous activities of employees, evaluate the

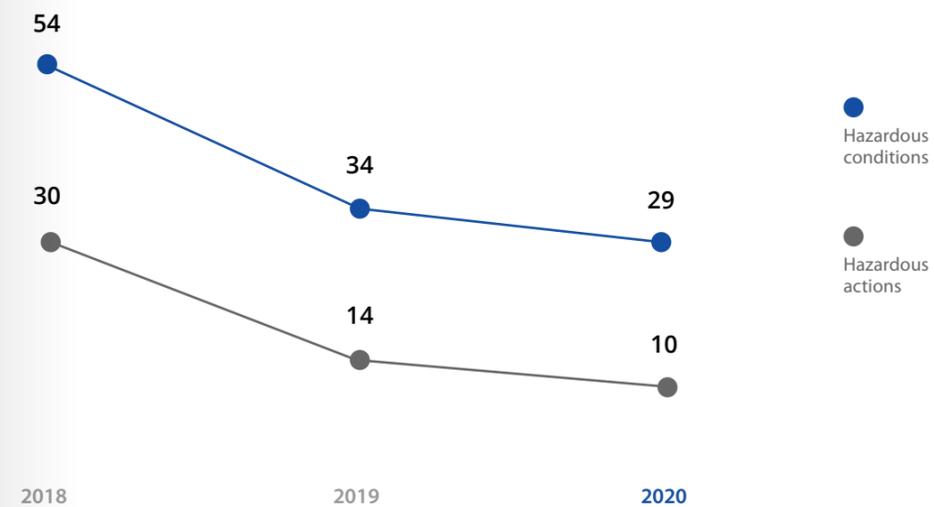


effectiveness of activities in the field of labor protection and industrial safety as well as stimulate and maintain strict compliance with all the required safety standards and rules.

According to the 2020 results, 1,441 behavioral safety audits were conducted by authorized officers and specialists of the Company, while 39 hazardous conditions and staff actions were identified. The results of behavioral audits were analyzed, corrective and preventive actions were developed and taken.

Routine conduct of behavioral safety audits allows increasing the responsibility of work performers, reducing potentially dangerous conditions and staff actions and, as a result, having a positive effect on raising the safety level at the workplace as a whole throughout the Company.

DYNAMICS OF THE NUMBER OF REGISTERED HAZARDOUS CONDITIONS AND HAZARDOUS ACTIONS OF STAFF FOR 2018—2020



NUMBER OF INJURIES OF PERSONNEL FOR 2016—2020

INJURIES OF PERSONNEL CATEGORY	2016	2017	2018	2019	2020
Minor personal injuries	0	0	0	1	0
Serious personal injuries	0	0	0	0	0
Fatal work injuries	0	0	0	1	0
TOTAL	0	0	0	2	0

No injuries of personnel were recorded in the reporting period.



To strengthen preventive work to prevent accidents and hazardous working conditions at work, to increase the level of labor safety at hazardous production facilities, the Company introduced a system for monitoring the safety of working conditions by OJSC Severneftegazprom employees using SOS observation cards since March 2015.

Due to the use of this system by the Company's employees, 17 inconsistencies were identified and 20 proposals were made to improve labor protection and safety conditions in 2019. All discrepancies were resolved, and the proposals were implemented in due course.

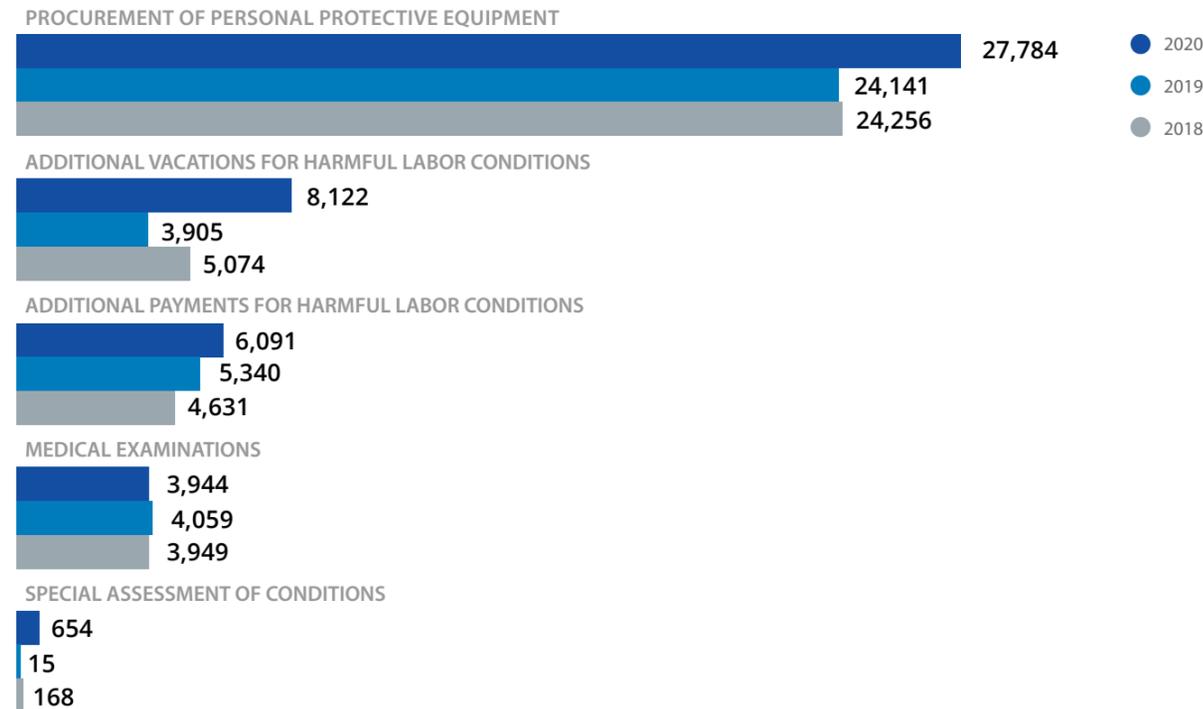
In accordance with the current legislation of the Russian Federation, the Company is working on the identification

of dangerous and harmful production factors at workplaces through a special assessment of working conditions.

All Company employees engaged in work with harmful or hazardous working conditions, as well as work carried out in special temperature conditions and associated with pollution, are provided with special clothing, footwear and other personal and collective protective equipment (PPE), as well as washing and neutralizing means.

In the reporting period, labor safety expenses amounted to RUB 46,595 thous, while most costs, as in previous years, were spent on the purchase of personal protective equipment.

COST STRUCTURE FOR LABOR PROTECTION, RUB THOUS



INDUSTRIAL AND FIRE SAFETY

Trouble-free production activities are possible only under the condition of strict observance for the norms and rules of industrial and fire safety - the Company management follows this principle.

The Company has a document outlining the principles for implementing the policy of OJSC Severneftegazprom in the field of industrial safety. The implementation of these principles ensures an integrated management approach to the safety of complex technological processes and reduces the risk of accidents and incidents.

THE CORE PRINCIPLES OF THE COMPANY'S ACTIVITIES IN THE FIELD OF INDUSTRIAL SAFETY:

COMPLIANCE WITH FEDERAL LAW № 116 ON INDUSTRIAL SAFETY OF HAZARDOUS PRODUCTION FACILITIES AND OTHER REGULATIONS;

TRAINING AND CERTIFICATION OF EMPLOYEES;

ARRANGEMENT AND IMPLEMENTATION OF INDUSTRIAL CONTROL OVER COMPLIANCE WITH INDUSTRIAL SAFETY REQUIREMENTS BY EMPLOYEES AND CONTRACTORS;

TAKING MEASURES TO PROTECT THE HEALTH AND LIFE OF EMPLOYEES IN THE EVENT OF AN ACCIDENT AT A HAZARDOUS PRODUCTION FACILITY;

EXPERT EXAMINATION OF INDUSTRIAL SAFETY OF BUILDINGS, STRUCTURES AND TECHNICAL DEVICES USED AT A HAZARDOUS PRODUCTION FACILITY;

PARTICIPATION IN THE INVESTIGATION OF THE CAUSES OF ACCIDENTS AT A HAZARDOUS PRODUCTION FACILITY.



As part of the integrated Company management system, work is underway in all structural divisions to identify hazards affecting the health and safety of employees, and to assess risks. The results of the assessment procedures minimize the likelihood of threats to the lives of employees and prevent the possibility of accidents.

Since 2007, the Company has been applying a system for administrative and production control over compliance with labor protection and industrial safety requirements, regulated by specially developed Internal Regulations in accordance with the legislation of the Russian Federation. Inspections in this area are conducted at four levels by the Central Standing Commission of Administrative and Production Control for Labor Protection and Industrial Safety in accordance with the approved schedule. Meetings of the Central Permanent Commission (CPC) on Occupational and Industrial Safety are held at least twice a year. Inspections can be conducted more often, based on the emerging need, and represent a set of organizational and technical measures aimed at compliance with industrial safety requirements, prevention of accidents, and ensuring readiness to localize their consequences.

In 2020, the 4th level of the CPC for Occupational Health and Safety conducted 6 checks: 4 targeted and 2 integrated. 52 violations were identified and eliminated in a timely manner.

8 hazardous production facilities (HPF) operate at the Company at present time. All of them have compulsory liability insurance for damage resulting from an accident or incident. Besides, all employees operating hazardous production facilities are certified in the field of industrial safety.

Plans for localization and liquidation of accidents consequences (hereinafter - PLC) have been developed for the Company's hazardous production facilities. In accordance with the approved schedule, training sessions are constantly held to work out the situations reflected in the PLC.

The Company timely provides information on the results of industrial control over compliance with industrial safety requirements for hazardous production facilities to the North Ural Department of the Federal Service for Ecological, Technological and Nuclear Supervision.

In accordance with the requirements of the legislation of the Russian Federation in the field of fire safety, the Company has created a fire safety system, which includes a fire prevention system, a fire protection system, a set of organizational and technical measures ensuring fire safety.

* The statement on the policy of OJSC Severneftegazprom in the field of industrial safety is open and accessible to all stakeholders on the Company's website (<http://www.severneftegazprom.com/>).



Within the of the fire safety system at OJSC Severneftegazprom, the following main activity areas in the field of fire safety were introduced in 2020:

- Ensuring compliance with fire safety requirements at the Company's facilities and at leased areas of the forest fund;
- Development and implementation of fire safety measures by issuing (updating) local regulatory acts of the Company in the field of fire safety;
- Carrying out fire propaganda and training Company employees in fire safety measures;
- Maintenance of fire protection systems and means, including primary fire extinguishing means in good working order;
- Ensuring the activities of the corporate fire department for protecting facilities at the Yuzhno-Russkoye Oil, Gas, Gas and Condensate Field from fires;
- Monitoring compliance with fire safety requirements by employees of contracting organizations in places of residence and work at the Company's facilities;
- Implementation of the volunteer fire department activities.

To ensure the fire safety for production facilities and implement the necessary regulatory requirements, the Company organized a corporate fire department (CFD). Its activities are aimed at preventing for ensuring fire safety, updating regulatory documents, monitoring compliance with fire safety requirements, and analyzing the implementation of fire prevention measures.

During 2020, in accordance with the approved plans and schedules, a set of measures was taken to maintain the readiness of the unit, including participation in the development of an emergency response plan, fire fighting plans, and fire-tactical exercises exercises were held. The service is carried out at the posts and routes of patrols.

The management of OJSC Severneftegazprom pays special attention to organizational and technical measures to ensure fire safety; for all facilities, instructions on fire safety measures have been developed (updated). The procedure for the organization and safe conduct of hot work at the Company's facilities is regulated.

Seasonal maintenance of fire fighting machinery, fire fighting equipment, and tools is organized and is being carried out. Seasonal inspections were carried out for the water yield of the fire water supply systems of the Company's facilities. High-quality and timely maintenance of fire-technical equipment and primary fire fighting equipment allows to keep them in good working order and continued readiness.

Maintenance and preventive maintenance of automatic fire extinguishing installations and fire alarms are carried out under a contract by an organization licensed by EMERCOM of Russia for this type of activities. All fire protection systems of the Company's facilities are in working condition and comply with project documentation.

In 2020, in accordance with the approved schedule and work plans, 7 meetings of the fire-technical commission were held. The results of work of the Fire Safety Commission are drawn up in relevant acts (7 acts), which reflect measures to improve and strengthen fire safety at the Company's defense facilities (35 measures), as well as to create fire-safe working conditions, and define deadlines and responsible executors. Activities are carried out as scheduled.

To ensure readiness for use of primary fire extinguishing means (fire extinguishers), the corporate fire department employees carried out repairs and reloading of 119 carbon dioxide and 384 powder fire extinguishers located at the Company's facilities.

NUMBER OF HAZARDOUS PRODUCTION FACILITIES BY HAZARD CLASSES, PCS



During the year, 22 practical trainings were conducted to organize the evacuation of people from buildings with a mass stay of people, during which assessments were made for the actions of personnel on duty. 53 classes on training in the fire-technical minimum were organized and conducted, following which 445 employees passed training and knowledge testing.

Industrial control is carried out to ensure compliance by contractors with fire safety requirements when performing work or providing services at the Company's facilities. During the year, 49 inspections of the fire safety condition at the places of residence for employees of contracting organizations, at the sites of construction and installation works on the territory of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field were conducted. During the inspections, 161 violations of fire safety requirements were identified; following the inspections, 14 instructions for eliminating the revealed violations were prepared and presented. In 15 cases, contracting organizations were fined for a total of RUB 4,500 thous, for violations of fire safety requirements during the work.

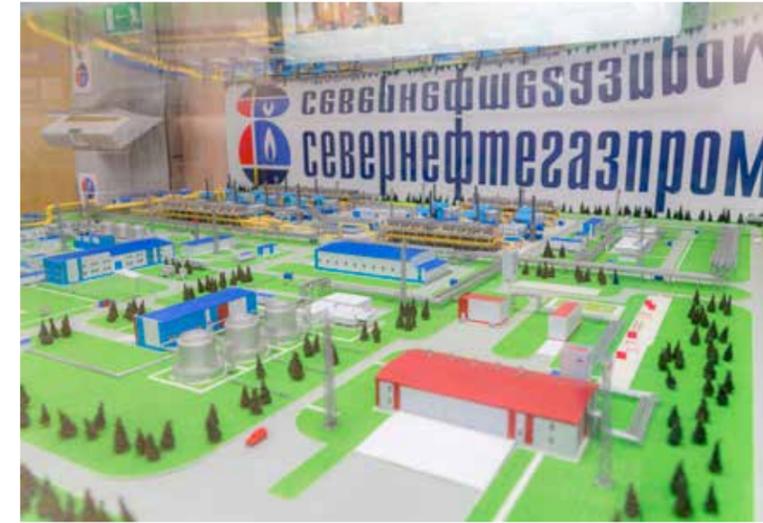
Work was organized to review the design and working documentation for the Company's facilities for compliance with fire safety requirements. Constant monitoring is being conducted concerning the implementation of firefighting measures during the construction and commissioning of facilities.

Based on the corporate fire department, a nonprofessional emergency rescue unit of OJSC Severneftegazprom was created in the prescribed manner. In 2020, the nonprofessional emergency rescue unit of OJSC Severneftegazprom completed its regular certification with the facility certification commission of PJSC Gazprom to gain the title to gas rescue and emergency rescue operations related to extinguishing fires; 45 CFD employees were awarded the Rescuer status.

The Company's Facility Fire Safety Assurance Plan for 2020 provides technical and organizational means for ensuring fire safety at all forested land lots rented by OJSC Severneftegazprom.

The events planned for 2020 have been fully implemented.

To promptly take measures to prevent the spread of forest fires on leased areas of the forest fund, a volunteer fire department was created in the Company. Volunteer firefighters received the necessary education and training.



INFORMATION ON COMPLETION OF THE ACTION PLAN

INDICATORS	QUANTITY
Planned Events	49
Completed Events	49
Reports filed with PJSC Gazprom	9

In accordance with the requirements of forest development projects in the forest fund areas leased by the Company, fire prevention measures were taken, including the establishment of firefighting equipment concentration points, along the perimeter of facilities bordering the forest areas, laying of saline strips is carried out, and billboards on firefighting topics have been established within forest areas.

FIRE SAFETY EXPENSES IN 2020 AMOUNTED TO RUB

10,289 THOUS.



In the reporting period, no natural fires were registered on the territory of the OJSC Severneftegazprom licensed area.

Instructions to eliminate violations of fire safety requirements by supervisory authorities were not issued.

Implementation of the OJSC Severneftegazprom program for quality, environmental protection and occupational safety for 2020—2023 included activities aiming at outfitting the Company's facilities with personal protective equipment including:

High production efficiency is possible only under the condition of continuous .

STAFF TRAINING AND KNOWLEDGE CHECKS

procurement and placement of 423 units of personal protective equipment against fire;

High production efficiency is possible only under the condition of continuous staff development and knowledge in the field of safe working methods, whereas efficient and trouble-free operation of equipment depends directly on the employees' competence level. That is why OJSC Severneftegazprom organizes regular training in and testing its employees' knowledge of labor protection and industrial safety.

the Instruction for Upkeep and Use of Personal Protective Equipment against Fire in Buildings and Structures of OJSC Severneftegazprom (the Instruction) was developed and approved;

all employees of the Company underwent extraordinary Instruction trainings;

In the reporting period, vocational training and certification was carried out in accordance with the Program of Training and Testing of Managers' and Specialists' Knowledge of the Labor Protection and Industrial Safety Requirements, approved by the General Director of the Company, as well as using the OLIMPOKS training program. In addition, additional training was carried out for working personnel in related professions and classes on the subject of obtaining tolerances necessary for the performance of certain types of work.

designated employees for fire safety, hostel administrators and employees on round-the-clock security due at buildings with large numbers of people underwent drills for using personal protective equipment in case of fire.

An expert organization accredited by EMERCOM of Russia conducted an independent fire risk assessment (fire safety audit) of the Company's facilities. The compliance of all facilities with fire safety requirements was confirmed, and positive conclusions were received.

It is important to note that training and assessing the Company employees' expertise in the field of labor protection and industrial safety not only contribute to their professional and personal growth, but also ensure trouble-free, safe, and therefore stable and cost-effective functioning of all OJSC Severneftegazprom production facilities.

Fire safety expenses in 2020 amounted to RUB 10,289 thous.

Inspections by EMERCOM of Russia regarding the OJSC Severneftegazprom facilities were not conducted in 2020.

THE NUMBER OF MANAGERS AND SPECIALISTS WHO HAVE PASSED KNOWLEDGE TESTING ON LABOR PROTECTION AND CERTIFICATION ACCORDING TO THE GENERAL RULES OF INDUSTRIAL SAFETY AND TYPES OF SUPERVISION, PERSONS

NAMES OF TYPE OF CERTIFICATION	PLAN	ACTUAL	ADDITIONALLY TRAINED OVER AND ABOVE THE PLAN (DUE TO EMPLOYMENT, REASSIGNMENT TO ANOTHER POSITION, VACATION LEAVE, ETC.)
Occupational Safety	118	142	24
Industrial safety	68	79	11



Personnel and Social Policy

The basis of the high achievements of OJSC Severneftegazprom is a highly qualified close-knit team. The company is a responsible employer building a system of work with personnel on the basis of observing the rights of each employee, following international standards on wages, working hours, labor conditions, paid vacations, and social insurance.

The Company is continuously working to recruit and retain highly qualified employees, train, improve labor efficiency and to create a personnel reserve taking into account the strategic objectives of the Company. Feeling respect for their labor, care and attention on part of their employer, employees respond to them with their efficient, reasonable and proactive approach to their work.

With adherence to the principle that human lives and health are its priority, the Company is fully aware of its responsibility for ensuring trouble-free production activities, safe working conditions for workers and contractors as well as for maintaining the health of the population living in the regions where the Company operates. All in all, it strengthens the team spirit, unites the people and allows OJSC Severneftegazprom to perform better.

