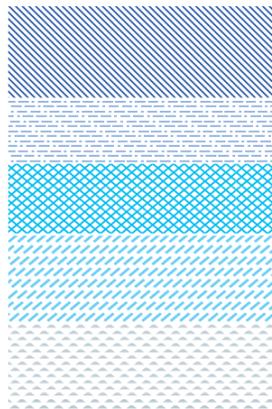
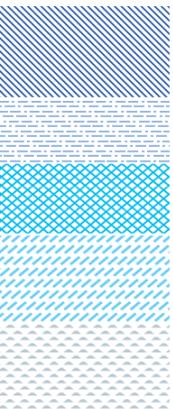




ANNUAL REPORT **2021**





## СОДЕРЖАНИЕ

<b>1</b>	<b>INTRODUCTION</b>		
	<ul style="list-style-type: none"> <li>The Board of Directors Chairman's Address A.I. Medvedev</li> <li>The General Director's Address V.V. Dmitruk</li> </ul>		
<b>2</b>	<b>KEY EVENTS OF 2021</b>		
<b>3</b>	<b>2021 KEY PERFORMANCE INDICATORS</b>		
<b>4</b>	<b>SITUATION IN THE INDUSTRY AND DEVELOPMENT PROSPECTS</b>		
<b>5</b>	<b>NATURAL GAS EXPLORATION AND PRODUCTION</b>		
	<ul style="list-style-type: none"> <li>Status of raw material base</li> <li>Development of the Cenomanian and Turonian Gas Deposits</li> <li>Exploration work</li> <li>Production drilling</li> <li>Natural gas production</li> <li>Hard-to-recover reserves</li> </ul>		
<b>6</b>	<b>TECHNOLOGIES AND INNOVATIONS</b>		
	<ul style="list-style-type: none"> <li>Intellectual Property</li> <li>Rationalization Activities</li> <li>Promotion of innovation activities</li> </ul>		
<b>7</b>	<b>INVESTMENT ACTIVITIES</b>		
<b>8</b>	<b>KEY FINANCIAL INDICATORS</b>		
	<ul style="list-style-type: none"> <li>Key Financial Indicators</li> <li>Profit and Loss Statement Indicators</li> <li>Cashflow for the Reporting Period</li> <li>Key Financial Ratios</li> </ul>		
<b>9</b>	<b>SUSTAINABLE DEVELOPMENT</b>		
	<ul style="list-style-type: none"> <li>Prioritizing</li> <li>Environmental Protection</li> <li>Energy Consumption and Energy Saving</li> <li>Occupation and Production Safety</li> <li>Labor Protection</li> <li>Industrial and Fire Safety</li> <li>Road Traffic Safety</li> <li>Employee Training and Knowledge Testing</li> <li>Staff and Social Policy</li> <li>Interaction with stakeholders</li> </ul>		
<b>3</b>	<b>10</b>	<b>FINANCIAL AND OPERATIONAL ACTIVITIES MANAGEMENT AND SUPERVISION BODIES</b>	<b>110</b>
		<ul style="list-style-type: none"> <li>The structure of financial and operational activities management and supervision bodies</li> <li>General Meeting of Shareholders</li> <li>Board of Directors</li> <li>Technical Committee</li> <li>Executive Body</li> <li>Audit Commission</li> <li>Information on the Company Auditor</li> <li>Key provisions of the Company's Policy on Remunerations and/or Reimbursements to Members of its Management Bodies</li> </ul>	
<b>19</b>	<b>11</b>	<b>AUTHORIZED CAPITAL AND REPORT ON DIVIDENDS DISTRIBUTION</b>	<b>120</b>
		<ul style="list-style-type: none"> <li>Authorized Capital</li> <li>Report on Payment of Declared (Accrued) Dividends on the Company's Shares</li> </ul>	
<b>24</b>	<b>12</b>	<b>RISK MANAGEMENT SYSTEM</b>	<b>124</b>
<b>28</b>	<b>13</b>	<b>REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE</b>	<b>128</b>
		<ul style="list-style-type: none"> <li>Ethics and Integrity</li> <li>Registration Information</li> </ul>	
<b>38</b>	<b>14</b>	<b>CONCLUSION</b>	<b>136</b>
		<ul style="list-style-type: none"> <li>Report Drafting Principles</li> <li>Information Disclosure</li> <li>Annex No. 1 The list of transactions performed by the Company in 2021 that are recognized as major transactions in accordance with the Federal Law on Joint-Stock Companies</li> <li>Annex No. 2. The list of transactions effected by the Company in 2021 that are recognized as Interested-party transactions in accordance with the Federal Law on Joint-Stock Companies</li> <li>Annex No. 3. GRI Content Index</li> <li>Annex No. 4. Methodology for calculating significant performance indicators of the Company in the field of sustainable development that have passed independent assurance</li> <li>Annex No. 5. Conclusion on the results of External confirmation</li> <li>Feedback Form</li> </ul>	



## 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 2021, 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. The annual report of the Company for 2021 corresponds to the Core option of the GRI Standards Guidelines. The reliability 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

Involvement of global energy sector leaders in the Company activities is an example of the successful implementation of modern and fair principles of international economic cooperation.

The main goal of our social policy is to create the most favorable conditions for OJSC Severneftegazprom employees. Care about people's health remains a key component, especially in the face of a pandemic.

A great deal of attention is also paid to environmental protection. We make rational use of natural resources and treat the fragile nature of the Far North with care, in strict compliance with environmental safety standards and requirements.

Despite the challenges and limitations of the pandemic, we continue to move forward with confidence, turning a new page in the history of this industry. Today, OJSC Severneftegazprom improves technologies for developing the Turonian gas deposits and introducing the best practices of artificial intelligence. This gives us good prospects and strengthens our position as a market leader. We have a right to be proud of our achievements.

At present, OJSC Severneftegazprom is one of the leaders in the gas industry with high status of competitiveness thanks to the successful implementation of advanced technologies in production and management, the coordinated and professional work of the team.

We enter 2022 with new plans and thoughts. We will continue all the projects that we started in 2021 and take on new ones. I am sure that all tasks will be successfully resolved thanks to the high professionalism and dedicated work of the team — each of us.

I would like to thank our shareholders for their trust and cooperation. I am convinced that together we will maintain a high pace of the Company's development and continue the confident movement towards achieving our goals.

Sincerely,  
Alexander Medvedev,

Chairman of the Board of Directors of OJSC Severneftegazprom

### Dear Sirs and Madams, Shareholders, Colleagues!

The year 2021 was a period of stable development for OJSC Severneftegazprom. The Company strengthened its position as one of the leaders in production, enhanced technological competencies, and increased the efficiency of production activities. The Company continued to implement the planned strategy aimed at qualitative changes, primarily due to the active introduction of new technologies.

One of the main directions of the Company's technological development is the search for innovative methods of developing and involving difficult oil in the extraction. Gradual depletion of conventional reserves is a technological challenge today, so promising production technologies are the basis for sustainable development of not only Severneftegazprom but also of Gazprom Group companies as a whole.

In 2021 the Company received patents for its own method of hard-to-recover Turonian gas production and method for developing multi-formation gas fields with low-permeability headers.

The company owns 56 patents and copyrights, of which 34 are used in production activities. All this provides a vector for stable technical development of the gas production facilities. Awarding the Company's Author Collective in 2021 with the Science and Technology Gazprom Award was a logical consequence of the extensive work carried out in the field of innovative development.

The development of the Yuzhno-Russkoye Field is critical for developing the territories where the Company operates and improving the quality of life in Yamal. Our Shareholders — PJSC Gazprom, Wintershall Dea AG, and OMV Exploration and Production GmbH — make a significant contribution to this great business.



## The General Director's Address

Successful production activities of the Company and its efficiency are largely determined by the quality of the personnel management, qualification, and motivational behavior of employees. We are aware that the long-term sustainable growth of the Company is based on the development of human capital.

New Collective Agreement was signed in December 2021. The Company allocates tens of millions of rubles for its implementation every year. The new document for 2022-2023 retains all the basic benefits and guarantees for OJSC Severneftegazprom employees and confirms the Company's status as one of the most socially responsible employers.

The Company's activity is inseparably connected with life in regions where it operates. Being a socially responsible company, we never stand aside from events and activities in Krasnoselkup and Purovsky districts, the city of Novy Urengoy — the region as a whole. Special attention is paid to supporting educational, cultural, and sports institutions, veterans, disabled persons, and children with disabilities. During the pandemic, significant support is provided to health care facilities. Charity has been one of the priority areas of our company's social policy for many years.

The experience accumulated by the team and new opportunities form a reliable foundation for the steady development of OJSC Severneftegazprom in the long run.

I would like to sincerely thank the team for their well-coordinated and efficient work! Dear colleagues, thank you for your steady and diligent work, professionalism, and dedication to the Company!

Sincerely,  
Vladimir Dmitruk,

General Director of OJSC Severneftegazprom

### Dear Sirs and Madams, Shareholders, and Colleagues!

2021 was challenging. We worked and lived in the high alert regime. Despite the difficulties, we continue to work clearly and smoothly, providing consumers with clean energy.

Timely execution of all planned works ensured uninterrupted operation of the gas field in 2021 and fulfillment of the planned indicators of commercial gas production and sales.

We are consistently developing production at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. The development of innovative activities is one of the prerequisites for our successful work. The company is constantly searching for new technologies to increase production efficiency, improve labor protection and occupational safety, and reduce the negative impact on the environment.

We have completed the construction of BCS-2. During the reporting period, the complex of construction and installation works was fully completed. During scheduled shutdown of the gas field, process networks of the facility were connected to existing communications of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Documents are being prepared for inspection by Rostekhnadzor and obtaining all permits for commissioning the facility in accordance with the requirements of federal legislation.

In 2021, we crossed important milestones: we produced 10 billion m<sup>3</sup> of hard-to-recover Turonian gas, completed the construction of the 100th Turonian well and fulfilled all our obligations to supply "blue flame gas" to Europe.

The company seeks to maximize the existing potential of gas deposits, the accumulated experience, and competencies to strengthen its position in the energy market.



## Key Events of 2021



### JANUARY

OJSC Severneftegazprom has passed another milestone by producing the 4<sup>th</sup> billion m<sup>3</sup> of gas from the Turonian deposit from depths of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

A supplementary agreement on cooperation for 2021 was signed between OJSC Severneftegazprom and the Government of the Yamal-Nenets Autonomous District.

OJSC Severneftegazprom celebrated the 23<sup>rd</sup> anniversary of its foundation.



### FEBRUARY

OJSC Severneftegazprom has signed the Agreement on Cooperation with the Administration of the Novy Urengoy municipality for 2021.

OJSC Severneftegazprom held its annual meeting to analyze the performance of its integrated management system for quality, environmental protection, and industrial safety matters (IMS), and its energy management system (EMS) in 2020.

OJSC Severneftegazprom patented the in-house technique for production of hard-to-recover Turonian gas.

OJSC Severneftegazprom held scientific and practical conference of young scientists and specialists.



### MARCH

OJSC Severneftegazprom patented the technical solution "Quick-Release Assembly of Lubricator Guide Roller."

OJSC Severneftegazprom and the Administration of Purovsky District signed the Cooperation Agreement for 2021.

OJSC Severneftegazprom and the Administration of the Krasnoselkup District signed the Cooperation Agreement for the implementation of major social projects.

OJSC Severneftegazprom has published its audited financial statements prepared in accordance with IFRS for 2020.



### APRIL

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

OJSC Severneftegazprom took part in the exhibition "Gas. Oil. New Technologies for the Far North."



### MAY

Extraordinary General Meeting of the OJSC Severneftegazprom shareholders was convened at the initiative of shareholder Wintershall Dea AG due to the replacement of the candidate for election to the Board of Directors of OJSC Severneftegazprom.

Alexander Ivanovich Medvedev was elected Chairman of the Board of Directors of OJSC Severneftegazprom.

OJSC Severneftegazprom has published its IFRS financial statements for the three months of 2021.



### JUNE

The Annual General Meeting of Shareholders of the OJSC Severneftegazprom was held and decisions were made to approve the Annual Report and Annual Accounting (Financial) Statements for 2020.

OJSC Severneftegazprom completed its competition called the Best Inventor.

A team of the OJSC Severneftegazprom specialists took part in IV Battle of Inventions, a research and development competition held among young specialists of PJSC Gazprom subsidiaries and organizations.



### JULY

OJSC Severneftegazprom obtained a patent for the invention "System of Wastewater Collection, Treatment, and Transportation."

OJSC Severneftegazprom — holder of a patent for the useful model «Device for removing icicles from eaves of the roof»



### AUGUST

OJSC Severneftegazprom has patented its own method of developing multi-formation gas fields with low-permeability headers.

OJSC Severneftegazprom has published its IFRS financial statements for six months of 2021.



## Key Events of 2021



### SEPTEMBER

OJSC Severneftegazprom provided financial support to the children's art school for the anniversary of the Urengoy settlement.

The OJSC Severneftegazprom team was awarded a letter of acknowledgment for participation in the environmental project "Our Clean New Urengoy."

Works on connection of the booster compressor station No. 2 to existing utilities of the gas treatment plant at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field was successfully completed.



### OCTOBER

OJSC Severneftegazprom successfully completed a recertification audit of quality of environmental and industrial safety management systems for compliance with requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 39001:2012 as well as the energy management system for compliance with requirements of ISO 50001:2018.