To ensure long-term growth it is important not only to achieve high economic performance of the Company but also to comply with high HR policy and social responsibility standards to ensure sustainable development of the Company.

HEADCOUNT AND PERSONNEL STRUCTURE

Investing in human capital is the basis for the sustainable development of OJSC Severneftegazprom in the future. The Company constantly strives to attract and retain qualified personnel aimed at achieving high results and development together with the Company, to form a team united by common aspirations and values. The personnel policy of OJSC Severneftegazprom harmoniously combines the professionalism and skill of experienced workers with the

1,064 PERSONS

THE TOTAL HEADCOUNT AND STRUCTURE OF PERSONNEL IS FOR THE END OF THE REPORTING PERIOD

initiative of young professionals. There with, active recruitment of personnel for local population contributes to the economy of the Company's business region and improves its investment appeal.

The operational activities of the Company are concentrated on the territory of the Yamal-Nenets Autonomous District, which is distinguished by a developed fuel and energy complex and a competitive labor market of highly qualified specialists. To ensure the production process at the facilities of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field, the shift method of organizing work is applied. This approach is the most common and appropriate in remote areas with difficult climatic conditions. The share of OJSC Severneftegazprom employees working on a rotational basis amounted to 59% (631 persons) in 2020.

In total, 1,019 persons worked at the end of the year in the Far North (204 women and 815 men).

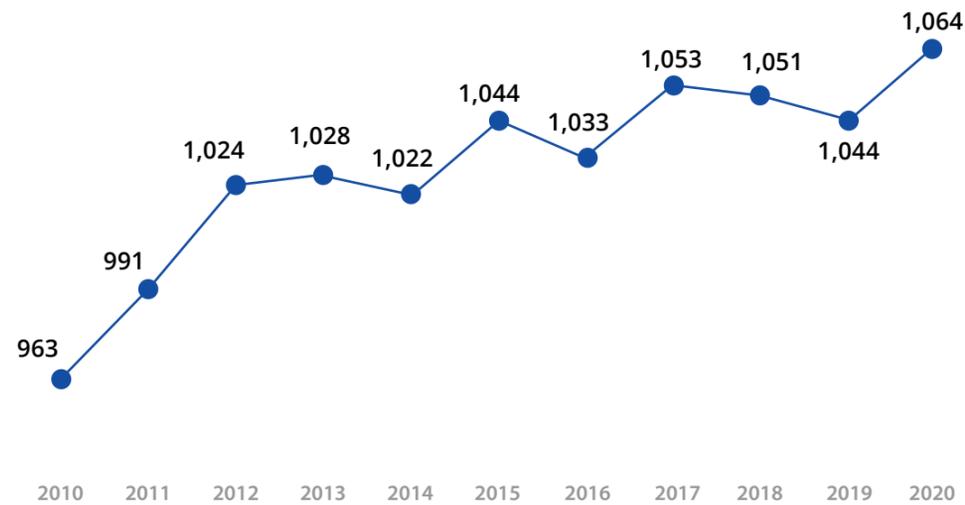
The company strives to create the most comfortable working conditions, which is reflected in the acceptable indicator of staff turnover for the reporting year — 4.27%. The calculation of the staff turnover rate is carried out in accordance with the practice that has developed within the system of PJSC Gazprom.

The age distribution of OJSC Severneftegazprom employees is fairly even. The average age of employees is 43 years, youth under the age of 35 years — 243 persons, employed pensioners — 135 persons.

At the end of 2020, the overall staffing of the Company amounted to 86.11%.



HEADCOUNT AND STRUCTURE OF PERSONNEL FOR 2010—2020, PERSONS



EMPLOYEE HEADCOUNT, PERSONS

SER. №	INDICATORS	NUMBER (PERSONS) 2020
1	Actual Headcount	1,064
	Of which:	
2	Work under an agreement concluded for an indefinite period	1,024
3	Work under a fixed-term employment contract	40
4	Work under shift / rotation work method	631
5	Work as the main method of organizing work	433

PERSONNEL DISTRIBUTION BY REGION, PERSONS

INDICATOR	TOTAL: O/W WOMEN	MOSCOW O/W WOMEN	NOVY URENGOY / INCLUDING WOMEN	TYUMEN / INCLUDING WOMEN	VILLAGE KRASNOSELKUP / INCLUDING WOMEN
Headcount for 2020	1,064/226	44/21	376/158	1/1	643/46
Work under a fixed-term employment contract	40/26	5/3	30/21		5/2



COMPANY STAFF STRUCTURE

CATEGORIES OF EMPLOYEES	TOTAL PERSONS PER THE LIST AS OF DECEMBER 31, 2020	AGE						EDUCATION				OF GR. 1 WOMEN
		UNDER 30 YEARS	OT 30 DO 40 LET	FROM 30 TO 40 YEARS	50 AND OLDER	INCLUDING		POSTGRADUATE	PROFESSIONAL		WOMEN	
						WOMEN 55 AND OLDER	MEN 60 AND OLDER		DOCTORS OF SCIENCES	CANDIDATES OF SCIENCES		HIGHER
1	2	3	4	5	6	7	8	9	10	11	12	
Total employees	1,064	76	306	425	257	16	13	-	9	658	164	226
including:												
Executives	214	-	43	114	57	7	3	-	8	205	7	47
Specialists, other officers	342	27	141	123	51	6	3	-	1	306	29	144
Workers	508	49	122	188	149	3	7	-	-	147	128	35

STAFF TURNOVER FOR 2020, PERSONS

SER. №	INDICATOR	TOTAL	INCLUDING WOMEN	INCLUDING GEOGRAPHICALLY SEPARATE UNITS:			
				MOSCOW / INCLUDING WOMEN	NOVY URENGOY / INCLUDING WOMEN	TYUMEN	VILLAGE KRASNOSELKUP / INCLUDING WOMEN
1	Headcount as of December 31, 2020	1,064	226	44/21	376/158	1/1	643/46
Of these, by age group:							
	under 30	76	19	7/4	20/9	-	49/6
	from 30 to 50	731	159	27/15	289/119	1/1	414/24
	50 and older	257	48	10/2	67/30	-	180/16
2	Average Staff Employed for 2020	1,030	202	40/16	354/140	1/1	635/45
3	Fired, total	79	25	1/-	34/18	-	44/7
Of these, by age group:							
3.1	under 30	11	4	-	3/2	-	8/2
3.2	from 30 to 50	37	13	1/-	20/12	-	16/1
3.3	older than 50	31	8	-	11/4	-	20/4



SER. №	INDICATOR	TOTAL	INCLUDING WOMEN	INCLUDING GEOGRAPHICALLY SEPARATE UNITS:			
				MOSCOW / INCLUDING WOMEN	NOVY URENGOY / INCLUDING WOMEN	TYUMEN	VILLAGE KRASNOSELKUP / INCLUDING WOMEN
4	Hired, total	101	34	1/1	45/27	–	55/6
Of these, by age group:							
4.1	under 30	25	7	1/1	7/4	–	17/2
4.2	from 30 to 50	70	23	–	35/20	–	35/3
4.3	older than 50	6	4	–	3/3	–	3/1

The Company provides equal rights to women and men on maternity leave, which facilitates the hiring of qualified personnel, ensures the stability of the workforce, improves the morale of employees and increases labor productivity. In accordance with Article 256 of the Labor Code of the Russian Federation, upon a Company employee's application, he/she is granted maternity leave until the child reaches the age of three years. Maternity leaves can be used in full or in part not only by the child's mother but also by his/her father, grandmother, grandfather, other relative, or guardian who actually cares for the child.

While on maternity leave, work may be continued on a part-time basis or at home on the basis of an application from a woman or carer, while retaining the right to receive state social insurance benefits.

For the period of maternity leave, the employee retains a place of employment. In 2020, 14 people were provided with maternity leave, the rate of return to work after the end of maternity leave was 78%, the employee retention rate for 12 months after leaving the maternity leave was 86%.

NUMBER OF EMPLOYEES ON MATERNITY LEAVE. TOTAL / INCLUDING MEN	RETURNED UPON EXPIRATION OF MATERNITY LEAVE TAKING INTO ACCOUNT PREVIOUS PERIODS TOTAL / OF WHICH MEN	REMAINING AT WORK AFTER 12 MONTHS, TAKING INTO ACCOUNT PREVIOUS PERIODS TOTAL / INCLUDING MEN
17/-	7/-	6/-



PERSONNEL MANAGEMENT

Personnel is a key factor in the efficiency and sustainable development of the Company; therefore, the most important process in managing human resources is the quality selection of qualified personnel. The development and implementation of the HR policy of OJSC Severneftegazprom are carried out by structural subdivisions under supervised by the Deputy General Director for Personnel Management. In their work, these structural divisions of the Company are based on compliance with the Constitution of the Russian Federation, the Labor Code of the Russian Federation, the Collective Agreement and a number of internal regulatory documents governing labor relations. The Company builds partnerships with employees, creating all the necessary conditions for high professional achievements of employees, increasing their knowledge and skills, providing a comfortable and productive working atmosphere.

OJSC Severneftegazprom developed, implemented and successfully implements a comprehensive program to improve the efficiency of human resource management for the period 2016—2020. According to it, the Company takes measures to form a competitive, highly professional, responsible and united team.

OJSC Severneftegazprom sets the following strategic goals in the field of personnel management:

- providing the Company with qualified personnel;
- maintaining a corporate culture;
- improving organizational structure;
- following the most advanced international standards in the field of personnel management.



The Company ensures equal opportunities for its employees and does not allow discrimination on grounds of nationality, origin, gender, religion and any other grounds. The Company's management takes a firm position, consisting in the fundamental impossibility of using child, forced and compulsory labor for commercial purposes. Labor functions in the Company are performed in accordance with the concluded labor contract.

To maintain a healthy moral climate in the workforce and to avoid conflicts, the Company has mechanisms to prevent them by submitting requests through special mailboxes and the "Question to Administration" email address (Vopros@sngp.com). In the reporting period, there were no complaints about the practice of labor relations.



LABOR PAYMENT AND STAFF SOCIAL ASSISTANCE

Relations with staff are built on the basis of the Collective Bargaining Agreement developed subject to the best Russian and international practices, and guaranteeing an equal approach to all employees.

Improving efficiency and productivity is one of the Company priorities. OJSC Severneftegazprom provides extended obligations in the field of social benefits and guarantees to motivate employees and achieve an optimal balance between work and rest, actively supports the health of employees, and supports the Company's pensioners.

In 2020, all obligations of the employer regarding the provision of social benefits, guarantees and compensations to employees under the Collective Bargaining Agreement of the Company for the reporting year were performed in full.

The Company is a responsible employer and provides its employees with decent wages. The Company uses two main systems of remuneration: time-bonus and time-individual. Workers employed in the Far North are provided with higher tariff rates and official salaries.

An important component of nonfinancial motivation programs is the recognition of merit and achievements as an element of evaluating effectiveness. The Company has developed a system of individual labor motivation, including bonuses for achieving

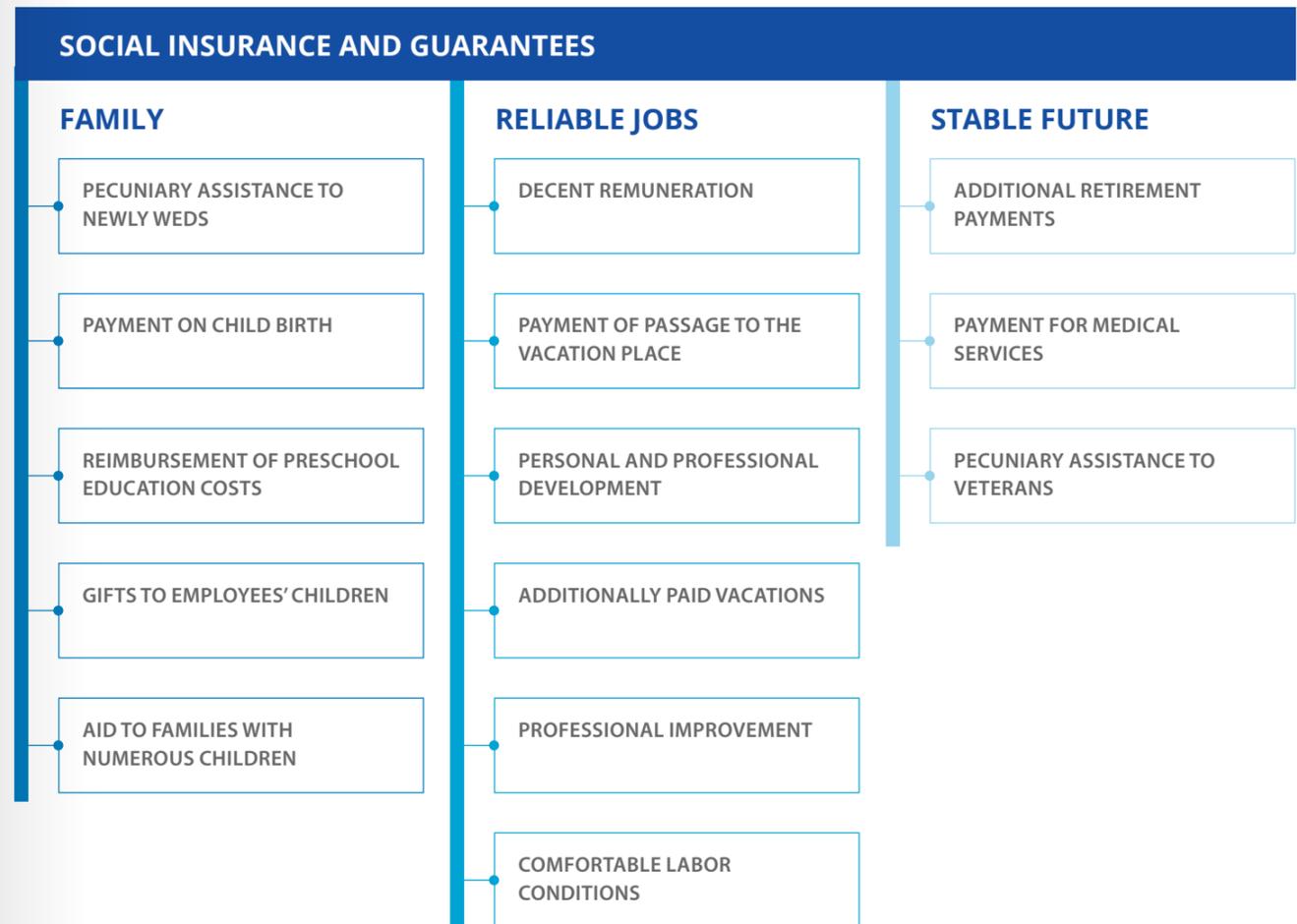
high results in work, as well as the following types of awards and rewards: Letter of appreciation, Letter of acknowledgment, Certificate of Merit, entering on Board of Honor, entry in the Book of Honor, title of long-service employee of OJSC Severneftegazprom. The company promotes the scientific, technical, rationalization and inventive activities of its employees by providing additional payments to the authors of rationalization proposals and patent rights. The Company respects the family responsibilities of employees: in accordance with the Collective Agreement, additional paid holidays and material assistance are provided in the event of registration of marriage and the birth of a child.

One of the competitive advantages of OJSC Severneftegazprom is the social policy pursued by the Company, which increases its appeal in the labor market. To attract and long-term retain of highly qualified personnel, OJSC Severneftegazprom regularly monitors the needs and problems of employees, and tries to provide them with the proper conditions for comfortable and safe work. Compliance with the Collective Bargaining Agreement is controlled by the Social and Labor Relations Panel. The key objectives of the Panel are as follows:

- reconciling interests of parties on labor relations governance matters;
- holding collective negotiations, drafting Collective Bargaining Agreements and executing them;
- arranging and hosting preliminary consultations;
- developing and discussing draft internal regulations.

The current Collective Agreement provides employees with reliable social support, which includes voluntary medical insurance, accident insurance, the organization of sanatorium-resort rehabilitation, as well as other benefits and warranties. The right to use a specific type of allowances, guarantees and compensations is in possession of each employee of the Company.

On employees' requests in 2020, 15 meeting of the Social and Labor Relations Panel of OJSC Severneftegazprom were held including the ones on providing additional pecuniary assistance to the Company's employees in dire straits. The Panel reviewed the matters and adopted its resolutions to provide targeted pecuniary assistance.



The social policy of OJSC Severneftegazprom organically combines care for the young generation and employees who have merits for the Company. The Company has created conditions providing the organic process of replacing experienced workers with young specialists who have undergone the training necessary for the effective performance of professional duties.

The Housing Commission continues to work, subsidies are granted to employees in accordance with the Regulation on Reimbursement of Expenses to Employees of OJSC Severneftegazprom for the Payment of Interest on Loans (Credits) for the Purchase or Construction of Residential Premises."

The Regulation on non-state pension provision for employees of OJSC Severneftegazprom is in force. All retired employees of the Company on a well-deserved rest a decent level of social

protection is guaranteed. Together with Non-state Pension Fund Gazfond, the Company has a program of additional non-state pension provision. It complies with the principles of the long-term development strategy of the pension system of the Russian Federation, contributes to an effective human resources management policy, and provides social protection for employees upon their retirement.

In particular, OJSC Severneftegazprom provides for compensation for the cost of dental services, financial assistance for rehabilitation, for the purchase of medicines, for holidays and anniversaries, etc. — according to the Regulation on Procedure for Providing Social Benefits to Unemployed Pensioners and Persons with Disabilities

As at the end of the reporting period, 181 unemployed pensioners are on the books, whom the Company provides with pecuniary assistance.



PROFESSIONAL IMPROVEMENT AND LABOR EFFICIENCY MANAGEMENT

Training and professional development of employees is one of the most important tasks for the Company. In the conditions of rapid development of technologies and management systems, personnel training plays an increasingly important role in improving the Company efficiency and its competitiveness. Therewith, these activities not only bring positive results to the Company itself but also have a significant general impact on the level of training of specialists in the region, whereas OJSC Severneftegazprom is one of the largest enterprises in the Yamal-Nenets Autonomous District.

The Company's staff training is carried out as part of a comprehensive continuing education program. Trainings and seminars are held mainly at the corporate training centers of PJSC Gazprom. In addition, employees have the right to use the educational services of leading domestic educational institutions.

OJSC Severneftegazprom identifies four main tasks of staff training:

- increasing the level of professional development;
- creation of an effective personnel reserve planning system;

development of leadership and management competencies;

motivation to improve labor efficiency.

The Company offers the following types of training: vocational training, advanced training, precertification training, and certification of employees, training in second (related) professions and internships. Employees can undergo various types of training with full or partial day release, without disrupting the process flow.

THE TOTAL NUMBER OF EMPLOYEES PARTICIPATING IN CONTINUING EDUCATION PROGRAMS IN 2020 WAS

741 PEOPLE

In the reporting period, the total time for training and professional development of employees exceeded 47 thousand hours. This indicator characterizes the desire of the Company's management to improve the level of theoretical knowledge and practical skills of its employees. Training at leading training centers makes OJSC Severneftegazprom an appealing and socially responsible employer.

AVERAGE HOURS OF EMPLOYEE TRAINING IN 2020

SER. №	EMPLOYEE CATEGORY	PEOPLE TRAINED		TOTAL NUMBER OF TRAINING HOURS		AVERAGE NUMBER OF TRAINING HOURS		AVERAGE NUMBER OF TRAINING HOURS PER 1 EMPLOYEE		
		TOTAL	O/W WOMEN	TOTAL	O/W WOMEN	TOTAL	O/W WOMEN	TOTAL	O/W MEN	O/W WOMEN
1	Executives	243	13	13,753	388	57	30	64	80	8
2	Specialists, other officers	92	11	5,028	592	55	54	15	22	4
3	Workers	406	8	28,776	736	71	92	57	59	21
	TOTAL	741	32	47,557	1,716	64	54	45	55	8



To improve staff skills and performance, to support and develop scientific and technical activities among the staff, the Company maintains the Grant Regulation. Grants are provided for training employees of OJSC Severneftegazprom in graduate and doctoral studies at Russian higher educational institutions and scientific organizations.

The company pays considerable attention not only to the development of professional skills, but also to the assessment of the employee qualifications. The Company has a performance management system based on an assessment of the level of professional competencies, key performance indicators and individual development goals of employees.

Performance managers and specialists shall be evaluated annually, starting in 2008. Its main tasks are:

- planning and organization of learning processes;
- improvement of work on the selection and formation of a personnel reserve;
- disclosure of creative potential and the most effective use of professional experience of employees.



The evaluation results are also used to develop proposals for the revision of wage levels and adopt other organizational resolutions.

The automated annual interview program is used to reflect the results of employee evaluations.

450 managers and specialists of the Company were interviewed in 2020. Following the assessment, it was resolved to include 51 employees of the Company in the training plan and send them for training.

CATEGORY	TOTAL	EVALUATED	INCLUDING WOMEN
Executives	214	177	27
Specialists, other officers	342	273	93



FORMATION OF A PERSONNEL RESERVE AND WORK WITH YOUNG SPECIALISTS

The Company forms and develops an internal personnel reserve to ensure long-term HR robustness. The company systematically works on the professional and personal growth of young specialists, their promotion to key managerial positions and involvement in innovative, research and project activities.

The formation of a personnel reserve allows identifying and training talented employees to maximize the use of their potential in achieving the Company's strategic goals and to retain the best employees by providing them with career opportunities and development.

The practice of transferring promising young employees with managerial potential to the reserve for filling the posts of heads of structural divisions is expanding.

The main tasks of working with personnel reserve are:

- systematic and comprehensive development of professional and managerial competence of employees;
- development of business and personal qualities;
- increase in labor performance;
- development of motivation for further career growth.

Employees included in the personnel reserve undergo targeted training within the framework of the current system of continuing corporate professional education with the involvement of teachers from leading higher educational institutions of the Russian Federation and foreign countries, as well as through self-education. Work with people included in the personnel reserve is based on individual planning of terms and types of training.

An important stage when working with employees enlisted in the personnel reserve is to establish individual training plans ensuring that young specialists acquire the necessary theoretical and practical knowledge, grasp the content and nature of managerial activity. All goals of the plan shall comply with the requirements of the SMART-system*.

The Company updates systematically (at least 1 time per year) the lists of personnel reserve. The membership of the reserve is reviewed and updated in the process of annual analysis of the arrangement of managers and specialists. At the end of the year, the performance of each candidate enrolled in the Personnel Reserve is evaluated.

In 2020, 15 employees in the personnel reserve transferred to senior management positions, 10 employees underwent advanced training in corporate educational institutions of Gazprom PJSC and leading higher educational institutions of the Russian Federation.

As part of the work to form and develop the personnel reserve, OJSC Severneftegazprom pays considerable attention to working with young specialists who are university graduates, ensuring their career growth through involvement and adaptation in research and production activities. Young people are involved in the team by providing decent working conditions and supporting their desire for professional development. The Company offers its employees numerous options of participation in educational programs, internships, and scientific and practical conferences.

In the reporting period, the share of young workers under the age of 30 was 7%, or 76 people, of the total number of employees. Initiative and talented young employees open up prospects for stable work and further growth for the Company.

Training and promotion of personnel, ensuring the continuity of management, operational rotation are among the strategic areas of the Company's personnel policy.

*The term SMART defines the criteria for a competently set goal: Specific, Measurable, Achievable, Relevant, and Timely.



HEALTH PROTECTION

Living in the difficult climatic conditions of the Arctic requires special care for the health of employees, therefore medical care for staff is one of the priority areas of the Company's social policy. Ensuring the quality and accessibility of medical services is an integral part of the health system for workers of OJSC Severneftegazprom. The program of voluntary medical insurance (VMI) implemented in cooperation with the SOGAZ insurance group gives all employees of the Company the opportunity to receive modern quality medical care, which is of particular importance in the Arctic region. The VMI agreement provides for the following services:

- outpatient medical care in clinics equipped with advanced medical technologies and modern equipment for diagnosis and treatment;
- inpatient care;
- health resort and rehabilitation treatment;
- provision of medicines.

Given adverse situation in 2020 with coronavirus in Russia and globally, all healthcare activities were suspended. To prevent the coronavirus infection from spreading among employees, the Company took preventative (anti-epidemic) actions including mandatory wearing masks, improving the current disinfection conditions by using increased antiviral action disinfectants, mandatory use of skin antiseptics by employees, extended work shifts, changes to the work method (transfer of 50% of employees to remote employment), observation for 14 days before starting the work shift, employee testing for COVID-19, etc. In total, 4,720 coronavirus tests were made, of which 3,642 were repeated.

Using the funds under voluntary healthcare insurance agreements, medicines were procured for the Company's employees as follows: 400 packages of arbidol, 400 packages of polyoxidonium, 400 packages of vitamin C, 400 packages of Complivit, and 400 packages of amixin.

When restrictions in Russia became less stringent, employees' family members, and the Company's pensioners were granted rehabilitation and restoration treatments at sanatoria and resorts in Russia, and medical services at hospitals and clinics. Medical care for employees under the contract is carried out in more than 6,000 clinics and health centers institutions of the Russian Federation.





In 2020, 83 employees of the Company received outpatient care using modern instrumental and laboratory examination methods. 34 employees and 1 pensioner of the Company were sent to the leading specialized clinics and research institutes of the Russian Federation for additional examination and treatment using high medical technologies and unique treatment methods. The most famous clinics in the Russian Federation are among the list: Botkin State Clinical Hospital (Moscow), Bakulev National Medical Research Center for Cardiovascular Surgery (Moscow), Federal State Budgetary Institution "National Medical Research Center for Cardiology" of the Ministry of Health of the Russian Federation (Moscow), Republican Cardiology State Health Institution Center (Ufa), Tyumen Cardiology Center, Central Clinical Hospitals with outpatient care clinic under the Presidential Administration (Moscow), Herzen Medical Center, etc.

The priority area for the Company is the health improvement of personnel in sanatorium institutions of the Russian Federation.

In 2020, 264 employees of the Company and 57 nonworking pensioners received the social benefit for rehabilitation and rehabilitation treatment at the expense of the voluntary medical insurance contract.

At any time of the day, gas industry workers can ask for medical help at the health center of the rotation camp of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field equipped with the necessary equipment and medicines. The main functions of the health center include: providing first aid, prevention of injuries, infectious, and viral diseases, conducting medical examinations.

In accordance with the legislation of the Russian Federation and to prevent occupational diseases, all employees undergo medical examinations annually on the basis of the approved lists of "Positions and jobs subject to preliminary and periodic medical examinations at OJSC Severneftegazprom." During the reporting period, 643 employees of the Company underwent a periodic medical examination. Occupational diseases were not detected according to the results of medical examinations in the reporting period.

A major role in maintaining the health of workers is played by prevention, as a priority in the development of healthcare in the Russian Federation.

In 2020, the Company implemented three preventative treatment programs:

- "Healthy Heart" program for the prevention of diseases of the cardiovascular system;

- cancer prevention program;

- prevention of acute respiratory viral infections, influenza and measles.

19 employees expressed a desire to participate in the Prevention and Healthy Lifestyle Programs. 700 workers were vaccinated against influenza to avoid outbreaks of infectious diseases.

The involvement of personnel in preventive programs allows timely detecting diseases of the cardiovascular system, oncopathologies, and preventing an increase in morbidity.

Every year, a lesson is held for the Company's employees on the methods of providing first medical treatment. In 2020, given active anti-epidemic restrictions, the Company's employees completed training courses on their own and remotely including viewing the film of first aid prepared by medics and hosted on an intranet server telling about importance of timely first aid in critical conditions. In 2020, 1 employee of the Company was trained in the methods of providing first pre-medical medical care.

A single integrated approach to the organization of work and leisure, preserving the health and working capacity of the team allows OJSC Severneftegazprom to cope successfully with production tasks.

DEVELOPMENT OF PHYSICAL EDUCATION AND SPORTS

The promotion of a healthy lifestyle, the popularization of physical education and sports are tasks of a state scale and importance.

The company confidently carries out its activities according to the concept of social responsibility of business to society. OJSC Severneftegazprom contributes to solving the tasks of the state by developing sports infrastructure in the regions of its activity and supporting various public undertakings, teams, and sports sections.

This is especially important when you consider that OJSC Severneftegazprom operates in the Arctic region, where the base for playing sports is less developed, the possibilities for improving it without the help of business are limited, and harsh climate conditions make regular sports a necessity. Such activities not only help to improve the level and quality of life of the population of the regions where OJSC Severneftegazprom operates and form a positive image of the enterprise in the eyes of people, but also help to establish close and fruitful interaction with representatives of local authorities.

In 2020, representatives of OJSC Severneftegazprom participated in several sporting events. The team of OJSC Severneftegazprom took part in public sporting events as follows:

- The 11th Mini Football Superleague Championship of Novy Urengoy (2019–2020);

- The Ski Track of Russia All-Russian Ski Race;

- The Amateur Team Volleyball Championship of Novy Urengoy (2019–2020);

- The Yamal Governor Cup Arctic, charitable volleyball tournament dedicated to the 75th Anniversary of Victory in the Great Patriotic War;



- The bowling tournament of the Company's employees;

- The holiday bicycle race dedicated to the anniversary of the founding of Novy Urengoy (September); and the Champions 2020 Race extreme run.

Activities to promote physical education and sports brings tangible benefits to the Company itself. Only a healthy and energetic employee can be truly efficient, proactive, and responsible in work at their workplace; therefore physical education and sport play an important role in maintaining the physical and moral health of employees of OJSC Severneftegazprom. The Company has successfully carried out activities aimed at involving the Company's employees in systematic physical education and sports, raising the level of the relevant material base and infrastructure at the Company's facilities. There is a fitness center on the territory of shift camp of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field, which includes a modern gym, a multipurpose sports hall, a swimming pool, and a sauna, premises for fitness, table tennis, and billiards. Here, competitions in volleyball, football, basketball, swimming, athletic triathlon, and other sports are held regularly.

Besides, in accordance with the Collective Agreement, employees of the Company operating outside the gas industry are paid compensation for the cost of attending individual sports classes at actual costs (not more than 0.5 of the minimum tariff rate per month).



Interaction with stakeholders

An open dialogue with stakeholders creates the conditions for increasing business efficiency, makes it possible to achieve high results, and produces a strengthened image of the Company. In the course of regular interaction with stakeholders, it becomes possible to coordinate and concentrate the efforts of the Company on achieving common goals in sustainable development.

The high reputation of a reliable and effective partner in Russian and international business circles, authority and respect in society — all these advantages are not easy to evaluate in financial terms.

However, in the modern world, where information openness and public trust are the most important condition for stable and dynamic business development, they become an urgent need for any successful company.

Sustainable development of OJSC Severneftegazprom is inextricably linked with maintaining a long-term partnership with the regions where the Company operates and interacting with stakeholders, based on the following principles:

- Identification of expectations of stakeholders and compliance with commitments;
- Respect for interests and mutually beneficial cooperation;
- Timely informing about changes and main aspects of the Company.

The Company identifies a number of key groups of stakeholders whose interests are most tangibly associated with its activities and who, in turn, can have the most significant impact on the Company's ability to implement its strategic goals:

- Shareholders;
- State authorities;
- Local communities;
- Partners and suppliers;
- Mass media;
- Nonprofit organizations and municipal institutions;
- Personnel.

The stakeholders are identified and selected for interaction based on their geographical location and the regional aspect. Representatives of the parties that are subject to possible impacts as a result of the production and business activities of the Company are identified by territorial affiliation with the areas of production activity of the Company, namely: Yamal-Nenets Autonomous District, Krasnoselkup and Purovsky Districts, Novy Urengoy.

The range of issues for dialogue with stakeholders is formed on the grounds of a constant analysis of the internal and external social environment. Such work is carried out systematically taking into account the Company's short-term and long-term plans. The main objective of the interaction is to find a solution that satisfies the majority of stakeholders, provided that it complies with the provisions of the law and other applicable requirements

SUBJECT MATTER	DEVELOPMENT STRATEGY	CORPORATE GOVERNANCE	LEGAL REGULATION	CONTRACTUAL OBLIGATIONS	INFORMATION TRANSPARENCY	PROTECTION OF ENVIRONMENT	OCCUPATIONAL SAFETY AND INDUSTRIAL SAFETY	CHARITY
Government bodies and agencies	•	•	•	•	•	•	•	•
Suppliers/Buyers				•	•	•	•	
Shareholders	•	•	•		•	•	•	
Nonprofit organizations / municipal institutions					•			•
Mass Media					•	•		
General Public					•	•		•
Employees	•		•	•	•	•	•	



SHAREHOLDERS

The Company shareholders are the most significant group of stakeholders. Following the best international practices, OJSC Severneftegazprom builds relationships with shareholders and their representatives based on the principles of openness, information transparency and protection of their rights and legitimate interests. The main forms of such interaction are the holding the general meetings of shareholders where the most important issues of the Company's activities are submitted for discussion and the information on the Company's activities is presented at the shareholders' request.

In accordance with the Articles of Association of OJSC Severneftegazprom, the shareholders participate in the management and control of the Company's performance through the existing regulatory bodies: General Meeting of Shareholders, Board of Directors, Technical Committee as an advisory body to the Board of Directors.

During the reporting, some work teams under PJSC Gazprom's leadership conducted their meetings. In particular, the Company is successfully interacting, on a work team basis, regarding streamlining the development of the Turonian gas deposit, and organizes additional meetings of the work team for planning development of strategically important Lower Cretaceous deposits.





GOVERNMENT AUTHORITIES

OJSC Severneftegazprom strives towards contributing to development of the territories where it operates. Being a socially responsible Company compliant with environmental and social regulations, the Company is building a constructive dialogue with public authorities to comply with all established legislative procedures, and to facilitate the solution of socially significant problems. The Company carries out its work in this direction based on the "Public Consultation Plan".

Relations with the regions are regulated by the General Cooperation Agreements concluded between the Company and the municipal administrations of the Krasnoselkup and Purovsky Districts, Novy Urengoy, and with the Government of the Yamal-Nenets Autonomous District.

The regional policy of OJSC Severneftegazprom is based on the implementation of the following measures:

- investments in infrastructure and social sphere;
- reporting on the Company's activities to supervisory authorities;
- employment of the local population;
- tax liabilities;
- implementation of projects for the development of local communities, socially significant and environmental projects;
- assistance to charities;
- disclosure of information on the Company's activities on a corporate website on the Internet.

In 2020, under the cooperation agreement between the Government of the Yamal-Nenets Autonomous District and OJSC Severneftegazprom for 2018–2020 dated December 21, 2017, and annual supplementary agreements, the amount of the Company's financing the activities in the field of socioeconomic development of the territory of the Yamal-Nenets Autonomous District amounted to RUB 60 mln.

SUPPORT OF INDIGENOUS POPULATION

OJSC Severneftegazprom implements programs aimed at supporting the traditional way of life of the peoples of the North, preserving a unique culture and at the same time adapting them to modern economic and social trends.

LOCAL COMMUNITIES

OJSC Severneftegazprom builds its relations with local communities in the regions where the Company operates on the principles of respect and equality.

Support of social programs and charities, solving economic and environmental problems in the regions where the Company operates are among the most important components of Severneftegazprom regional policy contributing to a constructive dialogue with the public.

Interaction with local communities is regulated by the General Cooperation Agreement as well as by collecting data via the feedback boxes at the offices of OJSC Severneftegazprom. Of particular interest to the population of the Far North is the provision of financial assistance in the framework of existing agreements or by appropriate appeals to the Company.

Responsibility for fulfilling obligations under agreements and for implementing charity events in relation to local communities on the basis of received applications is assigned to the PR department of OJSC Severneftegazprom.

During 2020, all measures to finance socioeconomic development and preserve traditional household management of the indigenous minority peoples of the North were carried out in full and within the time stipulated by the cooperation agreements.

The programs implemented by OJSC Severneftegazprom are aimed at supporting the traditional way of life of the peoples of the North, preserving a unique culture and at the same time adapting them to modern economic and social trends. The Company strives not only to ensure that cultural traditions and lifestyles of indigenous minority peoples are preserved but also to protect them from adverse impact in the process of carrying out its production activities. Due to the territorial remoteness

of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field from the habitats of the indigenous peoples of the North, the Company's activities do not entail any impact on indigenous minorities, including the need for their resettlement in other regions. Thus, there are no cases of involuntary resettlement, both in terms of forced physical movement, and in relation to the violation of the economic situation (loss of assets or access to resources) of households and representatives of local communities.

There were no disagreements with local communities and indigenous peoples related to the current or planned future activities of the Company, as well as incidents involving any degree of infringement of indigenous peoples minority rights and interests (related to land, other relevant resources, etc.).

PARTNERS AND SUPPLIERS

The procurement policy by OJSC Severneftegazprom is implemented primarily on a competitive basis to ensure that contractors for work, services, and goods supply necessary for timely and high-quality satisfaction of the Company's needs are selected optimally. Competitive procurement is carried out in accordance with the corporate regulations.

During the reporting period, the Company carried out 906 procurement operations, totaling more than RUB 31.6 bln. Procurement from local suppliers and contractors registered in the Yamal-Nenets Autonomous District accounts for 12.6% of the total amount of purchases. Percentage of competitive procedures from the total volume of the Company procurements for 2020 is 97.40%. The total reduction in contract prices based on the results of competitive procurement procedures (savings following the competitive procedures) in 2020 amounted to more than RUB 3.2 bln.

The Company interacts with suppliers based on the principles of business ethics and a transparent and competitive selection mechanism. When working with contractors, OJSC Severneftegazprom is guided by the requirements established in the Company in the field of labor protection, industrial safety, and environmental protection.



MASS MEDIA

The mass media play an important role in forming and maintaining a positive image of the Company and strengthening its business reputation. A well-built strategy of information interaction with the mass media allows timely informing the public about the Company's activities.

The main tasks of the Company's communications with the mass media:

- developing dialogue with an external audience;
- Information support of the Company's activities in the regions where it operates;
- promotion of the Company's image.

In 2020, OJSC Severneftegazprom published materials in federal, regional, and municipal mass media, the Company's corporate publications, press releases, and informational messages were posted on the Company's website on the Internet and on the corporate portal of the Company, and videos about social and production events were published in electronic media.

One of the main channels of information disclosure is the corporate website of OJSC Severneftegazprom on the Internet, which provides information on its production and financial activities, sustainable development and corporate responsibility. The company regularly updates the website, striving to make it the maximum informative and user-friendly. In 2020, 325 informational messages and press releases were posted on the official website and corporate portal of the Company.



PRESERVING THE TRADITIONAL WAY OF LIFE OF THE INDIGENOUS PEOPLE OF THE NORTH THEIR NATIVE ENVIRONMENT OF LIFE AND CULTURE IS ONE OF THE MOST IMPORTANT DIRECTIONS IN THE COOPERATION OF THE OJSC SEVERNEFTEGAZPROM WITH THE GOVERNMENT OF THE YAMAL-NENETS AUTONOMOUS DISTRICT.



NONPROFIT ORGANIZATIONS AND MUNICIPAL INSTITUTIONS

OJSC Severneftegazprom implements large-scale programs for investing in the social infrastructure of the regions where it operates and provides targeted assistance to nonprofit organizations and institutions.

In 2020, in the framework of a cooperation agreement between the Government of the Yamal-Nenets Autonomous District and OJSC Severneftegazprom, financial assistance was provided in the amount of RUB 60 mln aimed at:

Socioeconomic development of the Krasnoselkup District municipality;

Socioeconomic development of the Novy Urengoy municipality;

Socioeconomic development of the Purovsky District municipality;

Statutory activities of Regional Public Organization Yamal-Nenets Autonomous District Hockey Federation, participation of the Yamal-Nenets Autonomous District's team in pre-final and final stages of the All-Russian Ice Hockey Amateur Team Festival in the 40+ division;

Implementation of projects for identification of accumulated environmental damage and liquidation thereof (Vilkitsky Island).