Author collective of the OJSC Severneftegazprom received a patent for the invention "Method of Compressed Gas Cooling."

OJSC Severneftegazprom experts took part in XXI Open Competitive Selection of Young Specialists for Employment to the Subsidiaries of PJSC Gazprom.

OJSC Severneftegazprom took part in the Autumn Job Fair of PJSC Gazprom held at Tyumen Industrial University.



### NOVEMBER

By Decision of the Board of Directors of OJSC Severneftegazprom, the current General Director was reelected for a new term.

OJSC Severneftegazprom is the winner of the international contest of scientific developments at the fuel and energy complex. The Team of Authors of OJSC Severneftegazprom submitted a scientific and technical paper "Development and Implementation of Innovative System of Efficient Use of Gas Pumping Unit Energy with Reduction of Greenhouse Emissions" for the contest.

OJSC Severneftegazprom has published its IFRS financial statements for the nine months of 2021.



### DECEMBER

10 bln m<sup>3</sup> of Turonian gas were produced. This is a historical milestone and landmark for OJSC Severneftegazprom and the industry as a whole.

OJSC Severneftegazprom has completed drilling the 100<sup>th</sup> well of the complex designed for production of hard-to-recover Turonian gas.

A set of commissioning works "under load" was completed, the equipment of BCS-2 is prepared for final inspection by the Federal Service for Environmental, Technological, and Nuclear Supervision (Rostekhnadzor) before it is commissioned.

OJSC Severneftegazprom is the winner of 2021 Science and Technology Gazprom Award.

OJSC Severneftegazprom obtained the following intellectual property patents:

- Invention "Inhibitor composition to reduce the rate of corrosion of equipment and pipelines on sewage treatment plants and method of its application";
- Invention "Hall sensor diagnostic system and method of its application";
- Utility model "Hand-held gas cutting machine."





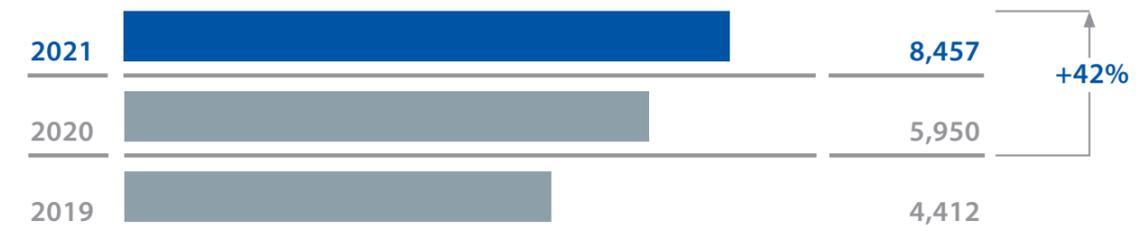
## 2021 Key Performance Indicators



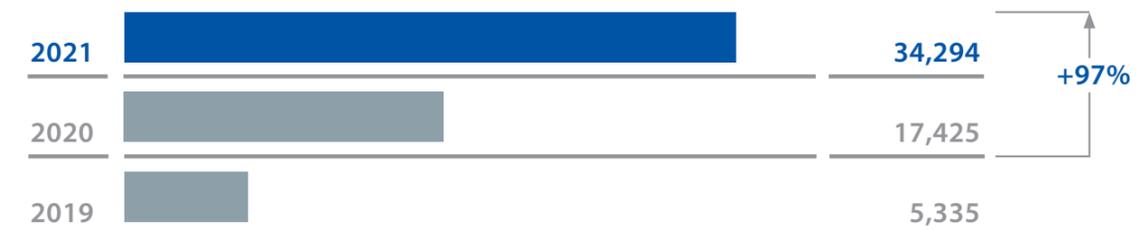
### PRIME COST, RUB MLN



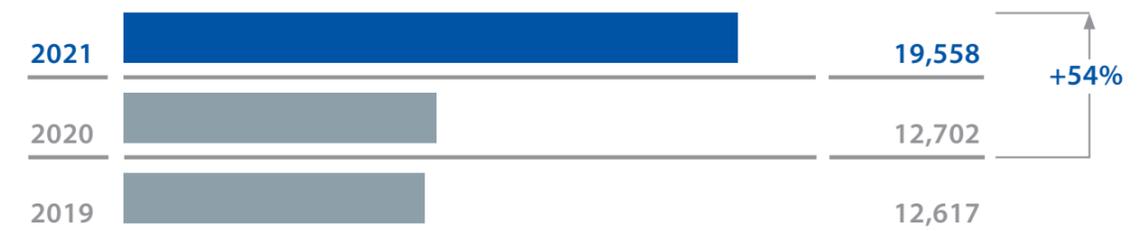
### NET PROFIT, RUB MLN



### 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 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 AND GAS CONDENSATE FIELDS IN RUSSIA.

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



# 4

## Business Priorities

- ensuring fulfillment of planned tasks for natural gas production;
- implementation of measures for labor protection, industrial safety, and environmental protection in accordance with the requirements of the current legislation of the Russian Federation;
- 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;
- Fulfilling 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
- Implementation of the Schedule for the reconstruction, modernization, retrofitting, and technical re-equipment of the OJSC Severneftegazprom facilities for 2021–2023;
- implementation of the research and development program, development of innovative activities to increase the efficiency of existing production processes;

# 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 Purtazovskaya compressor station by commercial gas pipeline

- 5 GAS DEHYDRATION STATION**  
Consists of two gas dehydration buildings GDB-1, GDB-2. Intended for drying of stripped gas to the required gas "dew point" temperature in accordance with requirements of STO Gazprom 089-2010 by absorption drying of water vapor. Triethylene glycol (TEG) is used as an absorbent

- 6 GAS METERING STATION (GMS)**  
intended for commercial metering of commercial gas supplied to the commercial gas pipeline

- 7 WAREHOUSE FOR STORAGE OF CHEMICALS AND METHANOL**  
intended for storage of reagents used in technological processes

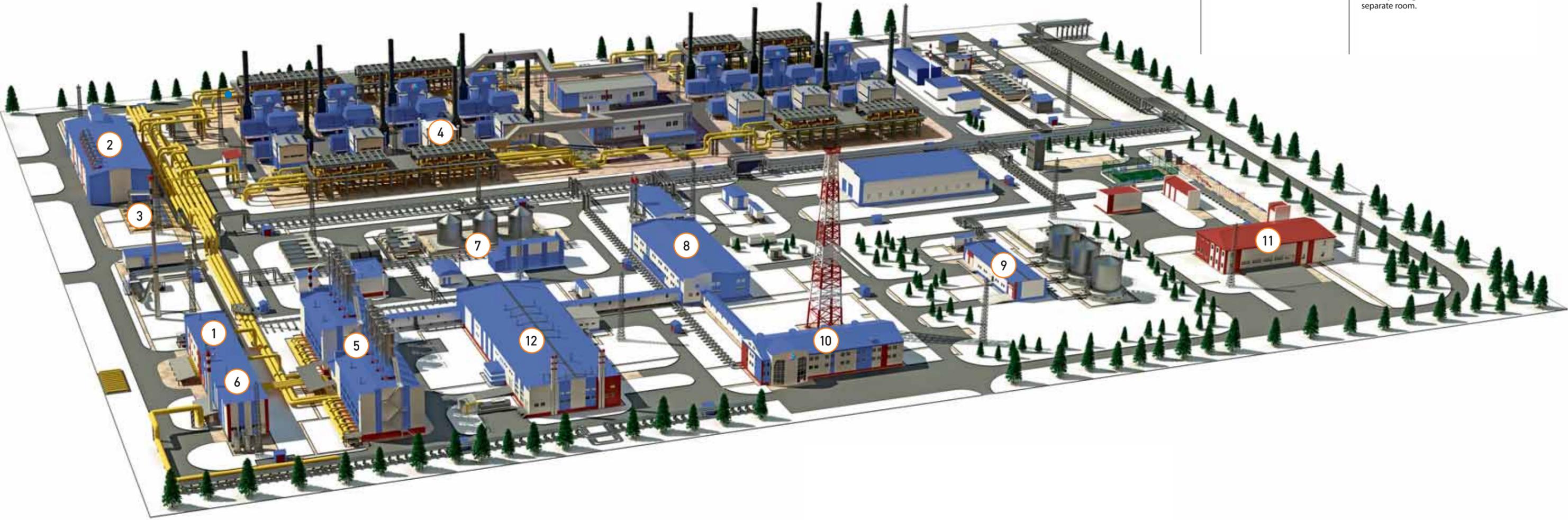
- 8 REPAIR AND OPERATIONS BUILDING (ROB)**  
designed for repair, inspection of equipment at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field

- 9 WATER TREATMENT FACILITIES (WTF)**  
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 firefighting equipment engaged in fire prevention and suppression at the field facilities

- 12 TEG REGENERATION UNIT**  
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.





THE YUZHNO-RUSSKOYE OIL AND GAS CONDENSATE FIELD IS A SITE FOR IMPLEMENTATION OF THE LARGEST PROJECT ON GAS PRODUCTION, AREA OF NEW CAPABILITIES AND IMPLEMENTATION OF ADVANCED TECHNOLOGIES THAT ALLOWS THE SUCCESSFUL DEVELOP OF THE OIL AND GAS SECTOR

**10** BLN M<sup>3</sup>  
OF THE TURONIAN  
GAZ PRODUCED IN  
DECEMBER 2021



## 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
- Natural gas production
- Hard-to-recover reserves

19  
20  
22  
23  
24  
25

## 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, WHICH ARE CARRIED AS STATE ASSET UNDER DEVELOPMENT.



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

FIELD	HYDROCARBON RESERVES AS OF 31.12.2021					
	GAS, BLN M <sup>3</sup>		CONDENSATE, MLN TONS		OIL, MLN TONS	
	A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>	A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>	A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>
The Yuzhno-Russkoye Field	548.454	73.109	–	3.046	10.962	34.463
Yarovoye Field	2.796	10.468	0.212	0.993	0.057	1.203
Zapadno-Chaselskoye Field	8.198	0.906	0.153	0.136	–	0.160
<b>Total</b>	<b>559.448</b>	<b>84.483</b>	<b>0.365</b>	<b>4.175</b>	<b>11.019</b>	<b>35.826</b>

### RESERVES MOVEMENT BY CATEGORY A + B<sub>1</sub> + C<sub>1</sub> AND B<sub>2</sub> + C<sub>2</sub> FOR THE REPORTING PERIOD

HYDROCARBONS	RESERVES AS AT 31.12.2020		CHANGES IN RESERVES IN 2021							RESERVES AS OF 31.12.2021	
	A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>	PRODUCTION + LOSS	SURVEY		REVALUATION		TRANSMISSION		A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>
				A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>	A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>	A + B <sub>1</sub> + C <sub>1</sub>	B <sub>2</sub> + C <sub>2</sub>		
Oil, mln tons	11.019	35.826	–	–	–	–	–	–	–	11.019	35.826
Gas, bln m <sup>3</sup>	583.701	83.656	24.228	–	–	–0.027	–	+0.002	+0.827	559.448	84.483
Condensate, mln tons	0.369	4.039	–	–	–	–0.004	+0.136	–	–	0.365	4.175



The HCs reserves changed in 2021 due to gas production from formations T<sub>1-2</sub>, PK<sub>1</sub> of the Yuzhno-Russkoye Field as well as due to operational changes in the CHC reserves of the Yu<sub>1</sub><sup>1</sup> formation deposit and operational calculation of reserves of the new Yu<sub>1</sub><sup>4</sup> formation deposit of the Zapadno-Chaselskoye Field (FAN Protocol No. 03-18/1344-pr dated December 21, 2021).

In addition, based on the results of work performed on the integrated reprocessing and interpretation of 3D seismic work and GIS data in 2021, the resource base within the Yuzhno-Russkoye subsoil area was reevaluated. Resources of D0 category listed on the state budget of the Russian Federation as of January 1, 2021, were written off.

## Development of the Cenomanian and Turonian Gas Deposits

### BENCHMARKING OF DESIGN AND ACTUAL DEVELOPMENT PERFORMANCE

INDICATOR	2021	
	DESIGN	ACTUAL
Annual Gas Recovery, bln m <sup>3</sup> /year	25.017	24.228
Including		
Cenomanian (PK <sub>1</sub> )	19.823	17.430
Turonian (T <sub>1-2</sub> )	5.194	6.798
Accumulated Gas Recovery, bln m <sup>3</sup>	340.688	339.593
Including		
Cenomanian (PK <sub>1</sub> )	331.62	329.070
Turonian (T <sub>1-2</sub> )	9.068	10.523
Gas offtake from the initial recoverable reserves, %	62.754	62.908
Including		
Cenomanian (PK <sub>1</sub> )	58.966	58.512
Turonian (T <sub>1-2</sub> )	3.788	4.396
Gas offtake from the initial recoverable reserves for 2021, %		
Including		
Cenomanian (PK <sub>1</sub> )	3.525	3.1
Turonian (T <sub>1-2</sub> )	2.170	2.84
Well commissioning, pcs:	34	57
Production	34	57
Observation	0	0
Disposal	0	0
Well stock as at the end of the year, pcs:	234	276
Gas (production)	205	246
Observation	26	27
Disposal	3	3
Well Utilization Rate	0.951	0.988





## Exploration Work

**IN 2021, EXPLORATION WORKS FOR THE STUDY OF MINERAL RESOURCES IN THE TERRITORY OF THE YUZHNO-RUSSKOYE LICENSE AREA WERE CARRIED OUT IN ACCORDANCE WITH LICENSE OBLIGATIONS AND THE GEOLOGICAL ASSIGNMENT APPROVED BY PJSC GAZPROM.**

### IN 2021, THE R-62 EXPLORATORY WELL WAS TESTED.

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  $Yu_1^1, Yu_1^2, Yu_1^3, Yu_{1-4-1}, Yu_1^{4-2}, Yu_2^1$ , and  $Yu_2^2$ , increasing the reliability of their reserves, and requalification of  $C_2$  hydrocarbon reserves to  $C_1$ , and refinement of the formation geological models.