PERSONNEL

The interaction of OJSC Severneftegazprom with the personnel is based on respect for the personality and rights of employees and is governed by local regulations and the Collective Agreement of the Company.

The main mechanism for developing dialogue with employees is the system of internal corporate communications.

Employees can obtain information regarding the Company's development plans, opportunities for their professional and career development during corporate events as well as by sending questions via the feedback boxes at the Company's offices or via the contact center of OJSC Severneftegazprom (Vopros@sngp.com, telephone: + 7-3494-932-932). In 2020, the Company management received no complaints.

The Company employees can discuss personal issues by appointment both with the Deputy General Director and directly with the General Director. There were complaints about the activities of OJSC Severneftegazprom related to environmental aspects and environmental protection, occupational health and safety registered by the Company's employees.

In addition, any employee can ask a question that interests them at the relevant division or the management of the Company, as well as make a proposal to optimize work processes on the corporate portal of the Company.

OJSC Severneftegazprom regularly organizes a various cultural and sporting events aimed at strengthening the team spirit and team building.





ЭЛЕКТРОСТАНЦИЯ СОБСТВЕННЫХ НУЖД

COMPLIANCE WITH RUSSIAN LAWS AND INTERNATIONAL STANDARDS, AND ALSO HIGH LEVEL OF THE CORPORATE MANAGEMENT ARE IMPORTANT COMPONENTS OF THE OJSC SEVERNEFTEGAZPROM ACTIVITY

11 MEETINGS

OF THE BOARD OF DIRECTORS IN 2020



FINANCIAL AND OPERATIONAL ACTIVITIES MANAGEMENT AND SUPERVISION BODIES

CORPORATE GOVERNANCE IS A TOOL FOR ENSURING EFFECTIVE INTERACTION BETWEEN THE SHAREHOLDERS OF THE COMPANY, THE BOARD OF DIRECTORS AND THE EXECUTIVE BODY.

THE ARTICLES OF ASSOCIATION OF OJSC SEVERNEFTEGAZPROM, INTERNAL DOCUMENTS, AND THE AGREEMENT OF SHAREHOLDERS OF OJSC SEVERNEFTEGAZPROM GUARANTEE THE SHAREHOLDERS THE RIGHT TO PARTICIPATE IN THE MANAGEMENT OF THE COMPANY TO THE EXTENT STIPULATED BY THE CURRENT LEGISLATION OF THE RUSSIAN FEDERATION. THE COMPANY STRIVES TO IMPROVE CORPORATE GOVERNANCE AND TO FOLLOW BEST CORPORATE PRACTICES.



- The structure of financial and operational activities management and supervision bodies
- General Meeting of Shareholders
- Board of Directors
- Technical Committee
- Executive Body
- Audit Commission
- Information on the Company Auditor
- Authorized capital and report on dividends distribution

111
112
112
116
118
119
119
119

10

IN 2020 THERE WERE HELD:

2

GENERAL MEETINGS OF SHAREHOLDERS

11 MEETINGS

OF THE BOARD OF DIRECTORS

6 MEETINGS

OF THE TECHNICAL COMMITTEE

The structure of financial and operational activities management and supervision bodies

THE GENERAL MEETING OF SHAREHOLDERS is the supreme management body of the Company, through which shareholders exercise their right to participate in the management of the Company.

THE BOARD OF DIRECTORS is a management body that exercises general management of the Company and is responsible for strategic management aimed at fulfilling long-term goals and objectives, as well as monitoring the performance of the Company.



The Board of Directors of the Company forms the Committee for Technical Issues under the Board of Directors.

THE TECHNICAL COMMITTEE UNDER THE BOARD OF DIRECTORS is a consultative and advisory body of the Board of Directors of the Company established for preliminary consideration of significant technical issues within the competence of the Board of Directors.

THE GENERAL DIRECTOR is the sole executive body managing the current activities of the Company and implementing the strategy determined by the Board of Directors.

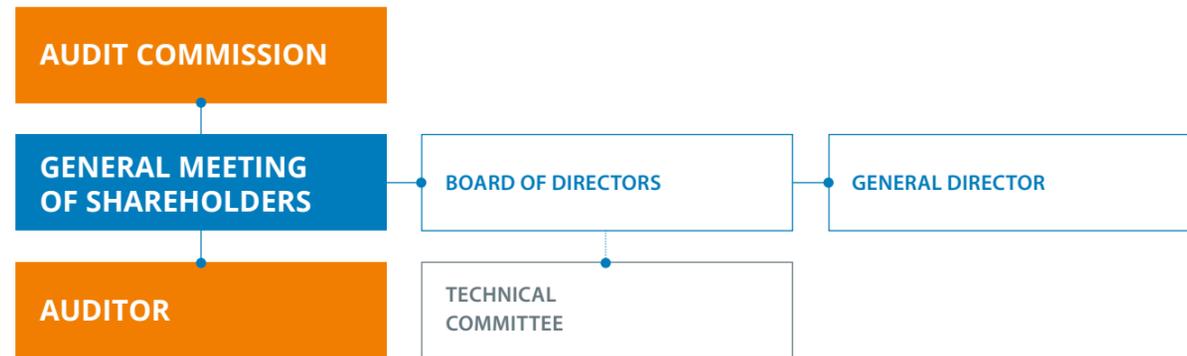
THE REVISION COMMISSION is a body controlling the financial and economic activities of the Company, reporting directly to the General Meeting of the Company Shareholders.

The Company engages an external auditor to conduct a mandatory annual audit of the annual accounting (financial) statements in accordance with Russian Accounting Standards (RAS) and in accordance with International Financial Reporting Standards (IFRS). The auditor of the Company is approved by the General Meeting of Shareholders. The amount of payment for the auditor's services is determined by the Board of Directors. The issues of establishment, competence and organization of activities of the management and control bodies are determined by the Articles of Association of OJSC Severneftegazprom, the Agreement of Shareholders of OJSC Severneftegazprom, and internal documents of the Company.

The Articles of Association of OJSC Severneftegazprom is available for review to all stakeholders on the Company's website at: <http://www.severneftegazprom.com/>.



CORPORATE GOVERNANCE DIAGRAM OJSC SEVERNEFTEGAZPROM



General Meeting of Shareholders

Two General Meeting of the Company Shareholders were held in 2020, including the annual General Meeting of Shareholders (June 30, 2020) where the Annual Report and Annual Financial Statements for 2019 and the Auditor of the Company were approved, the Board of Directors and the Audit Commission were elected, and also the distribution of profits (including dividend payments) and payment of remuneration to the members of the Board of Directors were discussed.

At the Extraordinary General Meeting of Shareholders held on August 4, 2020, the resolution was adopted on the consent to conclude Loan Agreement № 5030 between VTB Bank (PJSC) and OJSC Severneftegazprom, which was a major transaction for the Company.

Board of Directors

In accordance with the Articles of Association of OJSC Severneftegazprom, the Board of Directors of the Company consists of 8 members.

In the reporting year, 11 meetings of the Board of Directors were held, at which 35 issues were considered in various areas of the Company.

The Board of Directors focused on important issues related to the general management of the Company's activities related to:

Approval of interested-party transactions (in the form of filing Notices to the members of the Board of Directors under in the manner prescribed by Subparagraph 1.1 of Paragraph 1 of Federal Law № 208-FZ On Joint-Stock Companies dated December 26, 1995);

raising long-term financing, including by convening the Extraordinary Meeting of the Shareholders due to the need to adopt the resolution approving a major transaction;



Preparation for the holding and convening of the Annual General Meeting of Shareholders, including preliminary approval of the Annual Report, recommendations on the amount of dividends on shares of the Company, and the procedure for their payment;

approval of the Annual Work Program and Budget, the Investment Program of OJSC Severneftegazprom for 2020, other programs and internal documents in accordance with the competence of the Board of Directors.

CHANGES TO THE BOARD OF DIRECTORS DURING THE REPORTING YEAR:

MEMBERS OF THE BOARD OF DIRECTORS JANUARY 1, 2020 TO JUNE 30, 2020	MEMBERS OF THE BOARD OF DIRECTORS JUNE 30, 2020 TO DECEMBER 31, 2020
A.I. Medvedev	A.I. Medvedev
E.V. Mikhailova	E.V. Mikhailova
V.V. Cherepanov	S.N. Menshikov
D.S. Grishin	D.S. Grishin
T. Wieland	T. Wieland
Mario Mehren	Mario Mehren
J. Pleininger	J. Pleininger
T.G. Morris	T.G. Morris

STRUCTURE OF ISSUES CONSIDERED BY THE BOARD OF DIRECTORS

	2020	2019	2018
Strategic	10	9	12
including			
including budget planning	4	3	3
Corporate Governance	25	28	63
Including:			
transactions approval	13	9	26
Preparation to GSM	2	8	11
organization	4	4	10
other	6	7	13
TOTAL	35	37	75



COMPOSITION OF THE COMPANY'S BOARD OF DIRECTORS AT THE END OF THE REPORTING PERIOD



ALEKSANDR IVANOVICH MEDVEDEV

Chairman of the Board of Directors

Born on August 14, 1955, in Shakhtersk, Sakhalin Region.

Graduated from the Moscow Institute of Physics and Technology with a degree in Automatic Control Systems.

Ph.D. (Economics) A full member of the International Academy of Investments and Construction Economics.

Advisor to the General Director of LLC Gazprom Export.

General Director of JSC Zenith Football Club.



ELENA VLADIMIROVNA MIKHAILOVA

Born on April 28, 1977 in Ostrov, Pskov Region.

Graduated from Moscow State Industrial University with a degree in Law.

Master of Business Administration, the Academy of National Economy under the Government of the Russian Federation.

Member of the Management Committee, Head of Department of Gazprom PJSC.



SERGEI NIKOLAEVICH MENSHIKOV

Born on July 7, 1968, in Grozny, Chechen Republic.

Graduated from Grozny Petroleum Institute with a degree in Machines and Equipment for Oil and Gas Fields; and graduated from Russian National Oil and Gas University n.a. I.M. Gubkin with an additional degree in Oil and Gas Business Management.

Ph.D. (Economics).

Member of the Management Committee, Head of Department of Gazprom PJSC.



DMITRY SERGEEVICH GRISHIN

Born on March 19, 1977, in the village Opalikha of the Moscow Region.

Graduated from Moscow State Aviation Institute with a degree in Enterprise Economics and Management; completed professional training at the Academy of National Economy of the Government of the Russian Federation.

Head of Department, Gazprom PJSC.



THILO WIELAND

Born on October 27, 1969, in Berlin-Lichtenberg, Germany.

Graduated from Berlin Technical University with a degree in Engineering.

Member of the Management Committee of Wintershall Dea GmbH.



MARIO MEHREN

Born on November 24, 1970, in Koblenz, Germany.

Graduated from the University of Saarland (Germany) with a degree in Business Administration.

Chairman of the Management Committee, General Director of Wintershall Dea GmbH.



JOHANN PLEININGER

Born on February 22, 1962, in Mistelbach, Austria.

Graduated from the University of Applied Sciences, Department of Industrial Engineering, Linz.

Deputy Chairman of the Management Committee and member of the Executive Committee at OMV Aktiengesellschaft.



THOMAS GEOFFREY MORRIS

Born on November 9, 1969, in London, United Kingdom.

Graduated from Heriot-Watt University, Department of Engineering Mechanics; graduated from Fletcher School of Law and Diplomacy with a degree in International Relations.

Head of OMV Russia Upstream GmbH branch office in Russia.

The Chairman and members of the Board of Directors did not own shares of the Company during the reporting year.

There were no transactions on the acquisition or alienation of the Company shares by members of the Board of Directors in the reporting year.



REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS

On the grounds of the resolution adopted at the Annual General Meeting of Shareholders of the Company (Minutes № 60/2020 dated June 30, 2020), the members of the Board of Directors were paid remuneration for their involvement in the work of the Board of Directors of the Company in 2019, in the total amount of RUB 4,870,000,00.

In the reporting year, other types of remuneration were not paid to members of the Board of Directors, and expenses related to the performance of functions of a member of the Board of Directors were not compensated.

Technical Committee

The Company has established a Technical Committee for the Board of Directors to preliminarily consider significant technical issues of the Company's activities that are within the competence of the Board of Directors and provide recommendations for the latter to adopt resolutions on them.

The procedure for the formation and activities of the Technical Committee is governed by the Agreement of Shareholders of OJSC Severneftegazprom and the Technical Committee's Internal Regulations, approved by the Board of Directors.

The Technical Committee consists of 8 members who are appointed by the Board of Directors. Candidates are nominated by the shareholders of the Company in the following order: from PJSC Gazprom - 4 candidates, from Wintershall Dea GmbH and OMV Exploration and Production GmbH - 2 candidates from each company.

The function of the Technical Committee is to provide recommendations to the Board of Directors on all significant technical issues related to the competence of the Company, including the approval of the Long-Term Development Plan and Budget, the Draft Additional Field Development Plan, the Additional Field Development Plan and the Annual Work Program and Budget as well as any changes and/or additions to them.

The work of the Technical Committee consisting of members with extensive experience and knowledge in special fields increase the efficiency and quality of the work of the Board of Directors and, as a result, create effective mechanisms for managing the activities of the Company.

Members of the Technical Committee do not own shares of the Company. There were no transactions on the acquisition or alienation of the Company shares by members of the Technical Committee in the reporting year.



COMPOSITION OF THE TECHNICAL COMMITTEE AS OF THE END OF THE REPORTING PERIOD*

SER. №	FULL NAME	EMPLOYMENT	POSITION
1	Vladimir Vladimirovich Dmitruk	OJSC Severneftegazprom	General Director
2	Andrey Aleksandrovich Chernyshev	OJSC Severneftegazprom	Deputy General Director for Economics and Finance
3	Egor Alekseevich Efimochkin	PJSC Gazprom	Head of Management
4	Nazhib Abdulkadyrovich Bilalov	PJSC Gazprom	Head of Department
5	Dr. Angelos Calogirou	OJSC Severneftegazprom	Deputy General Director for development and strategic planning
6	Matthias Stollenwerk	Branch of Wintershall Dea Russia GmbH Branch (Germany), St. Petersburg	Vice President for Exploration, Management of Development of Oil and Gas Fields
7	Lea Gertrud Fuchs	OMV Russia Upstream GmbH	CFO
8	Lars Drage	OMV Russia Upstream GmbH	CTO

* At the time of preparation of the Annual Report, the members of the Technical Committee nominated by the shareholder OMV Exploration and Production GmbH were re-elected. By the decision of the Board of Directors of OJSC Severneftegazprom on 22.03.2021, Andreas Beldt and Jan Paul were appointed members of the Technical Committee.



**SHORT CV:****VLADIMIR VLADIMIROVICH DMITRUK**

Born on April 15, 1970, in Kaliningrad.

Graduated from State Academy of Oil and Gas n.a. Gubkin with a degree in Oil Drilling (1993).

Graduated from State Educational Institution of Higher Professional Education Tyumen State Oil and Gas University with a degree in Economics and Enterprise Management (2003).

Candidate of Sciences (in Engineering).

Information regarding the main place of employment for the last 5 years:

From March 2007 to February 2015, the General Director of LLC Gazprom Severpodzemremont (since 2009, LLC Gazprom Podzemremont Urengoy).

Since November 2015, the General Director of OJSC Severneftegazprom (elected for a new term (3 years) on November 23, 2018, Minutes № 174/2018 of the Meeting of the Board of Directors dated November 20, 2018).

The General Director does not own shares in OJSC Severneftegazprom. There were no transactions on the acquisition or alienation of the Company shares by the General Director in the reporting year.

The remuneration of the General Director of the Company is exercised according to a time-individual system that provides for the payment of wages based on the monthly official salary established by the Wage Agreement, which is an annex to the employment contract, as well as compensation and incentive payments. The list of social guarantees and compensations to the General Director is established in the employment contract.

Executive Body

In accordance with the Articles of Association of OJSC Severneftegazprom, General Director is the sole executive body of the Company. The collegial executive body of the Company is not stipulated.

Vladimir Vladimirovich Dmitruk was the Company's officer performing the functions of the sole executive body (General Director) in the reporting period.

Audit Commission

The Audit Commission is a permanent supervision body, independent of the Company's officers, management bodies, and the management in general.

In its activities, the Audit Commission is guided by the Federal Law "On Joint Stock Companies," the Articles of Association of OJSC Severneftegazprom, and the

Executive Body

Audit Commission

Information on the Company Auditor

Key provisions of the Company's Policy on Remunerations and/or Reimbursements to its Management Body Members

Regulation on the Audit Commission. In accordance with the Articles of Association of OJSC Severneftegazprom, the Audit Commission is composed of 3 members.

Members of the Audit Commission do not own shares of the Company. There were no transactions on the acquisition or alienation of the Company shares by the members of the Audit Commission in the reporting year.

COMPOSITION OF THE AUDIT COMMISSION AT THE END OF THE REPORTING PERIOD

SER. №	FULL NAME	EMPLOYMENT	POSITION
1	Constantin Vladislavovich Gililov	PJSC Gazprom	Deputy Head of Administration, Head of Department
2	Oliver Hochmuth	Branch of Wintershall Dea Russia GmbH Branch (Germany), St. Petersburg	Vice President, Finance
3	Lea Gertrud Fuchs	OMV Russia Upstream GmbH	CFO

Information on the Company Auditor**LIMITED LIABILITY COMPANY FINANCIAL AND ACCOUNTING CONSULTANTS (LLC FBK).**

Member of Self-Regulatory Organization of Auditors Sodruzhestvo Association, a nonprofit partnership. Principal Number of Registration Entry (PNRE) in the register of auditors and audit organizations is 11506030481.

Location: 44/1 Myasnitskaya Str., Moscow, Russian Federation; telephone +7 (495) 737-53-53; fax +7 (495) 737-53-47.

The auditor was approved by the resolution adopted at the Annual General Meeting of the Company Shareholders (Minutes № 60/2020 of the Annual General Meeting of the Company Shareholders dated June 30, 2020).

Key provisions of the Company's Policy on Remunerations and/or Reimbursements to its Management Body Members

The company pays dividends to shareholders annually, by distributing profits earned as of the end of the year/quarter. Dividends are paid only in cash to shareholders' accounts.

The Company has the Regulation on Determination of Remunerations and Reimbursement to Directors of

OJSC Severneftegazprom approved by resolution of the Board of Directors (Minutes № 195/2020 dated July 24, 2020).

The remuneration amount for each Director is calculated based on the baseline remuneration amount adjusted pro rata the number of meetings of the Board of Directors where the Director participated versus the total number of meetings in the reporting period.



AUTHORIZED CAPITAL AND REPORT ON DIVIDENDS DISTRIBUTION

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Authorized Capital

The authorized capital is presented in the amount of the par value of ordinary and preferred shares placed by the Company. The authorized capital of the Company is divided into 533,330 shares; at the end of the reporting period it amounts to RUB 39,999,749.4.

The authorized capital of the Company is paid in full.

The state registration of all issues of the Company shares was carried out by the Regional Branch of the Federal Service for Financial Markets in the Ural Federal District.

In the reporting year, the Company did not raise cash and other funds as a result of the issue of securities.

The shares of the Company are not stated for circulation with the securities traders and do not have market quotes.