According to the approved geological task, 6 facilities were tested for inflow:  $Yu_1^{4-1}, Yu_1^{4-2}, Yu_1^1, Yu_1^2, T^{1-2}$  formations in 2021. In total, 7 facilities were tested in 2020–2021 ( $Yu_2^1$  formation was tested in 2020).

As of January 1, 2022, the well is suspended for 5 years (since November 15, 2021).

## RESEARCH AND DEVELOPMENT, CASE STUDIE

Scientific, technical, and case studies were carried out in accordance with the approved and updated geological assignment.

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, continued.

Completion of works on the formation and storage of reference and representative core sample collections taken in the Yuzhno-Russkoye license area. In 2021, works on the 4th stage (final) of the Agreement was completed. A set of scheduled works on 13 wells including the formation of reference and representative core sample collections, is complete.

Works on storage of reference and representative core and fluid sample collections taken from well R-62, continued.

Comprehensive studies of isolated core taken from exploration well No. R-62 of the Yuzhno-Russkoye License Area were completed.

Works on field research of well No. R-62 of the Yuzhno-Russkoye License Area were completed, samples of formation fluids were taken and transported to the laboratory. Sets of samples were taken for laboratory research as well as for the formation of reference and representative collections.

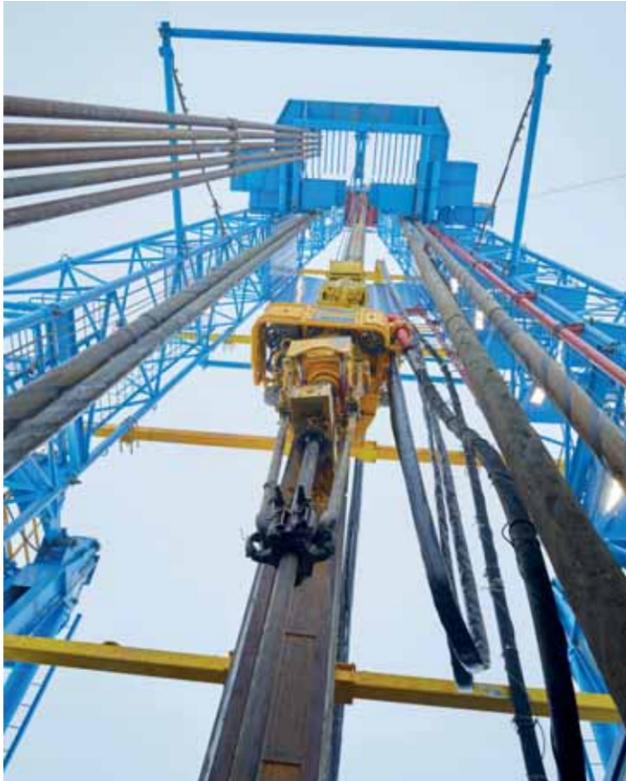
Comprehensive laboratory analysis of formation fluid samples taken from exploration well No. R-62 at Yuzhno-Russkoye License Area was completed. Laboratory physical-chemical, thermodynamic, and analytical studies were performed on the formation fluid samples delivered to the Hydrocarbon Systems Research Center (Tyumen).

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 were completed. Processing of CPM-3D seismic data in time and depth domains is complete to allow solving all the set geological problems.

Works have been started to recalculate hydrocarbon reserves in the Jurassic deposits of the Yarovoye Field.

Operations on the supervision of office works "Integrated Reprocessing and Interpretation of 3D Seismic Exploration Data and GPS Data, and Creation of the Single Geological Model within the Boundaries of the Yuzhno-Russkoye License Area," were completed.

It should be noted that all works planned by the specified geological assignment for 2021 have been performed in full.



## Production Drilling

In 2021:  
Construction of Phase 1 (45 production wells) during the First Stage of the Turonian gas field further development was completed: 4 wells were completed and put on the books as fixed assets;

Construction of Phase 2 (43 production wells) continued within the First stage of the Turonian gas field's further development program: 35 wells were completed, 38 wells were drilled, and 41 wells were put on the books as fixed assets.

During the development of the Cenomanian and Turonian gas deposits of the Yuzhno-Russkoye Field in 2018–2021, 100 wells were drilled, 99 wells were commissioned and 1 well was put on the balance of the drilling contractor in accordance with the Technological Development Scheme for the Cenomanian and Turonian gas deposits of the Yuzhno-Russkoye Field.

Completion of Stage 1 is scheduled for February 2022.  
For the first time in the history of the Yuzhno-Russkoye Field, a new joint record was set when drilling production wells in the Turonian gas reservoir — 7 drilling rigs were involved simultaneously.

The number of units with coiled tubing during well development was also record-breaking when 4 units were used simultaneously for manipulation with high-tech completions of horizontal wells as well as gas-dynamic and field geophysical surveys.

This was the first time during the development of the Turonian gas deposit of the Yuzhno-Russkoye Field when 150-ton diesel-based MSF (well No. 2602 of gas well cluster No. 26) was performed.



## Natural gas production

IN 2021, THE GAS PRODUCTION PLAN WAS DETERMINED AS

**24.055 BLN M<sup>3</sup>**

ACTUAL GROSS GAS PRODUCTION AMOUNTED TO

**24.191 BLN M<sup>3</sup>**



PLANNED TASK COMPLETED FOR **100.56%** (+135.601 MLN M<sup>3</sup>)

### KEY PRODUCTION INDICATORS

INDICATOR	2021	2020	2019	2018	2017
Production (extracted from the formation)	24.228	24.032	25.079	25.128	25.050
Natural gas losses during the re-search of gas wells	0.037	0.033	0.006	0.002	0.007
Natural gas gross production	24.191	23.999	25.073	25.126	25.043
Own technological needs	0.302	0.260	0.249	0.208	0.163
Natural gas losses during operation of process facilities	0.0008	0.0004	0.0006	0.0007	0.0006
Commercial gas	23.888	23.739	24.823	24.917	24.879



## Hard-to-recover reserves

Main milestones in the commissioning of the Turonian gas deposit:

**2019:** commissioning of the first start-up complex of 12 wells (9 ascending and 3 horizontal wells with MSF), commissioning of two exploration wells with fracking.

**2020:** 49 wells were drilled (45 with ascending end and 4 horizontal wells with MSF), 11 were commissioned, 16 are under development (awaiting connection).

**2021:** 38 wells were drilled (with ascending end), 57 were commissioned, 19 are under development (awaiting connection), one well is carried as an asset of the drilling contractor.

**2030–2034:** 33 wells were commissioned (30 wells with ascending ending, 3 horizontal wells with MSF); the wells are located in the peripherals of the field.

Development of the Turonian deposit was started from the Project for Pilot Development of the Turonian Gas Deposits of the Yuzhno-Russkoye Field (2007). Pilot production began in December 2011 with the launch of one double-bottom-hole well connected to the gas collection network (GCN) of the Cenomanian field. In 2014, a pilot U-shape well was drilled. In 2016, multistage fracking for the layer was carried out at the next subhorizontal well.

In 2017, the PJSC Gazprom KGP Minutes has approved a new project document “Technological Scheme for the Development of the Turonian and Cenomanian Gas Deposits” (project by LLC Gazprom Proectirovanie), providing for the development of Turonian and Cenomanian deposits as separate facilities with a joint gas collection and treatment system.





**INTRODUCTION OF ADVANCED  
TECHNOLOGIES, USE OF MODERN  
EQUIPMENT, CONTINUOUS INNOVATIVE  
DEVELOPMENT — FOCUS ON  
OJSC SEVERNEFTEGAZPROM**

**46**

**REGISTERED PATENT  
AND COPYRIGHT  
OBJECTS**



## 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 COMMITTED TO EXPLORING AND IMPLEMENTING INNOVATIVE SOLUTIONS AIMED AT IMPROVING THE EFFICIENCY OF USING THE RESOURCE BASE, IMPROVING EXISTING TECHNOLOGIES, AND DEVELOPING NEW ONES. A SEARCH FOR SOLUTIONS AIMED AT INCREASING THE ACTIVITY OF WORKERS IN INNOVATION AND INVENTIVE ACTIVITIES 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
- Rationalization Activities
- Promotion of innovation activities

29  
30  
32

## Intellectual Property

**OJSC SEVERNEFTEGAZPROM TRADITIONALLY PAYS SPECIAL ATTENTION TO THE DEVELOPMENT OF INNOVATION AND STRIVES TO USE THE MOST ADVANCED TECHNOLOGIES AND MODERN EQUIPMENT IN ITS OPERATIONS.**

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 2021, the following items of patent (11 units) and copyright (4 units) were registered with the State Register of the Russian Federation:

- Production method of the hard-to-recover Turonian gas (invention patent No. 2743478);
- Quick-release lubricator guide roller assembly (utility model patent No. 203131);
- Wastewater collection, treatment, and transportation system (invention patent No. 2751484);
- Device for removing icicles from the roof eaves (utility model patent No. 205560);
- Method of developing multi-formation gas fields with low-permeability header (invention patent No. 2753334);

Method of the compressed gas cooling (invention patent No. 2757518);

Graphic interface with 3D effect for the terminal display (design invention patent No. 128206);

Connecting unit of the ladder testing device (utility model patent No. 207728);

Hall sensor diagnostic system and method of its application (invention patent No. 2762021);

Hand-held gas cutting machine (utility model patent No. 208367);

Inhibitor composition to reduce the rate of corrosion and pipelines on sewage treatment plants and method of its application (invention patent No. 2762071);

"Request System" contour (Registration Certificate for PC software No. 2021661889);

Functional management system "Risk management system" (certificate of registration for PC software No. 2021680109);

Functional management system "Internal Control System" (software registration certificate No. 2021680186);

"Rationalization Activity" contour (certificate of registration for PC software No. 2021680113).

As of December 31, 2021, the Company has 46 patent items and 9 copyright items, 42 of which are used in manufacturing activities.



# Rationalization Activities

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

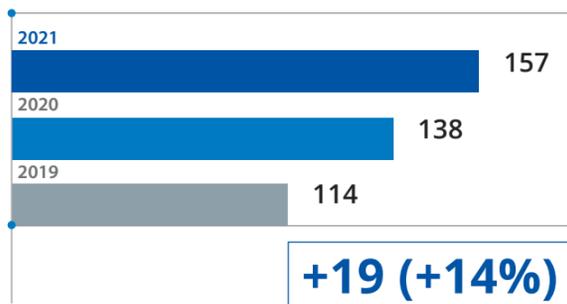
Motivation of the Company's employees by various kinds of incentives contributes to the constant search for nonstandard technical solutions.

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

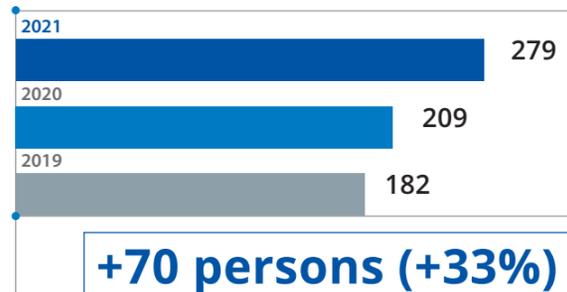


The constant search for advanced engineering solutions is the key to the successful development of OJSC Severneftegazprom and determines the position of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field as a platform for the introduction of promising technologies and the implementation of innovative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

NUMBER OF RECORDED RPS, QUANTITY



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

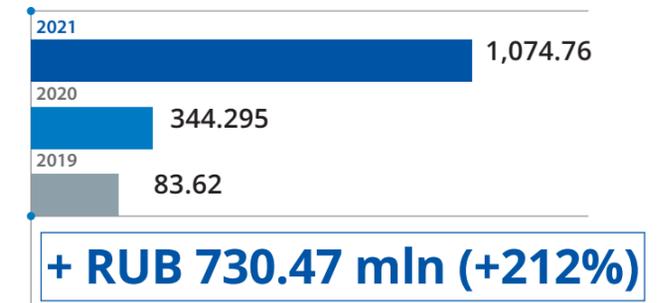


In 2021, innovations were implemented, aimed at:

- Improving the efficiency for the development of hard-to-recover gas reserves through the use of hydrocarbon-based primary drilling fluids and multistage fracking using high-viscosity hydrocarbon-based gel;
- Increase in reliability and simplification of the design of the lubricator guide roller assembly;
- Creation of a device for removing icicles from the eaves of the roof, which avoids the need of involving specially trained people and specialized vehicles;
- Improving the efficiency of joint operation of productive horizons of the multi-formation Yuzhno-Russkoye Field, composed of low-permeability headers and separated by reservoir-seal rocks;
- Enhancement of well efficiency and creation of conditions for effective removal of accumulating fluid to the day surface due to the set of zenith angle in the sixth zone of the profile when drilling the well;
- Ensuring the safety of testing the lean-to ladders and ladder bars with the elimination of hazardous production factors and reduction of time spent;

Reducing the rate of corrosion processes in units and assemblies of the sewage collection, treatment, and injection into the intake reservoir, avoiding unscheduled repairs of equipment and pipelines of sewage treatment facilities as well as possible discharges of sewage into the environment during depressurization and repair work.