DATA ABOUT THE AUTHORIZED CAPITAL AS OF DECEMBER 31, 2020

SER. №	TYPE OF SECURITIES	PLACED SHARES:		INCLUDING:	
		SHARES (PCS)	AMOUNT AT PAR VALUE PER PCE. (RUB)	FULLY PAID (PCS)	PARTIALLY PAID AT PAR VALUE (RUB)
1	AUTHORIZED CAPITAL OF THE COMPANY IS:	533,330	–	533,330	None
2	Ordinary shares	533,324	60.00	533,324	None
2.1	including credited to the account	None	None	None	None
3	Preferred shares, including	6	–	6	None
3.1	Preferred shares, type A	2	2,461,620.00	2	None
3.1.1	including credited to the account	None	None	None	None
3.2	Preferred shares, type B	3	666,692.40	3	None
3.2.1	including credited to the account	None	None	None	None
3.3	Preferred shares, type C	1	1,076,992.20	1	None
3.3.1	including credited to the account	None	None	None	None



INFORMATION ON EQUITY SECURITIES OF THE COMPANY

TYPE AND CATEGORY OF SECURITIES	PAR VALUE OF EACH SECURITY ISSUED, RUB	THE TOTAL NUMBER OF PLACED SECURITIES ISSUED, PCS.	STATE REGISTRATION NUMBER OF ISSUE	DATE OF STATE REGISTRATION OF THE ISSUE
Registered ordinary shares	60	533,324	1-02-31375-D	July 5, 2011
Preferred shares type A	2,461,620	2	2-10-31375-D	October 3, 2011
Preferred shares type B	666,692.4	3	2-08-31375-D	October 3, 2011
Preferred shares type C	1,076,992.2	1	2-09-31375-D	October 3, 2011

Report on the payment of declared (accrued) dividends on shares of the Company

In 2020, on the grounds of the resolution adopted at the Annual General Meeting of Shareholders held on June 30, 2020 (Minutes № 60/2020 dated June 6, 2020), the Company paid declared (accrued) dividends for 2019 in the amount of RUB 4,408,462,000.

INFORMATION ON CHANGES IN THE SURPLUS CAPITAL OF THE COMPANY

The surplus capital as of December 31, 2020, amounted to RUB 25,099,046 thous (no revaluation).

AMOUNT OF PAID DIVIDENDS

TYPE (CATEGORY) OF SECURITY	AMOUNT OF PAID DIVIDENDS, TOTAL, RUB THOUS	DATE OF PAYMENT
Ordinary shares	3,526,769	August 2020
Preferred shares, type A	542,594	August 2020
Preferred shares, type B	220,423	August 2020
Preferred shares, type C	118,676	August 2020

INFORMATION ON CHANGES IN THE RESERVE FUND OF THE COMPANY

In accordance with the Articles of Association, the Company forms a reserve fund in the amount of 5 percent of its authorized capital. The reserve fund as of December 31, 2020, is fully formed and amounts to RUB 1,999,987.47.

As of December 31, 2020, dividends were paid in full; there are no dividend payment due date.



RISK MANAGEMENT SYSTEM

The Company has the following regulatory documents in the field of risk management and internal control:

the documented procedure IMS DP 08 "Risk and Opportunity Management in the Environmental Management System" (revision 5, 2020);

Regulation on Pre-Trial and Claim Operations in OJSC Severneftegazprom (revision 1, 2017);

the documented procedure ISM DP 1 09 "Risk Management in the Quality Management System" (rev. 1, 2019);

the Regulation on the procedure for working with the control (supervision) bodies when they carry out inspections in OJSC Severneftegazprom (revision 3, 2017);

Quality Management System Risk Assessment Methodology (revision 1, 2019);

Regulation on Procurement of Goods, Work and Services (revision 6, 2018);

Documented procedure ISM DP 03 Identification of Hazards and Risk Management in Industrial Safety (revision 2, 2019);

Regulation on Contractual Operations in OJSC Severneftegazprom (revision 5, 2019);

Methodology for Assessment of Expected Credit Losses (revision 1, 2019).



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COMPANY RISK STRUCTURE

INDUSTRY RISKS

- RISK OF DECREASE IN SALES
- RISK OF SIGNIFICANT CHANGES IN GAS MARKET PRICE
- RISKS ASSOCIATED WITH THE LICENSE VALIDITY
- RISKS ASSOCIATED WITH ENVIRONMENTAL POLLUTION
- TECHNOLOGICAL RISKS

FINANCIAL RISKS

- RISKS ASSOCIATED WITH INFLATION
- CREDIT RISK
- LIQUIDITY RISK

LEGAL RISKS

- RISKS ASSOCIATED WITH THE ENFORCEMENT OF THE TAX LEGISLATION BY TAX AND JUDICIAL AUTHORITIES OF THE RUSSIAN FEDERATION
- RISKS ASSOCIATED WITH THE APPLICATION AND POSSIBLE AMENDMENT OF THE ENVIRONMENTAL LEGISLATION OF THE RUSSIAN FEDERATION
- RISKS ASSOCIATED WITH LITIGATION AND RESTRICTIONS ON THE COMPANY'S ACTIVITIES

Industry risks

The Company is exposed to industry risks in carrying out its activities, the most important of which are hydrocarbon prices and technological risks associated with the specifics of the production process. Search for and development of the fields, preparation, and transportation of gas are complex and capital-demanding processes that entail technological and environmental risks. The Company minimizes these risks strictly observing industry requirements and standards, introducing new technologies and equipment at all stages of the production process.

RISK OF DECREASE IN SALES

The risk of a decrease in sales is associated with a likely decrease in hydrocarbon demand in the long term, which, in turn, may have adverse effect on the project performance. However, in accordance with long-term gas supply contracts, the buyer pays for the entire volume of contracted gas, regardless of the actual withdrawal, which eliminates this risk for the Company until these agreements expire.



RISK OF SIGNIFICANT CHANGES IN GAS MARKET PRICE

A significant reduction in the market price may affect the cash flows required for the implementation of stable production and business activities of the Company. The risk is assessed as low, since in accordance with the Gas supply contracts the gas price is determined by the formula, which takes into account the expenses of the Company and the required rate of return.

RISKS ASSOCIATED WITH THE LICENSE VALIDITY

The Company carries out its activities in the development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field in accordance with licenses for the right to use subsoil and to carry out other licensed activities.

The Company fully complies with the requirements of the license agreements and takes all actions required to comply with the current legislation in the field of licensing to minimize this risk.

RISKS ASSOCIATED WITH ENVIRONMENTAL POLLUTION

The Company's activities in developing the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field are potentially connected with the risk of harming the environment. However, existing design solutions, high-tech equipment used, production control at all stages of production activities, including close interaction with contracting organizations operating on the territory of the Company and the absence of emergencies, allow maintaining a low level of environmental damage.

TECHNOLOGICAL RISKS

Operational activities of the Company at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field may entail the impact of adverse factors associated with equipment failure. At the same time, the technologies used in the production, preparation and transportation of gas comply with modern requirements for reliability and safety in the operation of equipment, which helps to minimize these risks.

Certified equipment and technical devices that meet the modern requirements of reliability and safety during their operation are used at hazardous production facilities of the field. Equipment and machinery undergo timely maintenance by the personnel of the Company or specialized organizations, which also reduces these risks.



Financial risks

RISKS ASSOCIATED WITH INFLATION

At the end of 2020, the inflation rate was 4.9%. The Ministry of Economic Development of the Russian Federation predicts inflation growth at 3.7% in 2021. Therewith, inflation will not have a significant impact on the financial and economic performance of the Company in the foreseeable future, which is due to the established mechanism for pricing gas sales as well as the cost-cutting program implemented by the Company.

CREDIT RISK

Credit risk, namely the risk of default on obligations by buyers of natural gas, is assessed as low. The buyers of natural gas are Gazprom Group companies. They established themselves as reliable partners that do not allow delays in payment for completed deliveries. No guarantees nor any other surety was issued to the Company in 2020.

LIQUIDITY RISK

The principle of ensuring liquidity. A high unevenness of certain types of cash flows generates a temporary shortage of funds of the enterprise, which can have a significant impact on the level of its insolvency. On August 21, 2020, the Company signed a loan agreement with VTB Bank (PJSC) for a long-term credit facility with a limit of RUB 40,000 mln to be repaid not later than June 20, 2028. The loan funds thereunder are used to finance the second stage of implementation of "Technological Scheme for the Development of Cenomanian and Turonian Gas Deposits of the Yuzhno-Russkoye Field".

The principle of reducing the risk of liquidity loss by the Company. The Company's revenue is determined by the expenses included in the price formula. In the event of a decrease in existing gas production, cash flows will not suffer due to an increase in unit prices commensurate with a decrease in production. The gas pricing mechanism significantly reduces the risk of loss of liquidity of the Company.

Legal risks

RISKS ASSOCIATED WITH THE ENFORCEMENT OF THE TAX LEGISLATION BY TAX AND JUDICIAL AUTHORITIES OF THE RUSSIAN FEDERATION

Over the past years, there has been a tendency to introduce amendments and additions to the tax legislation, thereby preserving the risks of the possibility of changes in the Tax Code of the Russian Federation that could have an impact on the Company's activities.

To avoid tax risks and timely adapt the Company's activities, changes made to tax legislation are regularly monitored, law enforcement practice is studied, and interaction with state authorities is carried out.



RISKS ASSOCIATED WITH THE APPLICATION AND POSSIBLE AMENDMENT OF THE ENVIRONMENTAL LEGISLATION OF THE RUSSIAN FEDERATION

The Company's production and business activities are largely associated with environmental impact, therefore, noncompliance with environmental legislation or failure to respond promptly to changes made to it may entail adverse consequences of legal, financial, and reputation nature.

Recognizing the importance of preserving the environment, the safety of production activities and the fulfillment of environmental obligations, the Company regularly monitors changes in legislation in the field of environmental protection and the conservation of natural resources, monitors compliance with legislation, the availability and sufficiency of effective regulatory and permitting documents, and timely and correct compliance with prescriptions of supervisory bodies.

RISKS ASSOCIATED WITH LITIGATION AND RESTRICTIONS ON THE COMPANY'S ACTIVITIES

Currently, the Company does not participate in significant litigations and is not liable for debts of third parties, which may result in restriction of the Company's activities.

The Company seeks to resolve disputes in the framework of pretrial procedures by monitoring judicial practice on issues related to the activities of the Company, as well as the rules of court proceedings.



REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Being a nonpublic company, OJSC Severneftegazprom nevertheless strives to follow the regulations of the Corporate Governance Code, recommended by joint-stock companies which have their securities quoted (Letter № 06-52/2463 of the Bank of Russia dated April 10, 2014). The company complies with the following provisions of this document:

I. THE RIGHTS OF SHAREHOLDERS AND THE EQUALITY OF CONDITIONS FOR SHAREHOLDERS IN THE EXERCISE OF THEIR RIGHTS	
1.1	The procedure for convening, preparation for, and holding the General Meeting of Shareholders is regulated by the Articles of Association of OJSC Severneftegazprom (approved at the General Meeting of Shareholders on October 29, 2009, Minutes № 7/2009) and the Regulation on the General Meeting of Shareholders (approved by the General Meeting of Shareholders on November 2, 2009, Minutes № 8/2009).
1.2	The announcement of the General Meeting of Shareholders shall contain all the information required for the shareholders of the Company to adopt a resolution on participation, including information regarding the venue of the Meeting. Foreign shareholders are additionally provided with information in English.
1.3	To increase the validity of resolutions adopted by the General Meeting of Shareholders, the following information is provided to the Company shareholders in addition to the mandatory materials prescribed by the legislation: <ul style="list-style-type: none"> – the opinion of the Board of Directors regarding issues on the agenda of the General Meeting (Extracts from the minutes of the Board of Directors, including a separate opinion of a member of the Board of Directors, if any); – When adopting resolutions on interested-party transactions, a list of persons recognized as interested in the transaction shall be drafted, indicating the grounds on which such persons are recognized as interested; – justification of the proposed distribution of net profit, including the payment of dividends and the Company's own needs with explanations and economic justification of the need. Also, when preparing materials for the General Meeting of Shareholders, the shareholder nominating a candidate to the Board of Directors shall be .
1.4	The Company does not refuse to the shareholder in a timely consideration with the materials for the General Meeting of Shareholders if, despite typos and other minor defects, the shareholder's request generally allows determining their will and confirming their right to familiarize themselves with the materials, including to receive copies thereof.
1.5	The Company provides its shareholders with the opportunity to familiarize themselves with the list of persons entitled to participate in the general meeting, starting from the date it is received by the Company.
1.6	The time frame for shareholders to submit proposals on the items of agenda of the Annual General Meeting is expanded by the Articles of Association of OJSC Severneftegazprom from thirty (30) days provided for by the legislation to sixty (60) days after the end of the calendar year.

1.7	If there are typos and other minor defects in the shareholder's proposal, the Company does not refuse to include the proposed item on the agenda of the General Meeting of Shareholders, and the nominated candidate on the list for election to the relevant body of the company, if the content of the proposal as a whole allows determining the shareholder's will and confirm their right to send a proposal.
1.8	When conducting the General Meeting, the Company engages the Registrar of the Company for the functions of the electoral commission.
1.9	General meetings of shareholders, held in the form of joint presence of shareholders to discuss agenda items and adopt resolutions on issues put to a vote, are held in one day. Voting results are summarized and announced before the General Meeting of Shareholders is closed.
1.10	The decision on the payment of dividends allows the shareholder of the Company to receive comprehensive information regarding the amount of dividends on shares of each category (type).
1.11	The company annually pays dividends to shareholder, distributing profits earned as of the end of the year. Dividends are paid only in cash to shareholders' accounts.
1.12	Upon adopting resolution on the payment of dividends, the Company additionally notifies shareholders of the need to update the data required for the payment of dividends (bank account details, mailing address, etc.).
1.13	The company decides on the dividends payment only if there is a sufficient amount of profit for the reporting year, cash flow subject to the implementation of investment programs and all obligations to return funding (if any).
1.14	The company provides a reliable way of accounting for rights to shares by concluding an agreement on maintaining the register of shareholders with a person who has a license under the law, a high reputation and well-established technologies that allow for the most efficient way to ensure the accounting of shareholders' property rights (registrar of DRAGA JSC).

II. BOARD OF DIRECTORS	
2.1	The Board of Directors carries out strategic management and controls the activities of the sole executive body of the Company.
2.2	The competencies of the Board of Directors are established by the Articles of Association of OJSC Severneftegazprom and the Regulation on the Board of Directors of OJSC Severneftegazprom (approved by the General Meeting of Shareholders on November 2, 2009, Minutes № 8/2009).
2.3	In accordance with the Articles of Association of OJSC Severneftegazprom, the competencies of the Board of Directors include the election of the General Director and the early termination of his/her powers.

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2.4	The Board of Directors annually approves the Annual Program and Budget of the Company for the coming year. The competencies of the Board of Directors also include determining the priority areas of the Company's activities, approving long-term plans and investment programs of the Company's activities as well as amendments to the current Long-Term Development Plan and Budget of the Yuzhno-Russkoye Oil and Gas Field.	2.14	The Articles of Association of OJSC Severneftegazprom stipulates that a notice of the convening of a meeting of the Board of Directors in absentia with the application of explanatory materials on agenda items shall be sent to members of the Board of Directors no later than 20 calendar days before it is held, and if the meeting is held in person, no later than 15 calendar days before the date of the meeting.	IV. REMUNERATION SYSTEM FOR MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE BODIES AND OTHER KEY EXECUTIVES		6.4	The official website on the Internet additionally discloses information on the main activities of the Company, its capital structure, including information on the number of voting shares by category (type) of shares and shareholders owning more than 5% of the authorized capital of the Company, information on social and environmental responsibility, including sustainable development report compiled in accordance with internationally recognized GRI standards (incorporated into the Annual Report).
2.5	The Annual Report discloses information on the number of meetings of the Company Board of Directors held over the past year, as well as information on the most significant issues on the agenda considered by the Board of Directors.	2.15	The Articles of Association of OJSC Severneftegazprom defines the content of the notice of the meeting of the Board of Directors, as well as the procedure for its sending, ensuring its timely receipt.	4.1	The amount of remuneration provided by the Company to members of the Board of Directors, executive bodies and other key executives creates sufficient motivation for their effective work, allowing the Company to attract and retain competent and qualified specialists.	6.5	In addition, the Company discloses information on its financial state on its official website by posting the annual and interim financial statements of the Company drawn up in accordance with International Financial Reporting Standards (IFRS). The Company includes the following additional information into its Annual Report: – The Board of Directors Chairman's and the General Director's addresses to the shareholders containing an assessment of the Company's activities for the year; – information on the Company securities; – the main production indicators of the Company; – results of the Company achieved during the year in comparison with the planned indicators; – information on investment projects and strategic objectives of the Company; – prospects for the development of the Company (sales volume, productivity, revenue growth, profitability, ratio of own and borrowed funds); – description of the corporate governance system in the Company; – The Company's social policy description, social development, employees' health protection and professional training, and ensuring labor safety; – information on the Company's policy in the field of environmental protection and ecology.
2.6	The shareholders of the Company have the opportunity to send written requests to the Chairman of the Board of Directors on issues within the competence of the Board of Directors, as well as to communicate their position to him through the office of the Chairman of the Board of Directors and through the Company's subdivision the task of which is to interact with shareholders.	2.16	The Articles of Association of OJSC Severneftegazprom establishes that resolutions on the most significant issues of the operating (production) and financial activities of the Company shall be adopted unanimously by elected members of the Board of Directors.	4.2	The members of the Board of Directors are paid a fixed annual remuneration in cash, the amount of which is calculated from the basic amount of remuneration, taking into account indexation in accordance with the current procedure for the formation of planned indicators in the Company as well as the number of meetings in which a member of the Board of Directors participated.	6.6	If the shareholder's request for access to documents or copies of documents contains typos and other minor defects, the Company does not refuse such a request.
2.7	The Board of Directors does not include persons who are participants in a legal entity competing with the Company, holding positions in its executive bodies, or are its employees.	2.17	The Company has a Technical Committee. The main function of the Committee is to provide recommendations to the Board of Directors on all significant technical issues of the Company. Regulation on Technical Committee was approved by the resolution of the Board of Directors (Minutes № 19/2009 dated October 29, 2009). The Technical Committee consists of 8 members; experts without the right to vote may be as well involved in its work. The appointment of members of the Committee and the termination of their authority falls within the competence of the Board of Directors.	V. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
2.8	Candidates nominated to the Company Board of Directors submit their written consent to be elected to the managing body; the consent information is provided to shareholders in preparation for the General Meeting of Shareholders.	2.18	The Technical Committee under the Board of Directors hears reports of the General Director on the implementation of the Annual Work Program and the Budget of the Company; on the implementation of maintenance and overhaul programs; on the implementation of the plan for the reconstruction, modernization, and technical reequipment of facilities; on the results of works performed in the field of labor protection and industrial safety and environmental protection; on the implementation of innovative and inventive activities.	5.1	The Company has a separate structural unit of internal control - the internal audit department.	VI. DISCLOSURE OF INFORMATION REGARDING THE COMPANY, INFORMATION POLICY	
2.9	All resolutions of the Board of Directors are adopted with taking into account the compliance with the environmental and social standards adopted by the Company that meet international standards - ISO 14001: 2015 "Environmental Management System"; ISO 45001: 2018 "Industrial Safety Management System."	III. CORPORATE SECRETARY		5.2	The Company follows an anti-corruption policy (section of the Code of Corporate Ethics) that defines measures aimed at developing elements of a corporate culture, organizational structure, rules and procedures to ensure the prevention of corruption.		
2.10	The company provides the members of the Board of Directors with the information necessary for the effective fulfillment of their duties in preparation for meetings of the Board of Directors (including information in English), as well as additional information upon requests of members of the Board of Directors.	3.1	V.F. Veremyanina, Deputy General Director for Legal and Corporate Governance, holding a degree in law and having ten-year-plus management experience performs the functions of the Secretary of the Board of Directors in the Company. According to the results of 2011, 2012 and 2013, she was rated 2nd and 3rd in the Rating of corporate governance directors according to the Managers Association.	6.1	By order of the Director General, the procedures have been implemented in the Company to ensure the coordination of all services and structural subdivisions related to information disclosure or carrying out the activities that may lead to the need for information disclosure.		
2.11	The Articles of Association of OJSC Severneftegazprom provides for the possibility of holding meetings of the Board of Directors both in person and in absentia, as well as the opportunity to take into account a written opinion of a member of the Board of Directors who is absent from the meeting in person to determine the quorum and voting results.	3.2	The election and termination of powers of the Secretary of the Board of Directors is carried out by decision of the Board of Directors.	6.2	Information on the Company's activities published on the corporate official website of the Company on the Internet is sufficient to form an facilities view of the essential aspects of its activities.		
2.12	The minutes of the meeting of the Board of Directors shall contain information on how each member of the Board of Directors voted on the items on the meeting agenda.	3.3	The Company has created a structural unit (corporate regulation department), which ensures interaction between the management bodies of the Company in accordance with their competence defined by the Federal Law on Joint-Stock Companies and the Articles of Association of OJSC Severneftegazprom.	6.3	The Company's official website discloses information on the corporate governance system of the Company, on the executive body of the Company, on the composition of the Board of Directors and the Technical Committee, as well as information on compliance with the principles and recommendations of the Corporate Governance Code (Annual Reports of the Company).		
2.13	Meetings of the Board of Directors are held in accordance with the approved work plan, and also, as necessary, at least once every two months as a rule.						



Ethics and Integrity

SINCE 2014, THE COMPANY HAS BEEN IMPLEMENTING A CODE OF CORPORATE ETHICS, ESTABLISHING CORE CORPORATE VALUES, AS WELL AS THE MOST IMPORTANT RULES OF BUSINESS CONDUCT BASED ON THEM AND ADOPTED BY THE COMPANY. THE CODE OF CORPORATE ETHICS APPLIES TO ALL EMPLOYEES, AS WELL AS COUNTERPARTIES OF THE COMPANY.

Responsibility for the organization of work to implement the requirements and provisions of the Code lies with the Corporate Ethics Commission.

The Company has created a mechanism for seeking advice on issues of ethical and law-abiding behavior, as well as on issues related to dishonesty.

Any instances of such conduct should be reported to immediate superiors or the Corporate Conduct Panel.

The interaction mechanism is implemented through e-mail and oral telephone consultations. The Corporate Ethics Commission considers all complaints on a confidential basis. Anonymous messages are also subject to consideration. The Company guarantees that reporting by employees any facts of violation of the Code of Corporate Ethics will not cause negative consequences regarding the official position of the employee reporting such information.

The Corporate Ethics Commission has overall responsibility for the communication mechanisms.

In 2020, there were no cases of conflict or violation of the interests of the Company following the consideration of appeals by the Commission.

An important part of the Code of Corporate Ethics is the anti-corruption policy aimed at compliance of the anti-corruption measures implemented by the Company with applicable legislation. The anti-corruption policy is carried out taking into account the corruption risks existing in the activities of the Company. The Company openly informs counterparties, partners and the public about the anti-corruption standards of business adopted by it. The Company's management takes an active part in establishing a culture of intolerance to corruption and in creating an internal organizational system for preventing and combating corruption in the Company.

The Company employees are informed regarding the anti-corruption policy and methods in accordance with Federal Law № 273-FZ of the Russian Federation on Anti-Corruption dated December 25, 2008, and the Code of Corporate Ethics.

No facts of detection and confirmation of corruption in the Company were revealed in the reporting period.



CORPORATE VALUES AND ETHICAL PRINCIPLES OF OJSC SEVERNEFTEGAZPROM

PROFESSIONALISM	Deep knowledge of the specialty, timely and high-quality implementation of tasks, continuous improvement of knowledge and skills.
INITIATIVE	A proactive approach and independence of employees in the optimization of the production process.
THRIFT	Responsible and careful approach to the use of the assets of the Company, to own working time and time of other employees.
MUTUAL RESPECT	Team spirit in work, trust, friendliness and cooperation in the process of solving assigned tasks.
HONESTY	Honest behavior, in compliance with ethical and legal standards, willingness to take personal responsibility for one's actions.
OPENNESS TO DIALOGUE	An open and honest exchange of information, willingness to jointly work out the best solution.
SOCIAL RESPONSIBILITY	Responsibility to colleagues and partners, preservation of the environment and support of the indigenous minority peoples of the North.
CONTINUITY	Respect for the work and experience of older generations, communication of beginners with experienced workers, vocational training and mentoring.
POSITIVE IMAGE	The use of techniques and strategies aimed at creating a positive opinion about the Company.

* At the time of preparation of the Annual Report, the Company's Board of Directors approved the Code of Corporate Ethics of OJSC Severneftegazprom on 22.03.2021, which also applies to members of the Company's Board of Directors.



Registration Information

FULL COMPANY NAME:

Open Joint Stock Company Severneftegazprom

The abbreviated company name of the Company in Russian:
ОАО «Севернефтегазпром»

Full company name in English:
Open Joint Stock Company “Severneftegazprom”

The abbreviated company name of the Company in English:
OJSC “Severneftegazprom”

LOCATION AND POSTAL ADDRESSES:

Location address: 22 Lenina Str., Krasnoselkup 629380, Krasnoselkup District, Yamal-Nenets Autonomous District.

Postal address: Novy Urengoy 629300, P/O Box 1130, Yamal-Nenets Autonomous District.

Email address: sngp@sngp.com

SOURCES WHERE THE COMPANY DISCLOSES INFORMATION:

The Company publishes information on the Company's website on the Internet at <http://www.severneftegazprom.com/>

DATE OF THE COMPANY STATE REGISTRATION AND THE REGISTRATION NUMBER:

Certificate № 1231 series PR-1 on state registration of the enterprise was issued to LLC Severneftegazprom on March 10, 1998, by the Administration of the Purovsky District of the Yamal-Nenets Autonomous District on the grounds of Resolution № 184 dated March 10, 1998.

Certificate № R-16625.16 of registration and entry to the state register of commercial organizations was issued to OJSC Severneftegazprom on June 15, 2001, by the State Registration Chamber under the Ministry of Justice of the Russian Federation in connection with the reorganization by transforming LLC Severneftegazprom on the grounds of Minutes № 5 of the Extraordinary General Meeting of Shareholders dated June 1, 2001 (former registry number: R-16447.15 dated May 31, 2001).

The certificate of entry in the Unified State Register of Legal Entities on a legal entity registered before July 1, 2002, under Primary State Registration Number 1028900699035 dated December 19, 2002, was issued by Inter-district Inspectorate № 3 of the Ministry of Taxes and Levies of the Russian Federation for the Yamal-Nenets Autonomous District.

INFORMATION ON THE REGISTRAR OF THE COMPANY:

JSC “Specialized registrar — Holder of registers of shareholders of the gas industry” (JSC “DRAGA”).

Location and postal address: 71/32 Novocheremushkinskaya Str., Moscow 117420, telephone: (495) 719-40-44, fax: (495) 719-45-85.

The license for maintaining the register of securities holders № 045-13996-000001 dated December 26, 2003, was issued by the Federal Commission for the Securities Market of Russia (Bank of Russia) for an unlimited period.



MAIN ACTIVITIES:

Development of the Yuzhno-Russkoye Gas and Oil Field;

exploration;

production, transportation and sale of produced hydrocarbons and other raw materials;

Activities of the customer/developer;

transportation of goods and passengers by road, both on their own and on leased vehicles;

activities of paramedical personnel; organization of activities of health centers.

LICENSES

The Company has a license for geological surveying and production of hydrocarbons within the Yuzhno-Russian subsoil area located in the Krasnoselkup District of the Yamal-Nenets Autonomous District of the Tyumen Region. Series SLKh № 11049 NE. The license is issued on December 23, 1993. The license expires on December 31, 2043.

Besides, the Company has more than 10 permits (licenses) for other types of activities, is a member of such self-regulatory organizations as Union of Builders of the Yamal-Nenets Autonomous District, Association of the Gas and Oil Sector Engineering Survey Organizations “Engineer-Surveyor,” and Association of the Gas and Oil Sector Design Organizations “Design Engineer”.

REPRESENTATIVE OFFICES OF THE COMPANY

The Company has structural subdivisions in Novy Urengoy, Tyumen, and Moscow.

The Company has no subsidiaries and affiliates.

CONCLUSION



Principles on report preparation

The Company's management confirms that it is responsible for the reliability of the data concerning the sustainable development published in this Report to satisfy the justified needs of such information on the part of its target users.

The structural subdivision of the Deputy General Director for Development and Strategic Planning of OJSC Severneftegazprom is responsible for preparing nonfinancial statements and determining key priorities for their content. Key topics and issues of importance for both the Company and the public were identified in the process of interaction with stakeholders and heads of departments responsible for the economic, social, and environmental activities of the Company, and included in the working group on sustainable development.

The limits and level of disclosure of significant topics included in the Report were also determined. Among them are financial and economic results, well-being of employees, including professional development of personnel, and social projects in the regions where the Company operates as well as environmental safety. Special attention is paid to issues of labor protection and industrial safety, which reflects the Company's desire to improve constantly the indicators in this area, as well as the volume of investments and labor costs.



The report provides information on the activities of all structural divisions of OJSC Severneftegazprom relating to the social sphere, results in the field of environmental protection and industrial safety for the 2020 calendar year.

To prepare the Sustainability Report, data were collected and systematized on the basis of internal corporate information requests.

OJSC Severneftegazprom sets the achievement of openness of information regarding its activities as its main goal. Full disclosure of information and ensuring the quality of published data is the main value of the Report, which is based on the principles of international reporting in the field of sustainable development. The main approaches to the preparation of the Report are the balance, reliability and essentiality of information on the economic, social and environmental activities of the Company.



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1. ESSENTIALITY. The report reflects all significant topics, issues, and indicators of the economic, environmental, and social impact of the Company's activities, taking into account the management's assessment of its results for the reporting period and the interest of stakeholders.

2. COVERAGE OF STAKEHOLDERS. The Company has a systematic approach to interacting with stakeholders, which allows taking into account public opinions and expectations reasonably.

3. THE CONTEXT OF SUSTAINABLE DEVELOPMENT. The report provides balanced and reasonable information on all aspects of the Company's sustainable development.

4. COMPLETENESS. The Report provides information on all areas of the Company's sustainable development for the reporting period in accordance with the requirements of the GRI Standards standard and industry additions for the oil and gas sector.

5. BALANCE. The Report includes information on both the achievements of the Company and the need to improve certain processes.

6. COMPARABILITY. The methods for disclosing material information in the Report provide an opportunity for stakeholders to analyze changes in the performance of the Company over time.

7. ACCURACY. The Company seeks to present the results of its activities accurately and fully so that stakeholders can evaluate it objectively. For this, both qualitative descriptions and quantitative information based on financial and statistical reporting data are used.

8. TIMELINESS. The Report preparation is planned and includes a process of interaction with internal and external stakeholders, audit certification, and publication.

9. CLARITY. The information in the report is presented in an understandable accessible form; the report avoids the use of highly specialized technical terminology, etc.; information requiring special knowledge is not provided. The report repeatedly uses tables, charts, and graphs to visualize information.

10. RELIABILITY. The report provides reliable information that can be verified and confirmed. Some information reporting the results of the Company's activities in the field of sustainable development was independently confirmed by the company Financial and Accounting Consultants.



Information disclosure

ANNEX 1

THE LIST OF TRANSACTIONS PERFORMED BY THE COMPANY IN 2020 THAT ARE RECOGNIZED AS MAJOR TRANSACTIONS IN ACCORDANCE WITH THE FEDERAL LAW ON JOINT-STOCK COMPANIES

At the Extraordinary General Meeting of Shareholders held on August 4, 2020, the resolution was adopted on the consent to conclude Loan Agreement № 5030 between

VTB Bank (PJSC) and OJSC Severneftegazprom, which was a major transaction for the Company.

ANNEX 2

THE LIST OF TRANSACTIONS EFFECTED BY THE COMPANY IN 2020 THAT ARE RECOGNIZED AS INTERESTED-PARTY TRANSACTIONS IN ACCORDANCE WITH THE FEDERAL LAW ON JOINT-STOCK COMPANIES:

	MATERIAL TERMS OF THE TRANSACTION	PARTIES INTERESTED IN THE TRANSACTION	THE GOVERNING BODY THAT APPROVED THE TRANSACTION
1	Agreement № D41-S53419 with LLC Gazprom transgaz Surgut for the maintenance services for the Yuzhno-Russkoye Oil and Gas Field — KS Purtazovskaya export gas pipeline, 0–64 km, inventory number 001061010 and export gas pipeline, 64–94.7 km, inventory № 000005114, for 2020	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on January 17, 2020. There were no requests to convene a meeting of the Board of Directors.
2	Agreement on Transfer of Agreement № 244-2016 dated June 29, 2016, between OJSC Severneftegazprom, LLC Gazprom Geologorazvedka, and LLC Gazprom Nedra.	Company Shareholder — PJSC Gazprom Member of the Board of Directors: V.V. Cherepanov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on February 13, 2020. There were no requests to convene a meeting of the Board of Directors.
3	Agreement № 18 between OJSC Severneftegazprom and LLC Gazprom Nedra for geophysical studies and well operations during control of the Yuzhno-Russkoye Oil and Gas Field.	Company Shareholder — PJSC Gazprom Member — of the Board of Directors: V.V. Cherepanov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on February 13, 2020. There were no requests to convene a meeting of the Board of Directors.
4	Supplementary Agreement № 3 to Agreement № 3.1/29-2019 dated November 12, 2019, with LLC Gazprom Nedra. Amendment to Annex 4 to Agreement, Calendar Schedule for Construction of Turonian Gas Deposit Production Wells at the Yuzhno-Russkoye Field.	Company Shareholder — PJSC Gazprom Member of the Board of Directors: V.V. Cherepanov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on March 26, 2020. There were no requests to convene a meeting of the Board of Directors.
5	Supplementary Agreement № 31 to Gas Supply Agreement № 25 Pk-2007 dated December 13, 2007, between OJSC Severneftegazprom and PJSC Gazprom, Setting of gas price for 2020 at 1,980 (one thousand nine hundred eighty) rubles 94 kopecks per 1,000 (one thousand) cubic meters of gas (VAT excluded).	Company Shareholder — PJSC Gazprom Member of the Board of Directors: E.V. Mikhaylova	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on May 25, 2020. There were no requests to convene a meeting of the Board of Directors.
6	Supplementary Agreement № 28 to Gas Supply Agreement № 28 Pk-2007 dated 13 December 2007, between Open Joint-Stock Company Severneftegazprom and Closed Joint-Stock Company Gazprom YuRGM Trading Setting of gas price for 2020 at 1,980 (one thousand nine hundred eighty) rubles 94 kopecks per 1,000 (one thousand) cubic meters of gas (VAT excluded).	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on May 25, 2020. There were no requests to convene a meeting of the Board of Directors.
7	Supplementary Agreement № 24 to Gas Supply Agreement № 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YuRGM Development. Setting of gas price for 2020 at 1,980 (one thousand nine hundred eighty) rubles 94 kopecks per 1,000 (one thousand) cubic meters of gas (VAT excluded).	Company Shareholder — PJSC Gazprom Member of the Board of Directors: T.G. Morris	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on May 25, 2020. There were no requests to convene a meeting of the Board of Directors.
8	Supplementary Agreement № 32 to Gas Supply Agreement № 25 Pk-2007 dated 13 December 2007, between OJSC Severneftegazprom and PJSC Gazprom Gas Price Adjustment in 2H 2020 RUB 2046.48 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom Member of the Board of Directors: E.V. Mikhaylova	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on June 22, 2020. There were no requests to convene a meeting of the Board of Directors.



	MATERIAL TERMS OF THE TRANSACTION	PARTIES INTERESTED IN THE TRANSACTION	THE GOVERNING BODY THAT APPROVED THE TRANSACTION
9	Supplementary Agreement № 29 to Gas Supply Agreement № 28 Pk-2007 dated 13 December 2007, between Open Joint-Stock Company Severnftgazprom and Closed Joint-Stock Company Gazprom YuRGM Trading Gas Price Adjustment in 2H 2020 RUB 2046.48 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on June 22, 2020. There were no requests to convene a meeting of the Board of Directors.
10	Supplementary Agreement № 25 to Gas Supply Agreement № 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severnftgazprom and Joint-Stock Company Gazprom YuRGM Development Gas Price Adjustment in 2H 2020 RUB 2046.48 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom Member of the Board of Directors: T.G. Morris	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on June 22, 2020. There were no requests to convene a meeting of the Board of Directors.
11	Supplementary Agreement № 5 to Agreement № 244-2016 dated June 29, 2016, with LLC Gazprom Nedra on recalculation of initial hydrocarbon reserves of Lower Cretaceous deposits at the Yuzhno-Russkoye Field as of January 1, 2017. Adjustment of Work Deadlines: Start of Work: June 2016. End of Work: September 2020	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on July 29, 2020. There were no requests to convene a meeting of the Board of Directors
12	Supplementary Agreement № 5 to Agreement № 3.1/29-2019 dated November 12, 2019, with LLC Gazprom Nedra for the geophysical research and works during the production wells construction for the Turonian gas deposit of the Yuzhno-Russkoye Field. Adjustments of the Calendar Schedule for Construction of Turonian Gas Deposit Production Wells at the Yuzhno-Russkoye Field.	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on August 19, 2020. There were no requests to convene a meeting of the Board of Directors.
13	Supplementary Agreement № 33 to Gas Supply Agreement № 25 Pk-2007 dated December 13, 2007, between OJSC Severnftgazprom and PJSC Gazprom Gas Price Adjustment in 2H 2020 RUB 1724.69 for 1,000 cubic meters of gas (VAT excluded).	Company Shareholder — PJSC Gazprom Member of the Board of Directors: E.V. Mikhaylova S.N. Menshikov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on September 22, 2020. There were no requests to convene a meeting of the Board of Directors.
14	Supplementary Agreement № 30 to Gas Supply Agreement № 28 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severnftgazprom and Closed Joint-Stock Company Gazprom YuRGM Trading Gas Price Adjustment in 2H 2020 RUB 1724.69 for 1,000 cubic meters of gas (VAT excluded).	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on September 22, 2020. There were no requests to convene a meeting of the Board of Directors.
15	Supplementary Agreement № 26 to Gas Supply Agreement № 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severnftgazprom and Joint-Stock Company Gazprom YuRGM Development Gas Price Adjustment in 2H 2020 RUB 1724.69 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom Member of the Board of Directors: T.G. Morris	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on September 22, 2020. There were no requests to convene a meeting of the Board of Directors.
16	Supplementary Agreement № 6 to Agreement № 244-2016 dated June 29, 2016, with LLC Gazprom Nedra on recalculation of initial hydrocarbon reserves of Lower Cretaceous deposits at the Yuzhno-Russkoye Field as of January 1, 2017. Adjustment of Work Deadlines: Start of Work: June 2016. End of Work: December 2020	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on October 20, 2020. There were no requests to convene a meeting of the Board of Directors.
17	Agreement № 3.1/36-2020 with LLC Gazprom Nedra for the geophysical research and works during the production wells construction for the Turonian gas deposit at the Yuzhno-Russkoye Field.	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on October 27, 2020. There were no requests to convene a meeting of the Board of Directors.
18	Supplementary Agreement № 34 to Gas Supply Agreement № 25 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severnftgazprom and Public Joint-Stock Company Gazprom. Adjustment of Gas Price for Supply Year 2021: RUB 1884.30 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom Member of the Board of Directors: E.V. Mikhaylova, S.N. Menshikov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 22, 2020. There were no requests to convene a meeting of the Board of Directors.
19	Supplementary Agreement № 31 to Gas Supply Agreement № 28 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severnftgazprom and Joint-Stock Company Gazprom YuRGM Trading. Adjustment of Gas Price for Supply Year 2021: RUB 1884.30 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 22, 2020. There were no requests to convene a meeting of the Board of Directors.
20	Supplementary Agreement № 27 to Gas Supply Agreement № 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severnftgazprom and Joint-Stock Company Gazprom YuRGM Development. Adjustment of Gas Price for Supply Year 2021: RUB 1884.30 for 1,000 cubic meters of gas (VAT excluded)	Company Shareholder — PJSC Gazprom Member of the Board of Directors: T.G. Morris	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 22, 2020. There were no requests to convene a meeting of the Board of Directors.
21	Agreement № D41-S52020 between OJSC Severnftgazprom and LLC Gazprom transgaz Surgut for the maintenance services for the Yuzhno-Russkoye Oil and Gas Field — KS Purtazovskaya export gas pipeline, 0–64 km, inventory number 001061010 and export gas pipeline, 64–94.7 km, inventory number № 000005114, for 2021.	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 25, 2020. There were no requests to convene a meeting of the Board of Directors.
22	Agreement on Termination of Agreement № 244-2016 dated June 29, 2016 with LLC Gazprom Nedra for performance of work: "Recalculation of Initial Hydrocarbon Reserves in Lower Cretaceous Deposits at the Yuzhno-Russkoye Field as of January 1, 2017," between OJSC Severnftgazprom and LLC Gazprom Nedra.	Company Shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 31, 2020. There were no requests to convene a meeting of the Board of Directors.