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





# Promotion of innovation activities

The promotion of results of OJSC Severneftegazprom employees' innovative activities 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.

## INNOVATION ACTIVITIES

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

**International Competition of Scientific, Technical, and Innovative Developments aimed at the development of the fuel, energy, and mining sectors.**  
*Paper topic:* "Development and implementation of an innovative system of efficient use of the gas pumping unit energy with reduction of greenhouse emissions" — the second premium laureate diploma.

**PJSC Gazprom's award in the field of science and technology.**  
*Paper topic:* "Development and Implementation of an Innovative Well Repair Method to Reduce Greenhouse Gas Emissions and Negative Impact on the Environment" — diploma for 2<sup>nd</sup> place.

### PRESENTATION OF THE COMPANY'S INNOVATIVE SOLUTIONS IN PUBLICATIONS:

**"Oil and Gas Engineering."**  
*Publication topic:* "Improvement of the Compressed Gas Cooling Technology to Eliminate the Influence of External Factors."  
*Authors:* V.V. Dmitruk, A.A. Kasyanenko, I.V. Kravchenko, E.B. Kovinchenko.

**"Drilling & Oil."**  
*Publication topic:* "Creating and Implementing Innovative Development Methods for Field with Hard-to-Recover Gas Reserves to Allow Improving Production Efficiency."  
*Authors:* E.P. Mironov, A.A. Nikiforov, E.T. Kilmamatova.

**"Engineering Practice."**  
*Publication topic:* "Machine Learning and Neural Networking. Simply about complex things."  
*Author:* R.V. Shvaykin.  
*Publication topic:* "Technical Aspects of the Remote Work Organization During the Coronavirus Pandemic."  
*Author:* A.G. Simonov.

**"Oil and Gas Sector."**  
*Publication topic:* "Calculation of gas reserves during operation of the Cenomanian deposit in the mode of natural depletion using the piezometric method by the example of the Yuzhno-Russkoye Field."  
*Authors:* F.A. Chikirev, S.A. Podmogilny.  
*Publication topic:* "Development of Innovative Device to Ensure Safe Operation of Industrial Buildings and Residential Buildings."  
*Authors:* V.V. Dmitruk, A.A. Kasyanenko, A.I. Snigur, D.A. Shramko, E.B. Kovinchenko, R.V. Balko.





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

During the implementation of the project “Digital Twin” of the geological and technological model: reservoirs — wells — gas gathering network — switch valves station of the Yuzhno-Russkoye Field,

In 2021 the following software and equipment was supplied to the facilities of OJSC Severneftegazprom:

- Mnemosyne, NVIDIA, Kaspersky, Acronis, Microsoft, VMware licenses;
- Network attached storage;
- Uninterruptible power supply;
- Server equipment;
- Network equipment;
- Programmers.



The OKO CD software which consists of the following modules and services has also been developed:

- In-line diagnostic module (Figure 1);
- Electrochemical protection module;
- Gas-liquid flow module (Figure 2);
- Economic module;
- Machine learning service (Figure 3).

The expected effects of implementing the Digital Twin: strategic, commercial, managerial, resource and environmental. One of the main objectives of “Digital Twin” is to optimize and improve the efficiency of joint development of the Cenomanian and Turonian gas deposits through a single gas collecting network as well as performing predictive analysis of events and anomalies online using artificial intelligence.

At present the «Digital Twin» is at the stage of pilot operation, in the framework of which artificial intelligence is trained to determine the deviation of parameters from values corresponding to normal mode of wells and gas collecting network, setting up wells in accordance with results of hydrodynamic research, elimination of the revealed remarks.

Commissioning is planned for July 1, 2022.

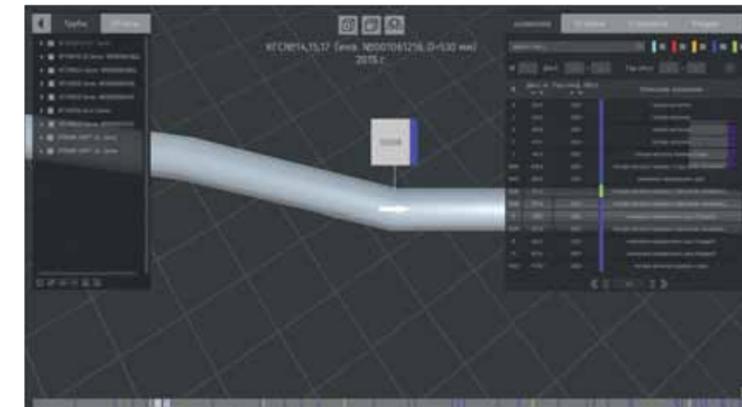


Figure 1

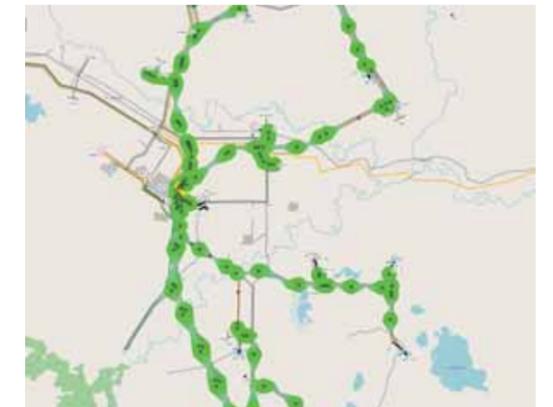


Figure 2

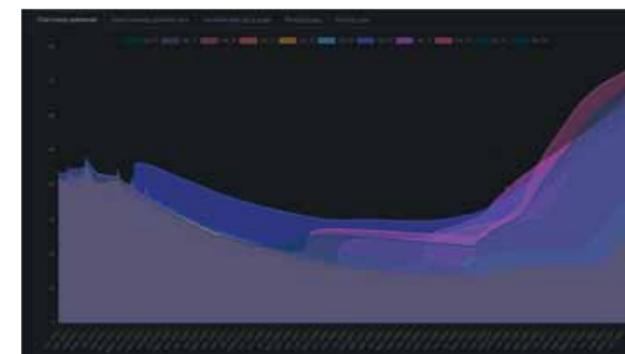


Figure 3



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

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

RUB **22.87** BLN  
(VAT excluded)

VOLUME OF  
THE 2021 CAPITAL  
INVESTMENTS



# INVESTMENT ACTIVITIES

IN 2021, OJSC SEVERNEFTEGAZPROM INVESTMENT PROGRAM PRIORITY AREAS ARE STILL 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, MAINTAINING 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 reconstruction, modernization, 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 contractors' representatives.



## INVESTMENTS IN THE DEVELOPMENT AND ARRANGEMENT OF THE CENOMANIAN AND TURONIAN GAS 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 No. 2;
- Line communication center (stage No. 2);
- KSZI ICS PHD of OJSC Severneftegazprom;
- The geotechnical monitoring system of OJSC Severneftegazprom facilities;
- "Digital Twin" of the geological and technological model: reservoirs — wells — gas gathering network — switch valves station of the Yuzhno-Russkoye Field;
- Technical reequipment of wells No. 2P, No. 52, No. 131 (tubing replacement).



### INVESTMENTS INTO ADDITIONAL EXPLORATION OF THE FIELD

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

Set of works to transfer exploration well R-54 from mothballing to pilot operation;

The initial stage of project development for the construction of exploration well R-72 of 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 2021, work was completed on the following facilities:

Reconstruction of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field: Access road to PSFS. PK area 0+00 — PK 122+79.25;

Reconstruction of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field: Access road to PSFS. PK area 122+79.25 PSFS;

Retrofitting the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field with Service Platforms, Stair Flight, Shed, and Fire-Resistant Gate Automatic Closing Device;

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. Correction);

Modernization of the facility: “BCS: Gas Separation Building for Changing the Installation Location of Removable High-Frequency Ultrasonic Sensors;

Technical re-equipment. System of Electric Heating of Drainage Lines of Air Filters of the Barrier Air Supply System for Compressors NTs16 of BCS-02 within Gas Pumping Units GPU-16DKS-09 ‘Ural’ of stations No. 1...4 of the Gas Production BCS at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Technical upgrade of the facility “GTU: Intrasite Utilities: Water supply and sewage networks”;

Technical re-equipment. System of Electric Heating of Ball Valves in Input and Output Lines of Gas Separation Building Separators and Float Valves of GPU-1-1...8 of the Gas Production BCS at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

Execution of works on sites to be completed in 2022–2023:

Reconstruction of roads at 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; Road: Commercial gas pipeline, km 64.

Reconstruction of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field: Road: Commercial gas pipeline, km 64, stage No. 1;

Reconstruction of GPU-16DKS-09 ‘Ural’ No. 1, 2, 3, 4 of BCS-1 (stage 1) at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field within the project “Development of the Yuzhno-Russkoye Oil and Gas Field. GTU. Booster Compressor Station No. 2”;

Installation of the security hardware suite for OJSC Severneftegazprom facilities.

### INVESTMENTS INTO ADMINISTRATIVE AND HOUSEHOLD FACILITIES

Retrofitting the facility: “Shift Camp: Refrigerator at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field”;

To improve the functional parameters of the facilities, design and survey work is being carried out to upgrade the heat and water supply networks of the shift workers muster station in Krasnoselkup and reconstruction of the facility: “Administrative building in Novy Urengoy. Administrative and Housing Building.”

### INVESTMENTS INTO NONCURRENT ASSETS (ITA, R&D)

Development of the design documentation for manufacturing the unit for methanol extraction from the water-methanol process mixture of the Yuzhno-Russkoye Field using the membrane vapor phase method;

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

Development of technical and technological solutions to ensure the sustainability of the power supply system of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Development of technical and technological solutions to improve the energy efficiency of air-cooled gas apparatuses at the booster compressor station of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Feasibility study of the development of operational facilities in Jurassic deposits of the Yuzhno-Russkoye license area.

### CAPITAL INVESTMENTS FOR THE REPORTING PERIOD

Capital investments in 2021 amounted to RUB 22,870 mln, VAT excluded, which is RUB 3,716 mln or 14% less than for 2020.

### CAPITAL INVESTMENTS IN 2021 AMOUNTED TO

**RUB 22,870 MLN**

### CAPITAL INVESTMENTS FOR THE REPORTING PERIOD

RUB MLN, VAT EXCLUDED

	2021	2020	CHANGE 2021/2020	
	ACTUAL	ACTUAL	+/-	%
Capital investments, TOTAL	22,870	26,586	-3,716	-14
including:				
Production Drilling	12,457	16,004	-3,547	-22
Technical re-equipment of the wells	3	2	1	50
Field Exploration	407	439	-32	-7
Survey and design work of future years	72	16	56	350
Equipment not included in Construction Estimates	170	135	35	26
Construction facilities	9,607	9,854	-247	-3
Purchase of noncurrent assets	154	137	17	12

The decrease in capital expenditures in the reporting period compared to the previous one was due to clarification of actual costs during the construction of wells at the Turonian gas deposit of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. First Stage (2nd Phase).



**IN 2021, THE TOTAL COST  
OF CONSTRUCTION FACILITIES  
AND COMMISSIONED FIXED ASSETS  
AMOUNTED TO**

**RUB 34,294 MLN**

**FACILITIES COMMISSIONING FOR THE REPORTING PERIOD**

RUB MLN, VAT EXCLUDED

	2021	2020	CHANGE 2021/2020	
	ФАКТ	ФАКТ	+/-	%
<b>Capital Investments, TOTAL</b>	<b>34,294</b>	<b>17,425</b>	<b>16,869</b>	<b>97</b>
including:				
Production Drilling	14,501	14,012	489	3
Technical reequipment of the wells	3	3	-	-
Exploration Drilling	1,223	-	1,223	100
Equipment not included in Construction Estimates	170	135	35	26
Construction facilities	18,290	3,220	15,070	468
Noncurrent assets	107	55	52	95

In 2021, the following facilities were completed, put on the Company's books, and commissioned:

- Production well GWC 7T No. 701;
- Production well GWC 6T No. 602;
- Production well GWC 39T No. 3904 (OVS included);
- Production well GWC 40T No. 4004 (OVS included);
- Production well GWC 2T No. 201;
- Production well GWC 2T No. 202;
- Production well GWC 2T No. 203;

- Production well GWC 2T No. 204;
- Production well GWC 4T No. 401;
- Production well GWC 4T No. 402;
- Production well GWC 4T No. 403;
- Production well GWC 26T No. 2601;
- Production well GWC 26T No. 2602;
- Production well GWC 27T No. 2701;
- Production well GWC 27T No. 2702 (OVS included);
- Production well GWC 19T No. 1901 (OVS included);