ANNEX 3 GRI CONTENT INDEX*

The service for the certification of the GRI Content Index is provided on the basis of the Russian version of the Report.

The provision of the Materiality Disclosures Service confirms that the GRI content index is clearly presented and links to elements 102-40 - 102-49 correspond to the corresponding sections in the main part of the report.

GRI 101 FOUNDATION

ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
–	Principles on report preparation		None

GRI 102 GENERAL DISCLOSURES

ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
ORGANIZATIONAL PROFILE			
102-1	Registration Information	136	None
102-2	Status of raw material base	23	None
102-3	Registration Information	136	None
102-4	Registration Information	136	None
102-5	Registration Information	136	None
102-6	Situation in the industry and development prospects	13–16	None
102-7	Situation in the industry and development prospects		None
102-8	Headcount and Personnel Structure	87–90	None
102-9	Interaction with stakeholders	100–106	None
102-10	The structure of the authorized capital in the reporting period did not change; no other actions to increase, secure and change the amount of capital were performed		None
102-11	The company adheres to the 15th principle of the UN Declaration on Environment and Development, adopted in Rio de Janeiro June 3-4, 1992		None
102-12	The Company did not join Articles of Associations developed by external parties		None
102-13	Since July 2017, the Company has been a member of Union of Builders of the Yamal-Nenets Autonomous District, a self-regulatory organization. Since August 2018, the Company has been a member of the self-regulatory organization Association of Organizations Performing Engineering Surveys in the Gas and Oil Sector "Engineer-Surveyor" and Association of organizations performing design work in the gas and oil industry "Design Engineer." Since December 2013, the Company is a member of the International Business Congress e.V.		None
STRATEGY			
102-14	The Board of Directors Chairman's Address The General Director's Message	4 5	None
102-15	Major Risk Factors	126–129	None
ETHICS AND INTEGRITY			
102-16	Ethics and Integrity Since 2014, the Company has been implementing a Code of Corporate Ethics, establishing core corporate values, as well as the most important rules of business conduct based on them and adopted by the Company. The Code of Corporate Ethics applies to all employees, as well as counterparties of the Company. Familiarization with the provisions of the Code of Corporate Ethics is mandatory for all employees of the Company when hired. In addition, the Company provides regular training aimed at clarifying the basic rules of business conduct regulated by the Code. Responsibility for the organization of work to implement the requirements and provisions of the Code lies with the Corporate Ethics Commission of 4 members	134–135	None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
102-17	<p>Ethics and Integrity The Company has created a mechanism for seeking advice on issues of ethical and law-abiding behavior as well as on issues associated with dishonesty manifestations via e-mail and verbal telephone conversations. The Corporate Ethics Commission considers all complaints on a confidential basis. Anonymous messages are also subject to consideration. The Company guarantees that reporting by employees any facts of violation of the Code of Corporate Ethics will not cause negative consequences regarding the official position of the employee reporting such information. In 2020, there were no reports of unethical or illegal behavior, as well as problems related to dishonesty in the Company</p>	134-135	None
GOVERNANCE			
102-18	<p>Governance Structure The General Meeting of Shareholders is the supreme management body of the Company, through which shareholders exercise their right to participate in the management of the Company. The Board of Directors is a management body that exercises general management of the Company and is responsible for strategic management aimed at fulfilling long-term goals and objectives, as well as monitoring the performance of the Company. The Technical Committee under the Board of Directors is a consultative and advisory body of the Board of Directors of the Company established for preliminary consideration of the most important technical issues within the competence of the Board of Directors. General Director is the sole executive body managing the current activities of the Company and implementing the strategy determined by the Board of Directors</p>	111-119	None
102-22	Managing Body Structure	111-119	None
102-23	Chairman of the Board of Directors is not an executive director		None
102-25	In accordance with Article 82 of the Federal Law on Joint-Stock Companies, members of the Board of Directors, the General Director, and the shareholders of the Company disclose information regarding their interest in the transaction to be effected by the Company. To prevent a conflict of interests, the Company complies with the provisions of the Law on Joint-Stock Companies regarding the procedure for sending members of the Board of Directors notifications and approval of interested-party transactions. The company quarterly discloses its list of affiliates on the official website and the website of the Interfax news agency. The annual report of the Company discloses a list of transactions the Company performed in the reporting year with interested parties, indicating for each transaction the person concerned, the material conditions and the governing body of the Company that adopted the resolution on its approval		None
102-29	Interaction with stakeholders The Technical Committee under the Board of Directors considers reports on the implementation of the Annual Work Program and the Budget of the Company as well as reports on the results of work in the field of labor protection, industrial safety, and environmental protection	100-106	None
102-31	Interaction with stakeholders The Technical Committee under the Board of Directors reviews the quarterly progress report on labor protection, industrial safety, and environmental protection	100-106	None
102-32	The report of the Company in the field of sustainable development as part of the Annual Report of the Company is preliminary considered by the Technical Committee and the Board of Directors. The annual report is approved by the General Meeting of Shareholders		None
102-35	Remuneration Remuneration to Directors. The remuneration of the General Director of the Company is exercised according to a time-individual system that provides for the payment of wages based on the monthly official salary established by the Wage Agreement, which is an annex to the employment contract, as well as compensation and incentive payments. The list of social guarantees and compensations to the General Director is established in the employment contract.	111-119 131-133	None
STAKEHOLDER ENGAGEMENT			
102-40	Interaction with stakeholders	100	None
102-41	In 2020, all obligations of the employer regarding the provision of social benefits, guarantees and compensations to employees under the Collective Bargaining Agreement of the Company for 2019 - 2020 were performed in full. Coverage of employees by the Collective Agreement is 100%.		None
102-42	Interaction with stakeholders	100	None
102-43	Interaction with stakeholders	100-103 106	None
102-44	Interaction with stakeholders In 2020, no concerns were submitted by stakeholders in the framework of interaction with the Company. Key topics of interaction are financial assistance in the framework of existing cooperation agreements.	100-103 106	None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
REPORTING PRACTICE			
102-45	Prioritizing	67-68	None
102-46	Report Drafting Principles	139-140	None
102-47	Prioritizing	67-68	None
102-48	Report Drafting Principles	139-140	None
102-49	Report Drafting Principles	139-140	None
102-50	2020		None
102-51	June 30, 2020		None
102-52	Annual		None
102-53	Feedback Form	159	None
102-54	Sustainable Development	67	None
102-55	GRI Content Index	143-155	None
102-56	Conclusion on External Confirmation Results	157-158	None

MATERIAL TOPICS

ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
SERIES OF STANDARDS: ECONOMIC			
GRI 201 ECONOMIC PERFORMANCE			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67-68	
103-2	Management Approach and its Components Key Financial Indicators	53	
103-3	Management Approach Assessment Key Financial Indicators	53	
201-1	Key Financial Indicators Profit and Loss Statement Interaction with stakeholders Report on the payment of declared (accrued) dividends on shares of the Company	53 54 100-106 123	None
201-3	Payment for labor and staff social assistance	92-94	None
201-4	Key Financial Indicators Profit and Loss Statement Financial and operational activities management and supervision bodies	53 54 111-119	None
GRI 204 PROCUREMENT PRACTICES			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67-68	
103-2	Management Approach and its Components Interaction with stakeholders	103	
103-3	Management Approach Assessment Interaction with stakeholders	103	
204-1	Interaction with stakeholders The share of tender-based procurement from contractors registered in the Yamal-Nenets Autonomous District is 8% of the total procurement	103	None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
GRI 205 ANTI-CORRUPTION			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Ethics and Integrity	134–135	
103-3	Management Approach Assessment Ethics and Integrity	134–135	
205-2	Ethics and Integrity	134–135	None
205-3	Ethics and Integrity	134–135	None
RESERVES			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Status of raw material base	23	
103-3	Management Approach Assessment Status of raw material base	23	
OG- 1	Status of raw material base	23	None
SERIES OF STANDARDS: ENVIRONMENT			
GRI 301 MATERIALS			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Environmental Protection		
103-3	Management Approach Assessment Environmental Protection		
301-2	No reusable/recyclable materials are used to produce basic products and services		None
GRI 302 ENERGY			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Energy Consumption and Energy Supply	76	
103-3	Management Approach Assessment Energy Consumption and Energy Supply	67	
302-1	The total fuel consumption within the organization from non-renewable energy sources is 8,718,825.03 GJ. • natural gas — 260 492 thous m ³ , or 8,670,997.20 GJ. • motor gasoline — 264.00 tons, or 11,529.38 GJ; • kerosene — 1.195 tons, or 50.788 GJ; • diesel fuel — 830.00 tons, or 36,247.67 GJ. Total fuel consumption within the organization from renewable energy sources: 0; Energy consumption (in joules, Wh or multiples), total: 297,845.48 GJ. 1. electric power 135 316.94 GJ 2. heating 162 528.54 GJ 3. cooling 0 4. steam 0	76–77	Yes, for total energy consumption



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
	Purchased energy 6 210.51 GJ Purchased heat 17,447.21 GJ Energy sold to consumers (in joules, Wh or multiples), total: 9,751.76 GJ 1. electricity 9,751.76 GJ 2. heat 0 3. cooling 0 4. steam 0 Total energy consumption within the organization, in joules or multiples of 8,732,730.99 GJ. Standards, methodologies, assumptions and / or means used to calculate. The origin of the conversion factors used. 1 Kilowatt * hour = 3.6 * 10 ⁻³ GJ; 1 Gcal = 4.1868 GJ Natural gas: 1,000 m ³ = 33.287 GJ Natural gas: 1 m ³ * (k = 1.154) = t of reference fuel Gasoline: 1 t * 1.49 = t of reference fuel * (k = 29.31) = GJ DT: 1 t * 1.47 = t of reference fuel * (k = 29.31) = GJ Kerosene: 1 t * 1.45 = t of reference fuel * (k = 29.31) = GJ		
302-3	Energy-output ratio is 12.36 kg of fuel equivalent / thous. m ³		None
302-4	The total reduction of energy consumption as a result of energy conservation initiatives is 406,272.46 GJ The calculation took into account savings in electricity and natural gas. Base year 2017—2020 based on EMS goals and objectives. Conversion factors used	76–78	Yes, in terms of reduction of energy consumption
GRI 303 WATER AND EFFLUENTS			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Water Supply	73	
103-3	Management Approach Assessment Water Supply	73	
303-1	Water supply. Water intake is carried out for own needs from an underground water source using pumping equipment installed in a water intake well. Wastewater is pumped into an absorption horizon. Determination of water-related impacts, including the scope of assessments and its timeframes, is carried out as part of the development of project documents by the project organization. There is no information on significant water related impacts. The establishment of any goals and objectives is carried out in accordance with the IMS DP 06 “Planning, analysis and continuous improvement of the integrated management system”	73–74	None
303-2	Water Supply In accordance with the Federal Law «On Subsoil», the requirements for the quality of wastewater were established by the Geology and Licensing Division of the Yamalo-Nenets Autonomous Okrug of the Department for Subsoil Use of the Urals Federal District when approving a technological project for the disposal of industrial and domestic wastewater at the Yuzhno-Russkoye field.	73–74	None
303-3	Water Supply. Water withdrawal is accounted for in m ³ 1) Surface water — 0; 2) Groundwater — 105.59 thousand m ³ ; 3) Sea water — 0; 4) Produced water — 11.94 thousand m ³ 5) Water from third-party sources (municipal water supply systems or other public or private water supply companies) — 5.73 thousand m ³ . All water withdrawn is fresh Water withdrawal from areas with water stress is not carried out	73–75	Yes, in terms of the total water withdrawal by source



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
GRI 304 BIODIVERSITY			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Environmental Protection	70	
103-3	Management Approach Assessment Environmental Protection	70	
304-2	The organization does not have a significant direct and indirect effect on biodiversity.		None
304-3	The area of 0.694 ha was reclaimed. Land transferred to the owner after acceptance by the commission of the Yamal-Nenets Autonomous District.		None
304-4	There are no protected species listed in the IUCN Red List in the field.		None
GRI 305 EMISSIONS			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Pollutant Emissions	71–72	
103-3	Management Approach Assessment Gases Pollutant Emissions	71–72	
305-1	The total volume of direct GHGs emissions amounted to 544.4932 thous tons in CO ₂ and equivalent Gases taken into account when calculating direct greenhouse gas emissions are CO ₂ , CH ₄ . CO ₂ emissions from biomass decomposition (solid waste landfill) — 0.34480234 thous tons. The base year is not defined in connection with the commissioning of new facilities, the technical re-equipment, and a change in the methods of carrying out scheduled shutdown works. Global Warming Potential (GWP) is 25. Order № 300 of the Ministry of Natural Resources of Russia On Approval of Guidelines for the Quantitative Determination of Greenhouse Gas Emissions by Organizations Carrying out Economic and Other Activities in the Russian Federation dated June 30, 2015.	71–72	None
305-2	In accordance with the regulatory and methodological framework of the Russian Federation, the collection of necessary information and reporting on indirect GHGs emissions is not carried out.		None
305-3			None
305-4	The greenhouse gas emission intensity factor is 22.657. An organization-specific metric selected to calculate this ratio: numerator - volume of GHG emissions, tons; denominator is extracted natural gas, mln m ³ . Types of GHG emissions included in the calculation of the intensity factor: direct emissions (Coverage 1). The gas taken into account when calculating this indicator is methane.	71–72	None
305-5	Pollutant Emissions The total volume of reduction in GHGs emissions amounted to 61.315 thous tons in CO ₂ equivalent, including: - reduction of CO ₂ emissions — 29.038 thous tons; - reduction of GHG emissions of CH ₄ and is equivalent to CO ₂ — 32.277 thousand tons. The considered gases are CO ₂ , CH ₄ . The base year is not defined in connection with the commissioning of new facilities, the technical re-equipment, and a change in the methods of carrying out scheduled shutdown works. Order № 300 of the Ministry of Natural Resources of Russia On Approval of Guidelines for the Quantitative Determination of Greenhouse Gas Emissions by Organizations Carrying out Economic and Other Activities in the Russian Federation dated June 30, 2015. The total volume of direct emissions reduction (Coverage 1) CO ₂ -equivalent — 61.315 thous tons.	71–72	None
305-6	No ozone-depleting substances		None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
305-7	Pollutant Emissions. Emissions of pollutants at the Yuzhno-Russkoye field. NO _x — 1,695.018 tons; SO _x — 0.563 tons; Methane — 308.344 tons; CO — 1,240.611 tons; VOC — 25.008 tons; Solids — 1.721 tons; Other — 0.041 ton	71–72	Yes, in terms of pollutant emission weight
GRI 306 EFFLUENTS AND WASTE			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Waste Management	72–73	
103-3	Management Approach Assessment Waste Management	72–73	
306-1	Water Supply a. The wastewater discharge standard established in the Engineering Project for the Burial of Industrial and Domestic Wastewater at the Yuzhno-Russkoye Oil and Gas Field (Addendum № 2) is within 500 m ³ per day. 1. Wastewater is discharged by injection into an absorbing stratum. 2. Established standards for wastewater quality: Petroleum products, not more than 150 mg/dm ³ . Suspended substances, not more than 300 mg/dm ³ . Hydrogen index, not lower — 6.8 pH. Dissolved oxygen, not more than 5 mg O ₂ /dm ³ . Hydrogen sulfide, not more than 15 mg/dm ³ . Oxide iron, not more than 3 mg/dm ³ . 3. Wastewater is not reused by other organizations. b. The Engineering project for the burial of industrial and Domestic Wastewater at the Yuzhno-Russkoye Oil and Gas Field (Addendum № 2).	72–73	None
306-2	The total weight of hazardous waste is 533.301 tons, broken down by treatment methods (taking into account 21,906 tons accumulated 2019): • reuse — 5.8 tons. • recycling — 0 tons. • composting — 0 tons. • restoration, including energy recovery (transfer to a contractor) — 46.324 tons. • burning (mass burning) (transfer to a contractor) — 2.669 tons • injection into deep underground horizons — 0 tons. • placement at the landfill — 445.7 tons. • storage at the enterprise site — 19.382 tons • transfer to a contractor for decontamination — 0.532 ton. • Placement at the contractors landfill — 34.8 tons The total mass of non-hazardous waste is 131.9 tons broken down by treatment methods (taking into account 9.1 t accumulated in 2019): • reuse — 0 tons. • recycling — 0 tons. • composting — 0 tons. • restoration, including energy recovery (transfer to a contractor) — 48.7 tons. • burning (mass burning) — 0 tons. • injection into deep underground horizons — 0 tons. • Placement at the landfill — 45.7 tons, of which: at the contractor's landfill — 5.5 tons, at the Company's landfill — 40.2 tons. • storage at the enterprise site — 46.6 tons • other — 0 tons Determination of the Waste Disposal Method: 1. Disposal by the organization itself or directly otherwise: 485.9 tons 2. Information provided by the waste disposal contractor: 0 tons. 3. Standard data of the waste disposal contractor for the organization: 144.3 tons.	72–73	Yes, in terms of total weight of waste generation
306-3	No spills were recorded in 2020.		None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
306-4	Transportation of hazardous waste: • Transported hazardous waste — 89.1 tons; • Imported hazardous waste — 0 tons; • Exported hazardous waste — 0 tons; • Recycled hazardous waste — 0 tons; The share of hazardous waste transported to foreign destinations is 0 tons; The principles for categorizing waste as hazardous and nonhazardous are based on Federal Law № 89-FZ On Production and Consumption Wastes dated June 24, 1998 (as amended on December 25, 2018). Wastes of I–IV hazard classes are categorized as hazardous, wastes of hazard class V — as nonhazardous.		None
306-5	There are no water bodies affected by wastewater discharge		None
OG- 5	The total volume of formation water is 11.94 thous m ³ . The volume/proportion of formation water back-injected is 11.94/100%. Criteria for disposal and wastewater treatment are established in the Engineering Project for the Burial of Industrial and Domestic Wastewater at the Yuzhno-Russkoye Oil and Gas Field. The established standard for the quality of wastewater by petroleum products is not more than 150 mg/dm ³ .		None
OG- 6	The volume of hydrocarbons flaring is 32713.145 thous m ³ , including 32667,803 thous m ³ during well exploration. The volume of continuous flaring of hydrocarbons is 38.280 thous m ³ . The volume of bleed hydrocarbons is 407.923 thous m ³ . The volume of constant bleed hydrocarbons is 0 thous m ³ . The volume of flaring and bleeding for gas and oil production, taking into account the volume of production, is 210.299 mln barrels of oil equivalent.		None
OG- 7	Accounting and disposal of drilling waste is carried out by a contractor.		None
GRI 307 ENVIRONMENTAL COMPLIANCE			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Environmental Protection	70	
103-3	Management Approach Assessment Environmental Protection	70	
307-1	No fines and nonfinancial sanctions for noncompliance with environmental laws and/or regulations were charged in 2020.		None
CATEGORY: SOCIAL			
GRI 401 EMPLOYMENT			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Personnel and Social Policy	87	
103-3	Management Approach Assessment Personnel and Social Policy	87	
401-1	Headcount and Personnel Structure 7.4% is the total employee turnover in 2020, calculated in accordance with GRI standards	89–90	Yes, in terms of total employee turnover
401-3	Headcount and Personnel Structure	87–89	None
GRI 403 OCCUPATIONAL HEALTH AND SAFETY			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Occupational Safety	79–80	
103-3	Management Approach Assessment Occupational Safety	79–80	



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
403-1	OJSC Severneftegazprom has developed, documented, implemented and operates an integrated management system (hereinafter – IMS) in the field of quality, environmental protection, industrial safety (labor protection, industrial, fire safety and road safety). IMS of OJSC Severneftegazprom was implemented on the basis of recognized standards. IMS of OJSC Severneftegazprom is certified for compliance with the requirements of international standards ISO 9001:2015 “Quality management systems. Requirements”, ISO 14001:2015 “Environmental management systems. Requirements with guidance for use of ISO 45001:2018 «Occupational health and safety management systems. Requirements and guidance for use». IMS applies to all employees of the Company and to employees of contractors working at the facilities of OJSC Severneftegazprom.		None
403-2	Health protection. The description of the processes used to identify work-related hazards and assess risks on a routine and non-standard basis, as well as to apply a hierarchy of controls to eliminate hazards and minimize risks, is documented by the IMS DP 03 “Hazard identification and risk management in the field of industrial safety”. The IMS DP 03 provides for a section that describes the risk management procedure for contractors (subcontractors). The quality of these processes, including the competence of the persons who carry them out, is ensured through audits by independent bodies by independent certification bodies. The results of the risk assessment are used to plan control measures. For unacceptable risks, as well as risks for which there are opportunities to improve the results of activities in the field of industrial safety and / or a category 3 of the probability of occurrence of the consequences of hazardous events has been established, it is necessary to develop measures to introduce additional risk management measures (hereinafter referred to as additional risk management measures), taking into account the opinion of a representative of the labor team and with the involvement of employees of the structural unit, using the following hierarchy of management measures: a) eliminate the hazard; b) replace with less hazardous: processes, operations, materials or equipment; c) use technical means of management and reorganization of work; d) use administrative controls, including training; e) use adequate personal protective equipment. Employees must report work-related hazards and hazardous situations implemented in the Company through the functioning of the System for monitoring the safety of working conditions by employees of OJSC Severneftegazprom. It is possible to fill in security cards without specifying the name and position. Information about the employees provided with the safety cards is accumulated in the department of labor protection and industrial safety and can be transferred to the employee’s managers only by agreement with the employee himself. Labor protection instructions contain a direct prohibition to start work upon detection of defects and violations that pose a threat to the health and life of people, damage or breakdown of equipment or property. Until the defects and violations are eliminated, it is prohibited to start work without the permission of the work manager. To investigate work-related accidents, the mandatory requirements for organizing and conducting investigations, registration and recording of industrial accidents are used, which are established in Article 227–231 of the Labor Code of the Russian Federation and in the Regulations on the Features of Investigation of Industrial Accidents in Certain Industries and Organizations, approved in Appendix No. 2 to the resolution of the Ministry of Labor and Social Development of the Russian Federation of October 24, 2002 No. 73. Investigation and accounting of accidents and incidents at hazardous production facilities is carried out in accordance with Article 12 of the Federal Law of 21.07.1997 N 116-ФЗ «On industrial safety of hazardous production facilities». The accounting procedure is regulated by the «Procedure for conducting a technical investigation of the causes of accidents, incidents and cases of loss of industrial explosives» (approved by order of Rostekhnadzor dated 08.12.2020 № 503) and «The procedure for establishing the fact of violation of living conditions in an accident at a hazardous facility, including the criteria by which the specified fact is established» (approved by order of the Ministry of Emergency Situations of Russia dated 30.12.2011 № 795). Additionally, in accordance with local regulations of OJSC Severneftegazprom, accounting and investigation of production failures, microtraumas, potentially dangerous incidents (with no consequences), road accidents are organized. The procedure for managing nonconformities (including potential nonconformities), including analysis of nonconformities, development, implementation and effective management of corrective / preventive and other actions in relation to nonconformities, established by the documented procedure IMS DP 02 “Analysis of nonconformities, development of corrective / preventive actions”.		None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
403-3	Personnel and Production Safety. Processes to identify work-related hazards and assess regular and irregular risks are performed by the Department of Occupational and Industrial Safety, see reporting element 403-2 for details		None
403-4	The process of employee participation involved in management system and occupational health is regulated by the Unified Occupational Health and Safety Management System of OJSC Severneftegazprom, which contains the main processes of interaction within the framework of the Unified Occupational Health and Safety Management System. The description of information exchange processes, including informing employees and specialists about incidents that have occurred in the Company's divisions, is regulated by Section 6 of the Regulations on the Unified Occupational Health and Safety Management System of OJSC Severneftegazprom. The section contains the main processes of interaction within the framework of the Unified Occupational Health and Safety Management System. So the main ways of information exchange about incidents, for example, are: · meetings on the analysis of inconsistencies, development of measures for correction, corrective actions, in accordance with the requirements of IMS DP 02 «Analysis of inconsistencies, development of corrective / preventive actions» in the structural divisions of the Company, held at least once a month, at which issues are reported and discussed in relation with activities in the field of health and safety; Employees' access to the relevant information is carried out by posting the necessary information on information boards and through the corporate portal on the Internet. No joint committees have been established.		None
403-5	Training in the field of occupational and industrial safety of employees is carried out in accordance with the requirements of the current legislative and regulatory legal acts of the Russian Federation, as well as local documents of the Company, and includes briefings, production (theoretical and practical) training, internship, knowledge testing, training, retraining and advanced training in the field of occupational and industrial safety. The training is continuous, multi-level and is carried out with the improvement of knowledge in the process of work with each employee. The training of employees in the Company is carried out according to the programs developed and approved in accordance with the established procedure, instructions for the types of work and professions. The compulsory training program includes theoretical and practical lessons in providing first aid to injured. If for certain categories of employees of basic professions, regulatory legal acts establish additional requirements for training and control of knowledge in safety, then the requirements provided for by these regulatory legal acts also apply.		None
403-6	Access to medical services is provided under a voluntary health insurance contract and insurance against accidents and illnesses. All employees of the Company are provided with the above agreement. All employees of the Company are provided with a contract of voluntary medical insurance, insurance against accidents and illnesses, which makes it possible to organize a complex of medical and preventive measures in order to preserve health, maintain efficiency and prolong the active professional longevity of the Company's employees. At the expense of the VHI contract, the Company's employees are annually sent for sanatorium-resort treatment, receive highly qualified medical care in specialized clinics of the Russian Federation. Also, the Company has introduced programs to identify pathology of the cardiovascular system, oncopathology, "Step Towards" (assistance to disabled children of the Company's employees).		None
403-7	The organization's approach to preventing or mitigating significant negative impacts on health and safety is reflected in the Policy of OJSC Severneftegazprom in the field of quality, environmental protection, industrial safety, where the Company recognizes the priority of life and health of employees over the results of production activities, and also declares its commitment to the principles of sustainable development, ensuring a harmoniously balanced combination of social policy and economic growth while maintaining a favorable environment for present and future generations.		None
403-8	The integrated management system at OJSC Severneftegazprom (hereinafter referred to as the IMS) in the field of quality, environmental protection, industrial safety (labor protection, industrial, fire safety and road safety) applies to all employees of the Company, as well as to employees of contracting organizations carrying out its activities at the facilities of the Company. In November 2020, a supervisory audit of the integrated management system in the field of quality, environmental protection and industrial safety for compliance with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, as well as the energy management system for compliance with international ISO 50001:2018 standard (transition to the new version of the standard). The audit was carried out by an independent certification body LLC SSU «DQS» (representative of the international certification body DQS).		None



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
	The IMS undergoes internal audits on a regular basis. The auditors confirmed the compliance of the management systems of OJSC Severneftegazprom with the requirements of international standards, no inconsistencies were registered. The company was provided with a certificate of compliance of the energy management system with the requirements of the international standard ISO 50001:2018, as well as the validity of certificates of compliance with standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 was extended.		
Number of injuries of personnel	Number of injuries of personnel — 0.		Yes
Absentee rate	Absentee rate — 1.71%		Yes
GRI 404 TRAINING AND EDUCATION			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Personnel and Social Policy	94	
103-3	Management Approach Assessment Personnel and Social Policy	94	
404-1	Professional Development and Performance Management	94–95	Yes, in terms of the average annual number of training hours per employee, by employee gender and category
404-3	Professional Development and Performance Management	96	None
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Personnel and Social Policy	87–89	
103-3	Management Approach Assessment Personnel and Social Policy	87–89	
405-1	Personnel Management	87–89	None
GRI 406 NON-DISCRIMINATION			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Personnel and Social Policy	91	
103-3	Management Approach Assessment Personnel and Social Policy	91	
406-1	Personnel Management	91	None
GRI 408 CHILD LABOR			
GRI 103	Management Approach		
103-1	Explanation of Significant Matters and Boundaries	67–68	



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
103-2	Management Approach and its Components Personnel and Social Policy	91	
103-3	Management Approach Assessment Personnel and Social Policy	91	
408-1	Personnel Management	91	None
GRI 409 FORCED OR COMPULSORY LABOR			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Personnel and Social Policy	91	
103-3	Management Approach Assessment Personnel and Social Policy	91	
409-1	Personnel Management	91	None
GRI 411 RIGHTS OF INDIGENOUS PEOPLES			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Interaction with stakeholders	100	
103-3	Management Approach Assessment Interaction with stakeholders	100	
411-1	Interaction with stakeholders. In 2020, no complaints were recorded on violation of the rights of indigenous peoples of the North.		Yes
OG-9	Interaction with stakeholders. The territorial remoteness of the Yuzhno-Russkoye field from the geographical habitats of residence of indigenous minorities eliminates the possibility for the local communities to get affected the Company's activities.		None
GRI 413 LOCAL COMMUNITIES			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Interaction with stakeholders	100	
103-3	Management Approach Assessment Interaction with stakeholders	100	
413-1	Interaction with stakeholders	102–103	None
OG-10	Interaction with stakeholders. There are no disagreements with local communities and indigenous peoples related to the Company's activities, as well as incidents involving the infringement of the interests of indigenous peoples (related to land, other related resources, etc.).		None
INVOLUNTARY RELOCATION			
GRI 103	Management Approach		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Interaction with stakeholders	100	
103-3	Management Approach Assessment Interaction with stakeholders	100	



ELEMENT	COMMENT AND/OR DIRECT RESPONSE	PAGE	EXTERNAL ASSURANCE
OG-12	Interaction with stakeholders. Due to the territorial remoteness of the Yuzhno-Russkoye field from the geographic locations assigned to various indigenous cultural groups, the Company's production activities do not entail the forced resettlement of representatives of the indigenous minorities of the Far North. Thus, there are no cases of involuntary resettlement, both in terms of forced physical movement and in relation to disruption of the economic situation (loss of assets or access to resources) of households of representatives of local communities.		None
ASSET INTEGRITY AND PROCESS SAFETY			
GRI 103	Management Approach Interaction with stakeholders		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Interaction with stakeholders	79–80	
103-3	Management Approach Assessment Interaction with stakeholders	79–80	
OG-13	Occupational and industrial safety. No accidents were registered at the Company's facilities		Yes, in terms of the number of accidents
GRI 417 MARKETING AND LABELING			
GRI 103	Management Approach Interaction with stakeholders		
103-1	Explanation of Material Topic and its Boundaries	67–68	
103-2	Management Approach and its Components Interaction with stakeholders	100–106	
103-3	Management Approach Assessment Interaction with stakeholders	100–106	
417-3	In 2020, there were no cases of noncompliance with regulatory requirements and voluntary codes regarding marketing communications, including advertising, product promotion, and sponsorship.		None

* All GRI indicators disclosed in this report are based on the 2016 version of GRI Standards, except for Standards GRI 303: WATER AND EFFLUENTS and GRI 403: OCCUPATIONAL HEALTH AND SAFETY, the 2018 edition is applicable to them



ANNEX 4 METHODOLOGY FOR CALCULATING MATERIAL PERFORMANCE INDICATORS OF THE COMPANY IN THE FIELD OF SUSTAINABLE DEVELOPMENT THAT RECEIVED INDEPENDENT ASSURANCE

INDICATOR	CALCULATION METHODS AND LIMITS
Total employee turnover	The total employee turnover rate is calculated in accordance with two methods: 1) the methodology of PJSC Gazprom: the ratio of the number of employees who left at their own request and without good reason to the average staff number for the reporting period (section "Headcount and personnel structure"); 2) The GRI standards methodology: the ratio of the number of all resigned employees to the number of employees at the end of the reporting period (Annex № 3 "GRI Content Index"). The indicator takes into account employees of all divisions of the Company in accordance with the limits of the Report.
Number of injuries of personnel	When calculating the Number of injuries for 2020, injuries of all types of severity were taken into account, which caused the employee to lose working ability for a period of at least one day. The indicator takes into account employees of all divisions of the Company in accordance with the limits of the Report.
Pollutant emission weight	The weight of Pollutant emission weight is the sum total of the emissions of nitrogen oxides, sulfur oxides, methane, carbon monoxide, volatile organic compounds and solids, expressed in tons. The calculation was made according to the Company's emission sources located at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
Total water withdrawal by source	The total amount of water withdrawal is calculated as the total amount of withdrawal groundwater, stratum and purchased (municipal) water. The calculation includes water consumption by the Company's subdivisions in Novy Urengoy, and at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
Total weight of waste generation	Total weight of waste generation is calculated as the Total weight of waste generation of all hazard classes, generated in the Company's subdivisions in Novy Urengoy, and at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
Total energy consumption	The total energy consumption includes the consumption of nonrenewable fuels (natural gas for energy production, gasoline, diesel fuel, and kerosene), purchased electricity less energy sold to third parties, and purchased heat. Total energy consumption of each type is converted to GJ, taking into account the conversion factors. The indicator includes energy consumption by the Company's subdivisions in Novy Urengoy, and at Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
Percentage of competitive procedures from the total volume of procurements	Percentage of competitive procedures is calculated as the ratio of the amount under contracts concluded with a counterparty that is the winner of competitive procurement, to the total amount of concluded contracts for the reporting period. The indicator takes into account purchases of all divisions of the Company in accordance with the boundaries of the Report. The indicator is calculated including VAT. Procurement of the reporting year includes procurement under contracts with a conclusion date relating to the reporting year. Contracts involving performance over several years are taken into account in the year of conclusion in full amount.
Number of cases of complaints of violations of the rights of indigenous peoples of the North	Cases of complaints of violations of the rights of the indigenous peoples of the North for the reporting period are calculated based on entries in a single incoming complaint and feedback journal and feedback where all incoming complaints from stakeholders are consolidated. The indicator takes into account cases of complaints of violations of the rights of indigenous peoples of the North received by all subdivisions of the Company within the frames of the Report.
Absentee rate	The Absentee rate is calculated as the ratio of absence days to the total working time actually worked by workers for the reporting period.
Average annual number of training hours per employee, by employee gender and category	The indicator is calculated in accordance with the GRI standard as the ratio of the number of training hours to the total number of the corresponding category or gender.
Number of accidents	This indicator is disclosed based on data on recorded accidents in the reporting period. Accidents are understood in accordance with Federal Law № 116-FZ On Industrial Safety of Hazardous Production Facilities dated July 21, 1997.
Reduction of energy consumption	The calculation took into account savings in electricity and natural gas. Base year 2017-2020 based on EMS goals and objectives Conversion factors used



ANNEX 5 CONCLUSION ON THE RESULTS OF EXTERNAL CONFIRMATION

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]*

To the management of Open Joint Stock Company "Severneftegazprom"

We have undertaken a limited assurance engagement of the information on sustainable development in the accompanying Annual Report for 2020 of OJSC Severneftegazprom (hereinafter referred to as Report) compliance with the requirements of GRI Sustainability Reporting Standards (hereinafter referred to as Standards). Information on sustainable development, included in the Report, means twelve material sustainability disclosures (performance indicators) published in the Report (hereinafter referred to as Selected Indicators) selected by the working group on sustainable development of Open Joint Stock Company Severneftegazprom (hereinafter referred to as OJSC Severneftegazprom):

1. Total employee turnover;
2. The average annual number of training hours per employee, by employee gender and category;
3. Number of accidents;
4. Number of injuries of personnel;
5. Absentee rate;
6. Number of cases of complaints about violations of the rights of indigenous peoples of the North;
7. Total energy consumption;
8. Reduction of energy consumption;
9. Total water withdrawal by source;
10. Pollutant emission weight;
11. Total weight of waste generation;
12. Percentage of competitive procedures from the total volume of procurements.

RESPONSIBILITY OF OJSC "SEVERNEFTEGAZPROM"

OJSC Severneftegazprom is responsible for preparation of the above information on sustainable development in the Report in compliance with the requirements of Standards. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the above information on sustainable development in the Report that is free from material misstatement, whether due to fraud or error.

* TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Selected Indicators compliance with the requirements of Standards based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Selected Indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with this standard involves assessing compliance of the Selected Indicators with the requirements of GRI Sustainability Reporting Standards.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of



quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have undertaken the following activities:

- Interviewing the management and employees of OJSC Severneftegazprom and obtaining documentary evidence.
- Study of information available on website of OJSC Severneftegazprom related to its activities in the context of sustainable development.
- Study of public statements of third parties concerning economic, environmental and social aspects of OJSC Severneftegazprom, in order to check validity of the declarations made in the Report.
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in OJSC Severneftegazprom related to the Selected Indicators.
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.

- Analysis of the Selected Indicators for compliance with the requirements of Standards.

The procedures were performed only in relation to the Selected Indicators for the year ended 31 December 2020.

The procedures were performed in relation to the Selected Indicators that are disclosed in the Report prepared in English.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about compliance of the Selected Indicators, in all material respects, with the requirements of Standards.

LIMITED ASSURANCE CONCLUSION

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Indicators have not complied, in all material aspects, with requirements of Standards.



V.Y. Skobarev

FBK, LLC
Practitioner
Partner
acting under Power of Attorney No. 76/18
of December 17, 2018

The Russian Federation, Moscow, April 23, 2021



FEEDBACK FORM

DEAR READERS,

You have reviewed the Annual Report of OJSC Severneftegazprom for 2020. Your opinion is very important for us, and we will be grateful if you can help improve the quality of reporting by answering questions of this form.

1. Did you get an idea about the activities of OJSC Severneftegazprom in the field of sustainable development after reading the Report?
 a. Yes
 b. None
 c. Difficult to answer
 d. Please, leave a comment: _____
2. What is your impression of the information presented in the Report?
 a. Interesting
 b. Not much impression
 c. Difficult to answer
3. How do you evaluate the Report in terms of information reliability, objectivity, and completeness?
 a. Satisfactory
 b. Unsatisfactory
 c. Neutral
 d. Please, leave a comment: _____
4. How do you rate the Report in terms of the convenience of finding information?
 a. Convenient
 b. Usual
 c. Not convenient
 d. Please, leave a comment: _____
5. Specify the section of the most interest in your opinion: _____
6. What areas of activity of OJSC Severneftegazprom require improvement to increase corporate social responsibility in your opinion: _____

7. What additional information regarding the Company's activities in the field of sustainable development would you like to see in the Report: _____
8. Your general comments on the Annual Report of OJSC Severneftegazprom for 2020: _____
9. Are you or your organization interested in the dialog for the preparation of the report on the sustainable development of the Company for 2021:
 a. Yes. Our contacts: _____
 b. None
10. Which organizations, in your opinion, should be invited for a dialogue on the preparation of a sustainable development report for 2021: _____
11. Which stakeholder group do you belong to:
 a. Company Employee
 b. Investor
 c. Shareholder
 d. Client
 e. Contractor
 f. Government Official
 g. Representative of a nonprofit organization
 h. Mass Media
 i. Resident of the territory where the Company carries out its business
 j. Other: _____
12. Your contact details: _____
13. Preferred means of communication: _____

Send this form to:

OJSC Severneftegazprom,
Public Relations and Media Service,
Novy Urengoy 629300, P/O Box 1130,
Yamal-Nenets Autonomous District,
Russian Federation

You can send this form, as well as your opinion and questions on the activities and reporting of the Company to the following email address: snpp@snpp.com

All incoming requests, opinions and questions will be taken into account when preparing the next Report of the Company.



<https://severneftegazprom.com/>