- Production well GWC 19T No. 1903;
- Production well GWC 28T No. 2801;
- Production well GWC 28T No. 2802;
- Production well GWC 22T No. 2202;
- Production well GWC 22T No. 2203;
- Production well GWC 31T No. 3101;
- Production well GWC 31T No. 3102;
- Production well GWC 24T No. 2401;
- Production well GWC 24T No. 2402 (OVS included);
- Production well GWC 20T No. 2001;
- Production well GWC 20T No. 2002;
- Production well GWC 20T No. 2003;
- Production well GWC 20T No. 2004;
- Production well GWC 38T No. 3801 (OVS included);
- Production well GWC 38T No. 3802;
- Production well GWC 30T No. 3001 (OVS included);
- Production well GWC 30T No. 3002;
- Production well GWC 30T No. 3003;
- Production well GWC 33T No. 3301;
- Production well GWC 33T No. 3302;
- Production well GWC 34T No. 3401;
- Production well GWC 34T No. 3402;
- Production well GWC 34T No. 3403;
- Production well GWC 36T No. 3601;
- Production well GWC 36T No. 3602;
- Production well GWC 36T No. 3603;
- Production well GWC 37T No. 3701;
- Production well GWC 37T No. 3702;
- Production well GWC 37T No. 3703;

- Technical reequipment of well No. 52: Tubing replacement;
- Technical reequipment of well No. 131: Tubing replacement;
- Technical reequipment of well No. 2P: Tubing replacement;
- Exploration well No. 54;
- Exploration well R-62;
- Development of the Yuzhno-Russkoye Oil and Gas Field. GTU. Booster compressor station No. 2;
- Line communication center (stage No. 2);
- Gas collection header, connector 1 — GTU. Access road to GWC site No. 1. Pig launcher at PK1+98. Pig receiver at PK117+02.9. GWC No. 1. Light pole (Tower-2). Cluster 3 10 kV HV line to GWC;
- Engineering preparation of the site, development of gas wells cluster No. 6T, gas wells No. 601, 602 piping. Intrasite electric grids to GWC No. 6T. Intrasite automation networks to GWC No. 6T. 10 kV HV line to GWC No. 6T. Gas pipeline flow line from GWC No. 6T to the gas collection header, connector 1 — GTU. Methanol pipeline to the GWC No. 6T. Light pole to GWC No. 6T. Block box BKES to GWC No. 6T;
- Engineering preparation of the site, development of gas wells cluster No. 16T, gas wells No. 1601, 1602, 1603 piping. Intrasite electric grids to GWC No. 16T. Intrasite automation networks to GWC No. 16T. Access road to GWC site No. 16T;
- Engineering preparation of the site, development of gas wells cluster No. 41T, gas wells No. 4101, 4102, 4103 piping; 10 kV HV line. Intrasite electric grids to GWC No. 41T. Intrasite automation networks to GWC No. 41T. Cluster No. 41 10 kV HV line to GWC;
- Engineering preparation of the site, development of gas wells cluster No. 39T, gas wells No. 3901, 3902, 3903, 3904 piping. 10 kV HV line. Intrasite electric grids to GWC No. 39T. Intrasite automation networks to GWC No. 39T. Cluster 39 10 kV HV line to GWC;
- Engineering preparation of the site, development of gas wells cluster No. 40T. Gas well No. 4001, 4002, 4003, 4004. 48/96V HV line. Intrasite electric grids to GWC No. 40T. Intrasite automation networks to GWC No. 40T.



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

Engineering preparation of the site, development of gas wells cluster No. 12T. Gas well No. 1201, 1202 piping. Intrasite electric grids to GWC No. 12T. Intrasite automation networks to GWC No. 12T. Cluster 12 10 kV HV line to GWC;

Engineering preparation of the site, development of gas wells cluster No. 26T. Gas well No. 2601, 2602 piping. Intrasite electric grids to GWC No. 26T. Intrasite automation networks to GWC No. 26T. Access road to GWC site No. 26T;

Engineering preparation of the site, development of gas wells cluster No. 27T, gas wells No. 2701, 2702 piping. Intrasite electric grids to GWC No. 27T. Intrasite automation networks to GWC No. 27T. Cluster 27 10 kV HV line to GWC. Access road to GWC site No. 27T;

Engineering preparation of the site, development of gas wells cluster No. 19T, gas wells No. 1901, 1903 piping. Intrasite electric grids to GWC No. 19T. Intrasite automation networks to GWC No. 19T. Gas pipeline flow line from GWC No. 19T. Methanol pipeline to the GWC No. 19T. 10 kV HV line to GWC No. 19T. Light pole to GWC No. 19T. Block box BKES to GWC No. 19T. Access road to GWC site No. 19T;

Engineering preparation of the site, development of gas wells cluster No. 28T, gas wells No. 2801, 2802 piping. Intrasite electric grids to GWC No. 28T. Intrasite automation networks to GWC No. 28T. Cluster 28 10 kV HV line to GWC. Access road to GWC site No. 28T;

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

Access road to GWC site No. 31T;

Engineering preparation of the site, development of gas wells cluster No. 24T, gas wells No. 2401, 2402 piping. Gas pipeline flow line from GWC No. 24T. Intrasite electric grids to GWC No. 24T. Intrasite automation networks to GWC No. 24T. Gas pipeline flow line from GWC No. 24T. Methanol pipeline to the GWC No. 24T. 10 kV HV line to GWC No. 24T. Light pole to GWC No. 24T. Block box BKES to GWC No. 24T. Access road to GWC site No. 24T;

Production site at GWC No. 20T;

Engineering preparation of the site, development of gas wells cluster No. 38T, gas wells No. 3801, 3802 piping. Intrasite electric grids to GWC No. 38T. Intrasite automation networks to GWC No. 38T. Access road to GWC site No. 38T;

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

Production site of GWC No. 33T. Access road to GWC site No. 33T;

Access road to GWC site No. 34T;

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

Access road to GWC site No. 37T;

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

Ready killing mud tank park;

Site of the GWC No. 5T. Nadym 2.6M header (commissioning of the process equipment for headers Nadym 2.6M after completing installation);

Site of the GWC No. 7T. Nadym 2.6M header (commissioning of the process equipment for headers Nadym 2.6M after completing installation);

Site of the GWC No. 10T. Nadym 2.6M header (commissioning of the process equipment for headers Nadym 2.6M after completing installation);

Site of the GWC No. 15T. Nadym 2.6M header (commissioning of the process equipment for headers Nadym 2.6M after completing installation);

KSZI ICS PHD of OJSC Severneftegazprom;

The geotechnical monitoring system of OJSC Severneftegazprom facilities;

“Digital Twin” of the geological and technological model: reservoirs — wells — gas gathering network — switch valves station of the Yuzhno-Russkoye Field;

Reconstruction of roads at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Access road to PSFS. PK area 0+00 — PK 122+79.25;

Reconstruction of roads at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Access road to PSFS. PK area 122+79.25 PSFS;

Retrofitting the shift camp: Refrigerator at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field”;

Retrofitting the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field with Service Platforms, Stair Flight, Shed, and Fire-Resistant Gate Automatic Closing Device;

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. Correction);

Modernization of the facility: “BCS: Gas Separation Building for Changing the Installation Location of Removable High-Frequency Ultrasonic Sensors;

Technical re-equipment. System of Electric Heating of Drainage Lines of Air Filters of the Barrier Air Supply System for Compressors NTs16 of BCS-02 within the Gas Pumping Units GPU-16DKS-09 Ural stations No. 1...4 of the Gas Production BCS at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Technical upgrade of the facility “GTU: Intrasite Utilities: Water supply and sewage networks”;

Technical re-equipment. System of Electric Heating of Ball Valves in Input and Output Lines of Gas Separation Building Separators and Float Valves of GPU-1-1...8 of the gas production BCS of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;

Noncurrent assets (ITA, R&D).

DYNAMICS OF THE VALUE OF FACILITIES UNDER CONSTRUCTION

FACILITY (BY GROUPING PARAMETERS)	RUB MLN, VAT EXCLUDED		
	31.12.2021	31.12.2020	31.12.2019
Construction of fixed assets facilities (industrial construction)	1,303	9,538	1,415
Construction of the fixed assets facilities (production drilling)	393	2,500	506
Construction of the fixed assets facilities (exploration drilling)	16	832	393
Survey and design work of the future periods	80	40	40
Purchase of noncurrent assets	180	111	29
Equipment for Installation	325	1,115	2,983
<b>Total Construction in Progress</b>	<b>2,297</b>	<b>14,135</b>	<b>5,366</b>



As at December 31, 2021, the facilities of fixed assets construction in progress and project development include:

- Reconstruction of a production gas well No. 383 of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field by sidetracking;
- Reconstruction of well No. 253;
- Reconstruction of well No. 403;
- Production well GWC 6T No. 602 (OVS);
- Production well GWC 2T No. 201 (OVS);
- Production well GWC 28T No. 2801 (OVS);
- Production well GWC 31T No. 3101 (OVS);
- Production well GWC 4T No. 402 (OVS);
- Production well GWC 20T No. 2001 (OVS);
- Production well GWC 33T No. 3303;
- Production well GWC 34T No. 3401 (OVS);
- Production well GWC 37T No. 3701 (OVS);
- Exploration well R-61;
- Survey and design work of the future years, including:
  - Design and survey work for the project "Construction of Exploration Well No. R-72 on Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field";
  - Development of design documentation for the project "Modernization of the Information Security System of the Information Management System of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field" (Information Protection Department of ICS Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field);
  - Technical re-equipment of the heat and water supply networks of the Shift workers muster station in Krasnoselkup;
  - Development of the project: Technical re-equipment of the facilities: "BCS: Gas Separation Building. Equipping with Additional Heat Exchangers for Natural Gas Cooling";
  - Reconstruction of facilities: "Administrative building in Novy Urengoy. Administrative and Housing Building;
  - Development of design and working documentation "Fiber-Optic Transmission System";

- Development of design and working documentation "System of Personnel Video Monitoring at the Temporary Stay Facilities of Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field (GTU; SEB; walker's house; shift camp)";
- Development of design and working documentation for the "Personnel Notification System" facility;
- Development of design and working documentation "Technical re-equipment of the control system of the gas pipeline of the CPP GPU-16DKS-09 'Ural' on the booster compressor station of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field";
- Development of design and working documentation "Retrofitting of Strainers Being Part of Blocks of Valve Separators of the Gas Separation Building of Booster Compressor Station of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field, with a Differential Pressure Control System";
- Development of design and working documentation "Retrofitting of Yuzhno-Russkoye Oil and Gas Field. Industrial Base. Production Building with Heated Parking. Oils Warehouse";
- Development of design and working documentation "Technical upgrade of the gas collecting network facilities of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Equipping with temperature and pressure sensors";
- Development of design and working documentation "Technical re-equipment of the rainwater treatment plant 'LOS-5' and on-site networks of water supply and sewerage";
- Technical upgrade of facilities "Piping of gas Well Clusters of Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field";
- A complex of works for the development of hydraulically placed sand quarries No. 2G and No. 201;
- Engineering preparation of the site, development of gas wells cluster No. 31T, gas wells No. 3101, 3102 piping;
- Engineering preparation of the site, development of gas wells cluster No. 4T, gas wells No. 401, 402, 403 piping; 10 kV HV line;
- Engineering preparation of the site, development of gas wells cluster No. 20T, gas wells No. 2001, 2002, 2003, 2004 piping. Gas pipeline flow line from GWC No. 20T. Access road to GWC site No. 20T;

- Engineering preparation of the site, development of gas wells cluster No. 33T, gas wells No. 3301, 3302, 3303 piping; 10 kV HV line; 48/96 V HV line;
- Engineering preparation of the site, development of gas wells cluster No. 34T, gas wells No. 3401, 3402, 3403 piping;
- Engineering preparation of the site, development of gas wells cluster No. 37T, gas wells No. 3701, 3702, 3703 piping;
- Gas pipeline flow line from GWC No. 37T, methanol pipeline to GWC No. 37T. 10 kV HV line to GWC No. 37T;
- Gas collection header GWC No. 39 — GWC tie-in No. 41. Access road to GWC site No. 1 (GSC GWC No. 39 — GWC tie-in No. 41);

- Reconstruction of roads at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Access road Urengoy — Krasnoselkup. Area the Yuzhno-Russkoye Oil and Gas Field — Beregovoye Gas Condensate Field — 68,716 km;
- Reconstruction of roads at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field. Road: Commercial gas pipeline, km 64.
- Reconstructions of GPU-16DKS-09 'Ural' No. 1, 2, 3, 4 of BCS-1 (stage 1) at the Yuzhno-Russkoye Oil, Gas, and Condensate Field within the project "Development of the Yuzhno-Russkoye Oil and Gas Field. GTU. Booster Compressor Station No. 2";
- Installation of the security hardware suite for OJSC Severneftegazprom facilities;
- 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 the production objectives set for 2021.

RUB **44 282** MLN

2021 NATURAL  
GAS SALES  
PROCEEDS



## KEY FINANCIAL INDICATORS

THIS SECTION IS A REVIEW OF THE FINANCIAL STANDING OF OJSC SEVERNEFTEGAZPROM AS OF DECEMBER 31, 2021, AND IS SUBJECT TO REVIEW IN CONJUNCTION WITH THE COMPANY'S ACCOUNTING STATEMENTS FOR 2021 PREPARED IN ACCORDANCE WITH RUSSIAN ACCOUNTING STANDARDS AND AVAILABLE FOR REVIEW TO ALL STAKEHOLDERS ON THE COMPANY'S OFFICIAL WEBSITE AT: [HTTP://WWW.SEVERNEFTEGAZPROM.COM](http://www.severneftegazprom.com)



# 8

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

51

52

60

61

## Key financial indicators

INDICATOR NAME	RUB MLN		
	2021	2020	CHANGE IN %
Revenue	44,282	44,073	0.5
Gas Production Costs*	(4,497)	(4,051)	11
– for production of 1,000 m3 of gas (RUB)	(188)	(171)	10
Depreciation	(6,284)	(4,966)	27
Tax Expenses	(23,446)	(25,864)	-9
GE expenses **	(75)	(71)	6
Management expenses	(1,509)	(1,380)	9
Operating Profit	8,471	7,741	9
Net Profit	8,457	5,950	42
Net Cash from Operating Activities	19,558	12,702	54
Fixed assets commissioning (including ITA, R&D)	34,294	17,425	97

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

\*\* Exploration work.

– RUB **2,790** MLN EXPENSES FOR GAS MET

+ RUB **2,507** 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 2021 amounted to 23,888 mln m<sup>3</sup>.

Net profit in 2021 increased by 42% compared to the previous year and amounted to RUB 8,457 million RUB. This is mainly due to the recognition of other income expressed in decrease in the amount of the estimated liability for expenses on the disposal of fixed assets as a result of changes in the estimated values.

The 0.5% increase in 2021 revenues compared to the previous period is due to the increase in marketable gas production due to commissioning of new facilities (BCS-2, Turonian deposit wells).



## Profit and Loss Statement

INDICATOR NAME	RUB MLN		
	2021	2020	CHANGE IN %
Revenue	44,282	44,073	0.5
Sales prime cost, including:	(34,302)	(34,952)	-2
Taxes (MET, property tax, other taxes)	(23,446)	(25,864)	-9
Depreciation	(6,284)	(4,966)	27
Gas Production Costs*	(4,497)	(4,051)	11
GE expenses	(75)	(71)	6
Gross Profit	9,980	9,121	9
Management expenses	(1,509)	(1,380)	9
Sales Profit	8,471	7,741	9
Interest Receivable	610	305	100
Interest payable (including interest expense on estimated liabilities)**	(1,590)	(719)	121
Other Income and Expense (Balance)	3,144	161	1,855
Profit before tax	10,635	7,488	42
<b>Net Profit</b>	<b>8,457</b>	<b>5,950</b>	<b>42</b>

\* Expenses for gas production — all expenses included in the prime cost (works, services), excluding GE expenses, 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."

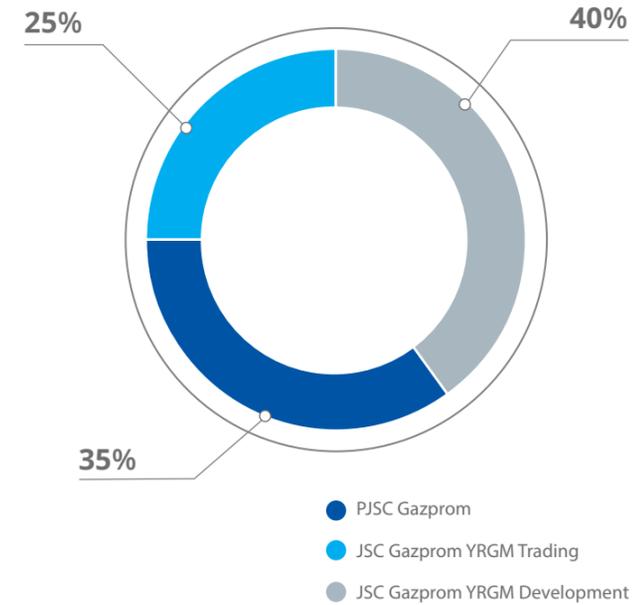
The Company's net income for 2021 was positively affected by additional income accrued due to adjustment in the amount of the estimated liability for fixed asset retirement expenses as well as a decrease in the prime cost due to changes in tax deductions resulting from decrease in the weighted average rate of mineral extraction tax for natural gas.

Due to the increase in key rate of the Central Bank of the Russian Federation and, accordingly, higher interest rates on deposit accounts, as a result, the Interest receivable indicator went up.

The increase in the Interest payable indicator in 2021 vs. 2020 is due to the accrual of interest in accordance with the loan agreement.



## 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 VOLUME

	MLN M <sup>3</sup>		
	2021	2020	2019
<b>TOTAL, including:</b>	<b>23,888</b>	<b>23,739</b>	<b>24,823</b>
PJSC Gazprom	9,555	9,495	9,929
JSC Gazprom YRGM Trading	8,361	8,309	8,688
JSC Gazprom YRGM Development	5,972	5,935	6,206

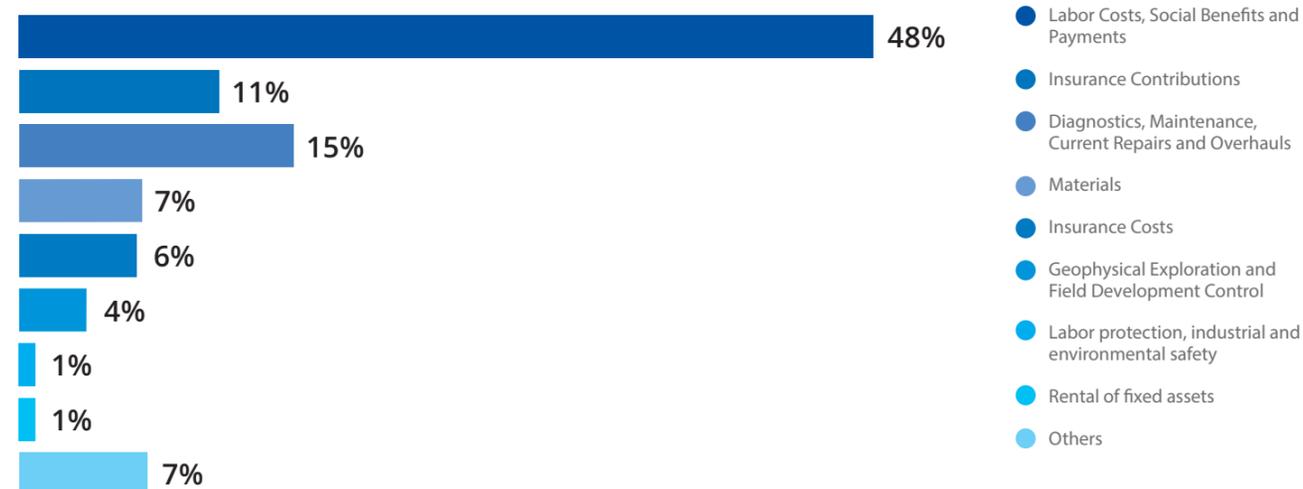


### GAS PRODUCTION EXPENSES (excluding tax, depreciation, and exploration expenses)

An 11% increase in production expenses for gas production in 2021 was mainly due to an increase in labor costs, social benefits and payments by 2% (wage indexation), additional payments to shift employees for special conditions to ensure production process continuity during the pandemic, and an increase in operating expenses due to an increase in the production wells stock.



### STRUCTURE OF GAS PRODUCTION EXPENSES



### GAS PRODUCTION EXPENSES DYNAMICS

INDICATOR NAME	2021	2020	RUB MLN CHANGE IN %
Materials	302	274	10
Labor costs, Social Benefits and Payments	2,136	2,021	6
Insurance Contributions	501	463	8
Rental of fixed assets	36	33	9
Insurance Costs	284	233	22
Diagnostics, maintenance, repair, and overhaul	684	561	22
Geophysical Exploration and Field Development Control	168	127	32
Labor protection, industrial and environmental safety	59	51	18
Others	327	288	13
<b>TOTAL</b>	<b>4,497</b>	<b>4,051</b>	<b>11</b>
GE	75	71	6
<b>TOTAL including GE expenses</b>	<b>4,572</b>	<b>4,122</b>	<b>11</b>

### TAXES (excluding income tax)

INDICATOR NAME	2021	2020	RUB MLN CHANGE IN %
Mineral Extraction Tax	22,293	25,083	-11
Property Tax	1,149	778	48
Other Taxes	4	3	33
<b>TOTAL taxes (excluding income tax)</b>	<b>23,446</b>	<b>25,864</b>	<b>-9</b>

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.

The 11% decrease in 2021 MET vs. 2020 is due to an increase in natural gas production at the Turonian gas deposit, for which a reduction factor is applied in calculating the MET rate, characterizing peculiarities of the individual deposits development.

The average weighted annual rate of the natural gas production tax in 2021 is RUB 1,182 per thous m<sup>3</sup> — Cenomanian and RUB 253 per thous m<sup>3</sup> — Turonian (RUB 1,125 per thous m<sup>3</sup> and RUB 225 per thous m<sup>3</sup> in 2020, respectively).





ASSETS

IN 2021, THE COMPANY'S ASSETS SAW A 26% GROWTH BY

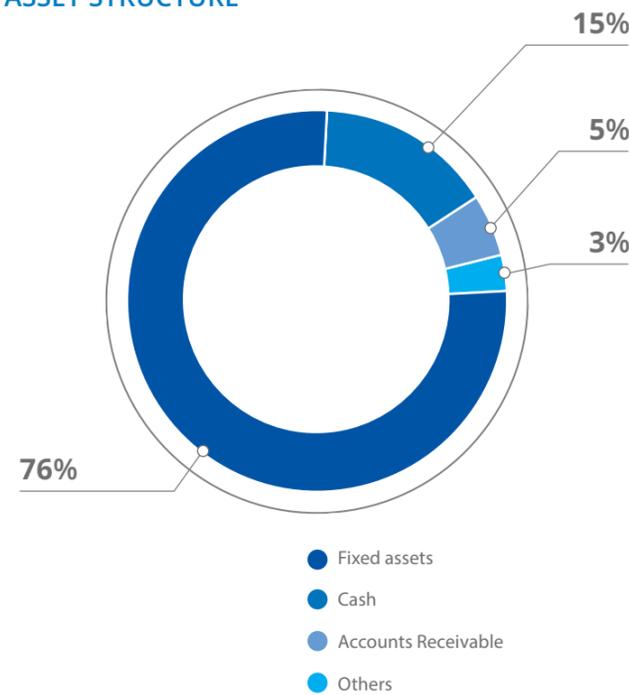
RUB **20.9** BLN

THE VALUE OF ASSETS AMOUNTED TO AT THE END OF 2021

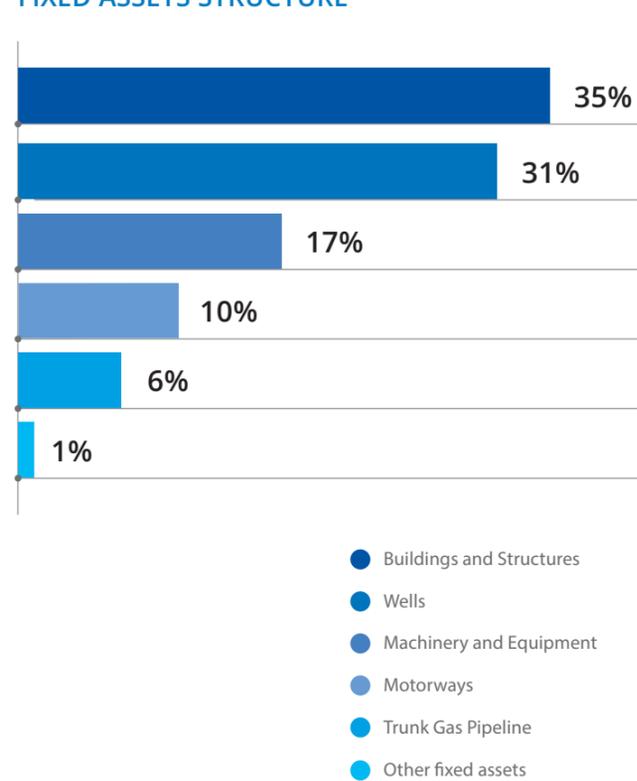
RUB **101,1** BLN



ASSET STRUCTURE



FIXED ASSETS STRUCTURE



CHANGES IN THE COMPANY ASSETS FOR THE REPORTING PERIOD

	AS OF 31.12.2021	AS OF 31.12.2020	CHANGE IN %
<b>NONCURRENT ASSETS</b>	<b>79,930</b>	<b>64,092</b>	<b>25</b>
Intangible assets	241	121	2-fold
Research and development results	92	61	51
Intangible exploration assets	-	-	-
Fixed assets	77,052	60,325	28
Deferred tax assets	1,975	2,334	-15
Other noncurrent assets	570	1,251	-54
<b>CURRENT ASSETS</b>	<b>21,160</b>	<b>16,129</b>	<b>31</b>
Reserves	581	1,224	-53
Accounts receivable	5,393	6,602	-18
Financial investments	-	-	-
Cash	15,115	8,190	85
Other current assets	71	113	-37
<b>TOTAL</b>	<b>101,090</b>	<b>80,221</b>	<b>26</b>

Changes in the Company assets in 2021 occurred for the following items:

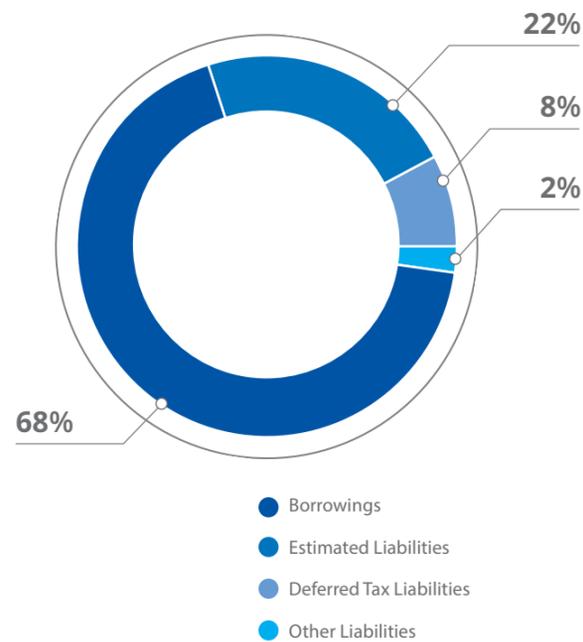
- Intangible assets increased by RUB 120 mln or over 2-fold;
- Accounts receivable decreased by RUB 1,209 mln or 18%, by closing advances issued;
- Fixed assets increased by RUB 16,727 mln or 28% due to an increase in the commissioning of construction projects;
- Cash flow increased by RUB 6,925 mln or 85% due to the use of borrowings to finance Stage 2 of the Technological Development Scheme for the Cenomanian and Turonian gas deposits at the Yuzhno-Russkoye field;
- reserves decreased by RUB 643 mln or 53% due to the involvement of raw materials in the development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field;



## LONG-TERM AND SHORT-TERM LIABILITIES

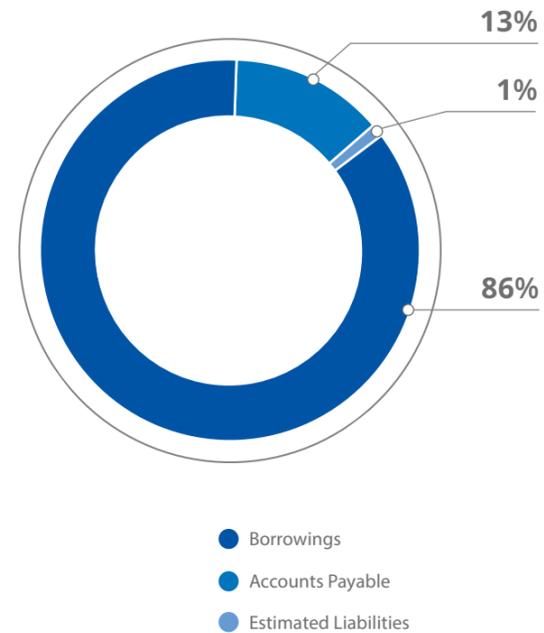
### LONG-TERM LIABILITIES

TOTAL: RUB 45.6 BLN AS OF 31.12.2021



### SHORT-TERM LIABILITIES

TOTAL: RUB 9.9 BLN AS OF 31.12.2021



## LONG-TERM AND SHORT-TERM LIABILITIES

	AS OF 31.12.2021	AS OF 31.12.2020	RUB MLN CHANGE IN %
<b>LONG-TERM LIABILITIES</b>	<b>45,561</b>	<b>28,705</b>	<b>59</b>
Bank loans due later than in 12 months, total, mln RUB	30,987	14,780	By over 2 times
Deferred tax liabilities	3,712	2,724	36
Estimated liabilities	10,047	10,411	-3
Other liabilities	815	790	3
<b>SHORT-TERM LIABILITIES</b>	<b>9,859</b>	<b>8,353</b>	<b>18</b>
Bank loans due within 12 months, total, mln RUB	91	22	314
Accounts payable	8,502	7,524	13
Estimated liabilities	1,266	807	57
<b>TOTAL</b>	<b>55,420</b>	<b>37,058</b>	<b>50</b>

Changes in the Company liabilities in 2021 occurred for the following items:

The increase in long-term liabilities by RUB 16,856 million or 59% was mainly due to the receipt of loans from VTB Bank (PJSC) to finance Stage 2 of the Field Development Plan for the Cenomanian and Turonian gas deposits at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field, which will be due later than in 12 months;

Increase in short-term liabilities by RUB 1,508 mln or 18%, was caused mainly by an increase in mineral extraction tax payable due to higher volumes of the commercial gas production in December 2021 as compared to December 2020.

## CAPITAL AND RESERVES

	AS OF 31.12.2021	AS OF 31.12.2020	RUB MLN CHANGE IN %
<b>AUTHORIZED CAPITAL, ADDITIONAL CAPITAL AND RESERVES</b>	<b>25,177</b>	<b>25,177</b>	<b>-</b>
Authorized capital	40	40	-
Revaluation of noncurrent assets	36	36	-
Additional capital	25,099	25,099	-
Reserve capital	2	2	-
<b>RETAINED EARNINGS</b>	<b>20,493</b>	<b>17,986</b>	<b>14</b>
Profit in the reporting period	8,457	5,950	42
<b>TOTAL capital and reserves</b>	<b>45,670</b>	<b>43,163</b>	<b>6</b>

In 2021, the Company's capital and reserves increased by RUB 2,507 mln or 6%, due to the obtaining of a positive financial result for 2021 in the amount of RUB 8,457 mln, which is RUB 2,507 mln more than in 2020.





## Cash flow for the reporting period

NET OPERATING PROCEEDS INCREASED  
BY 54% TO

RUB **19,558** MLN

### NET CASH

INDICATOR NAME	2021	2020	DEVIATION 2021/2020	RUB MLN CHANGE IN %
Net cash from operating activities	19,558	12,702	6,856	54
Net cash used in investment activities	(23,378)	(24,395)	1,017	4*
Net cash used in financial activities	10,745	10,733	12	0.1**

\* The indicator reflects the effect of cash outflows from the use on investment activities. In 2021, RUB 1,017 mln less than in 2020 were spent, therefore, the Company's cash balance increased, thus the indicator has a positive value.

\*\* The indicator reflects the effect of proceeds for financial activities of the Company. In 2021, RUB 16,207 mln of loan funds were borrowed, therefore, the Company's cash balance increased, thus the indicator has a positive value.

## Key Financial Ratios

### KEY FINANCIAL STABILITY INDICATORS

FINANCIAL RATIO NAME	AS OF 31.12.2021	AS OF 31.12.2020	CHANGES FOR THE PERIOD	ECONOMIC VALUE OF THE RATIOS
Equity-to-Assets (Financial Independency) Ratio	0.45	0.54	-0.09	The ratio of equity to total capital
Financial Leverage Ratio	1.21	0.86	0.35	Debt to equity ratio
Financial Stability (Investment Coverage) Ratio	0.90	0.90	0.00	The ratio of equity and long-term liabilities to total capital
Equity mobility ratio (subject to long-term liabilities)	0.25	0.18	0.07	The ratio of own current assets to equity assets
Current assets mobility ratio	0.71	0.51	0.20	The ratio of the most mobile part of current assets to the total value of current assets

### ОСНОВНЫЕ ПОКАЗАТЕЛИ ЛИКВИДНОСТИ

FINANCIAL RATIO NAME	AS OF 31.12.2021	AS OF 31.12.2020	CHANGES FOR THE PERIOD	ECONOMIC VALUE OF THE RATIOS
Current (Total) Liquidity Ratio	2.14	1.93	0.21	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	2.09	1.78	0.31	Liquid assets to short-term liabilities ratio.
Absolute Liquidity Ratio	1.53	0.98	0.55	It shows the security of short-term liabilities with cash, short-term financial assets, and short-term receivables. Highly-liquid assets to short-term liabilities ratio. It shows the portion of short-term liabilities that can be repaid immediately.

### АНАЛИЗ РЕНТАБЕЛЬНОСТИ

FINANCIAL RATIO NAME	AS OF 31.12.2021	AS OF 31.12.2020	CHANGES FOR THE PERIOD	ECONOMIC VALUE OF THE RATIOS
Profitability of sold products (sales), %	19.13	17.57	1.56	It reflects the profit per a piece of sold product. The ratio of operating profit from sales (profit (loss) from sales) to sales revenue. Industrial Standard: at least 18%
Net Profit Sales Margin, %	19.10	13.50	5.60	It reflects the net profit per a piece of sold product. Net profit to sales revenue ratio
Interest Coverage Ratio, ICR	7.69	11.41	-3.72	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**

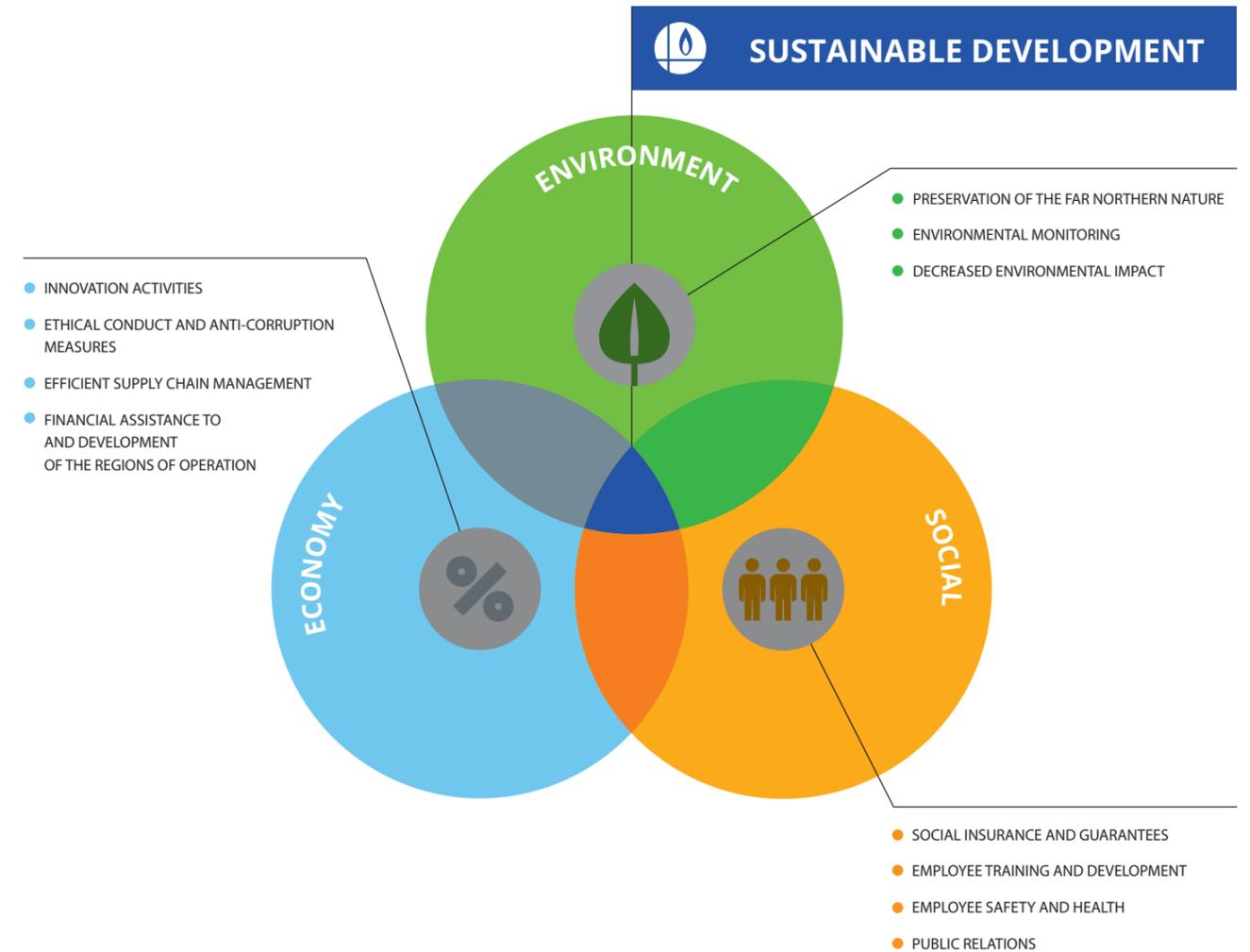
# SUSTAINABLE DEVELOPMENT

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



OJSC Severneftegazprom arranges its work in accordance with the sustainable development concept adopted in the Russian Federation and worldwide, which ensures a balanced approach to solving socioeconomic problems, problems of maintaining healthy environment, and natural resource potential 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 or be influenced by the Company's activities. The content of the Sustainability Report for 2021 was formed based on monitoring and identifying significant topics in the process of interaction with stakeholders.

Following the analysis of the information obtained, at the end of 2021, 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 2021.



This report has been prepared in accordance with the standards of the Global Reporting Initiative — GRI Standards (main version).

Based on the results of the assessment conducted by the working group, the following significant topics were identified:

- Employment;
- Health and safety at workplace;
- 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 No. 3 Index of GRI Content.

When 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](http://www.severneftegazprom.com)





# Environmental Protection

Continuous improvement of approaches in the field of environmental safety allows the Company to achieve the most harmonious use of natural resources and minimize adverse impacts 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 implement this principle, the Company on an ongoing basis carries out activities aimed at:

Ensuring the resource saving and reduction of adverse 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 conservation of natural resources.

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 2021–2025, 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

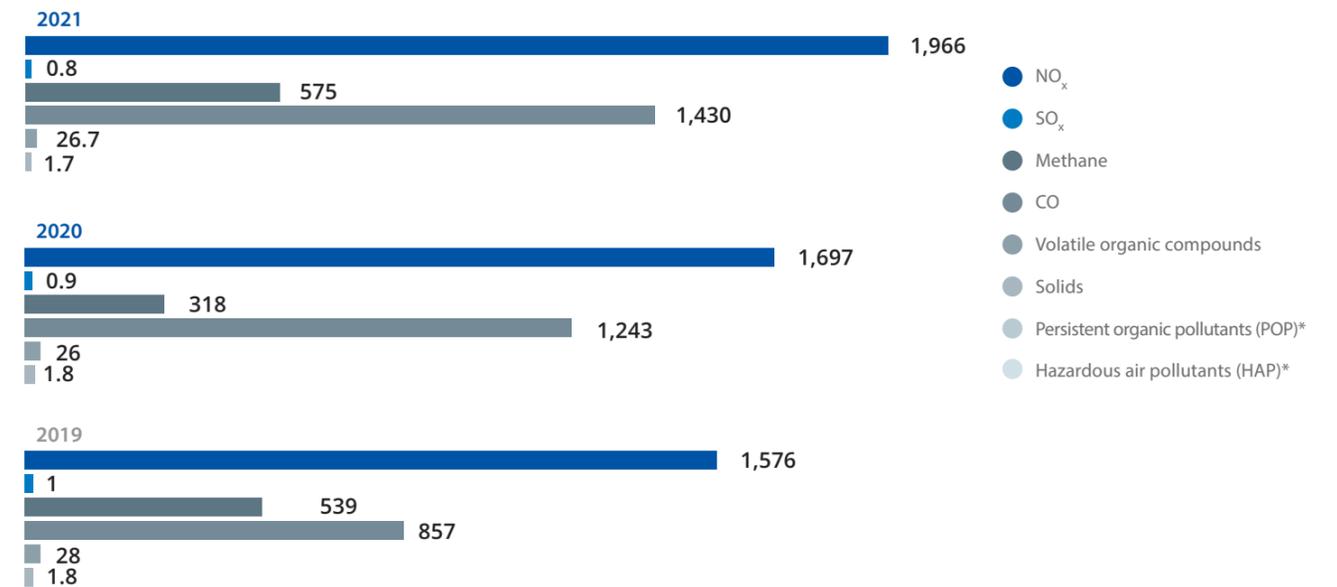
One of the significant areas of environmental activities of OJSC Severneftegazprom is air protection.

At the end of 2021, the total mass of pollutant emissions amounted to 4 thous tons (including 3.980 thousand tons of YROGGCF emissions), which is 0.713 thous tons more than in 2020. 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 635.474 thous tons in CO<sub>2</sub> equivalent in 2021.

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..

Thanks to the use of an innovative system for controlling technological losses of gas after dry gas-dynamic seals of gas-compressor units, the use of the method of sealing the threaded joint "coupling of the conductor — the mounting pipe of the string head" on the well without putting it into workover, optimizing the program of production logging of

production wells in order to reduce technological losses and reduction of emissions into the atmosphere, the introduction of a system for controlling the temperature of pipelines by controlling the values of the installations of the electric heating system made it possible to reduce greenhouse gas emissions in CO<sub>2</sub> equivalent by 56,349 tons.

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 2021.

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

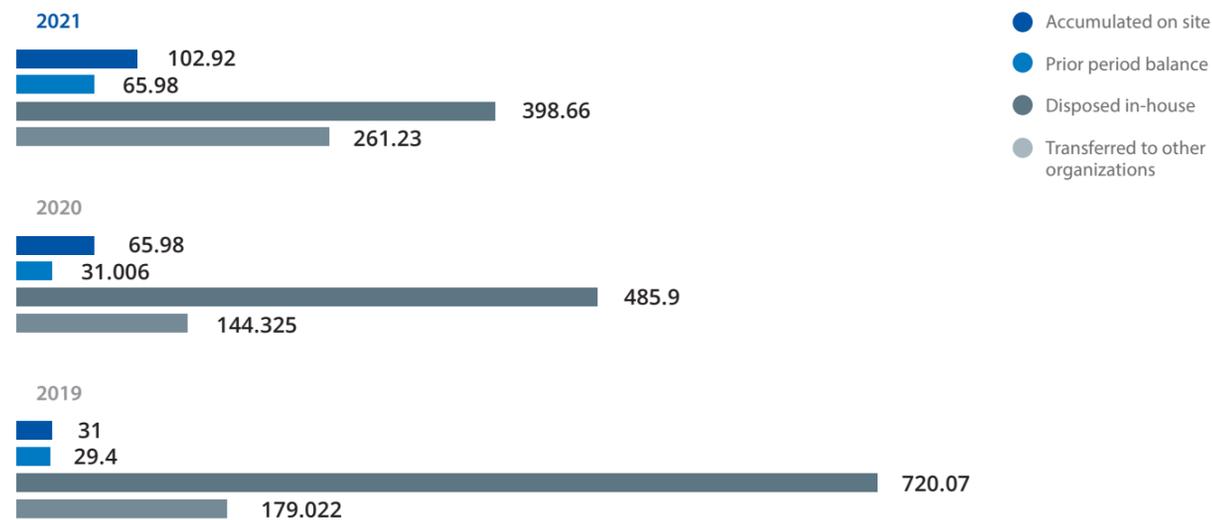
### WASTE MANAGEMENT

When implementing environmental programs, waste management is paid special attention. 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 2021 WAS

# 696.8 TONS

### MASS OF HAZARDOUS AND NONHAZARDOUS WASTE OF THE COMPANY FOR THE PERIOD 2019–2021, TONS



### LAND RECLAMATION

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

The total mass of waste generated in 2021 was 696.8 tons. The increase in waste generation was due to the formation of a new type of waste — used pipes of gas pipeline.

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

During 2021, the following wastes were generated: Hazard Class I — 0.085 t; Hazard Class II — 8.689 tons; Hazard Class III — 23.296 tons; Hazard Class IV — 560.958 tons; Hazard Class V — 103.801 tons.

### IN 2021, THE COMPANY RECLAIMED

# 46.026 HECTARES

### WATER SUPPLY

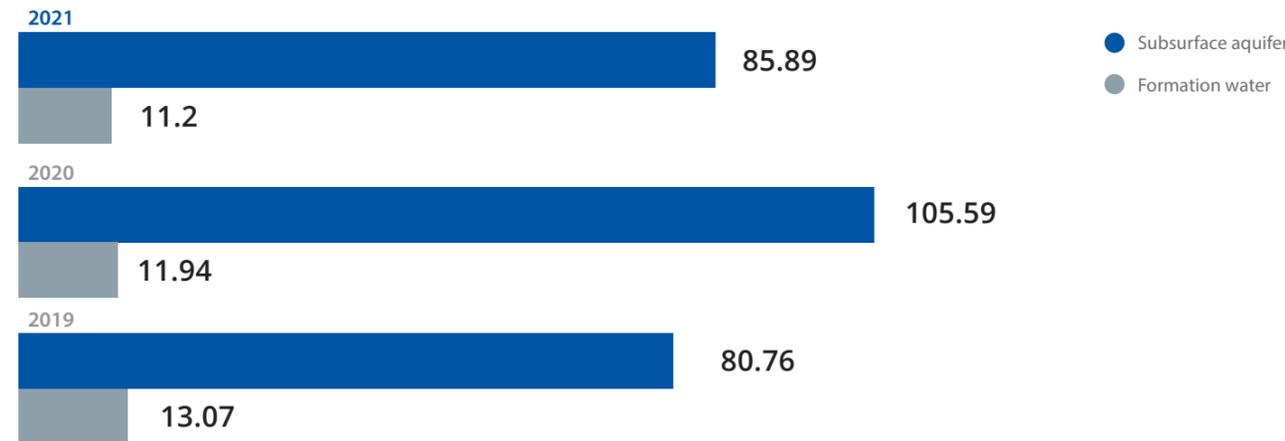
Water resources of Russia are estimated as one of the largest in the world, but this does not relieve obligations of domestic gas companies on rational and careful use.

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, 97.09 thous m<sup>3</sup> of water were extracted from underground sources, of which 85.89 thous m<sup>3</sup> accounted for the subsurface water horizon, and 11.2 thous m<sup>3</sup> for the water extracted along with natural gas.





**DYNAMICS OF GROUNDWATER EXTRACTION FOR THE PERIOD FROM 2019 TO 2021, THOUS M<sup>3</sup>**



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 2021 amounted to 788.645 thous m<sup>3</sup>.

In general, the volume of wastewater discharged into the absorbing horizon for the reporting period amounted to 78.05 thous m<sup>3</sup>, which is fully consistent with the technological design, including formation water unused — 11.2 thous m<sup>3</sup>, domestic and industrial wastewater — 68.85 thous m<sup>3</sup>.

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 m<sup>3</sup>/day, industrial wastewater is treated at the Flottweg sewage treatment plant, with a maximum capacity of 360 m<sup>3</sup>/day. The quality of wastewater treatment sent to the injection meets the established requirements.

**KEY PERFORMANCE INDICATORS OF THE COMPANY IN ENVIRONMENTAL PROTECTION**

Ser. No.	INDICATOR NAME	INDICATOR NAME	2021	2020	DEVIATION FROM 2020	
			ACTUAL	ACTUAL	+/-	+/-, %
1	Gross emissions of harmful substances into the atmosphere — total	thous tons	4	3.287	+0.713	+21.7
	including:					
	within the limits	thous tons	4	3.287	+0.713	+21.7
	excess emissions	thous tons	0	0.000019	-0.000019	-100
	including: methane CH <sub>4</sub> emissions	thous tons	0.575	0.318	+0.257	+80.8
2	Specific NO <sub>x</sub> emissions (gross NO <sub>x</sub> emissions per unit of fuel gas),	thous tons/ mln m <sup>3</sup>	0.00008	0.00007	+0.00001	+14.3
3	Total water withdrawal (water taken and received)	thous m <sup>3</sup>	102.61	123.26	-20.65	-16.8
4	Sewage — total	thous m <sup>3</sup>	83.57	80.62	+2.95	+3.7
5	Waste generated per year — total	thous tons	0.697	0.665	+0.032	+4.8
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)	%	52.26	79.104	-26.844	-33.9
7	Area of reclaimed land per year	ha	46.026	0.694	+45.332	+6,532
8	Expenses for environmental protection	RUB thous	93,453	84,872	+8,581	+10.1
9	Current (operational) costs of environmental protection measures	RUB thous	66,908	61,762	+5,146	+8.3
10	Costs of environmental services, including the land protection and reclamation	RUB thous	26,158	22,710	+3,448	+15.2
11	Costs of development and approval of environmental documentation	RUB thous	199	1,305	-1,106	-84.8
12	Costs of operational environmental control and monitoring	RUB thous	3,014	2,616	+398	+15.2
13	Costs of overhaul of the fixed assets for environmental protection	RUB thous	77,208	6,269	+70,939	+1,131.6
14	Fee for negative impact on the environment	RUB thous	387	400.28	-13.28	-3.43
	including:					
	within the limits	RUB thous	387	400	-13	-3.36
	for excess exposure	RUB thous	0	0.28	-0.28	-100
15	Investments in capital assets (development) aimed at protecting the environment	RUB thous	55,221	0	+55,221	+100
16	Number of inspections of state environmental authorities	units	80	2	+78	+3,900
17	The number of violations of environmental legislation (according to acts of inspections of state environmental authorities)	units	67	0	+67	+100
18	Fines paid for violation of environmental legislation	RUB thous	430	0	+430	+100
19	Environmental damage claims filed	units	0	0	0	0
	including:					
	as a result of accidents	units	0	0	0	0
20	Environmental damage claimed	RUB thous	0	0	0	0
	including:					
	as a result of accidents	RUB thous	0	0	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 2021, a recertification 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 the energy efficiency 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.

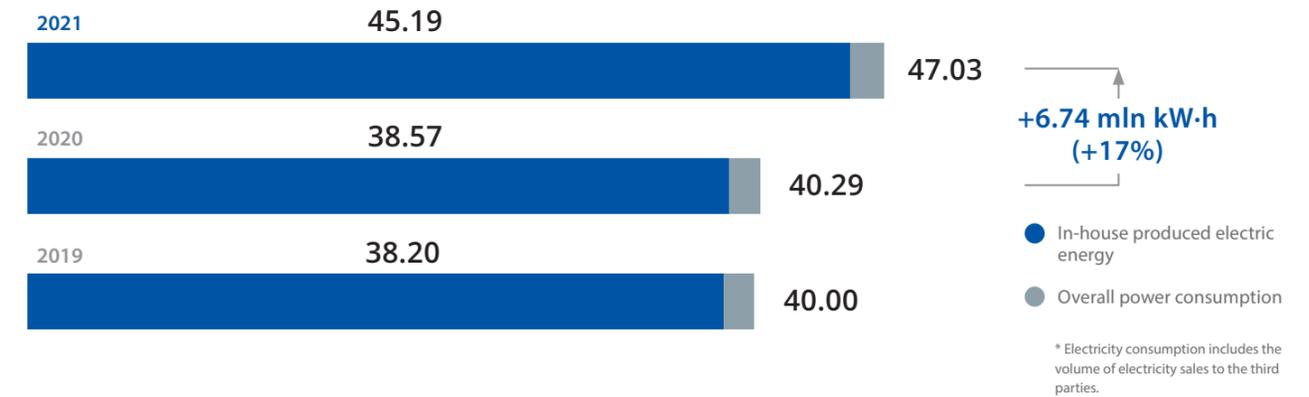


Energy efficiency improvement activities at OJSC Severneftegazprom are regulated by the Regulation on the Energy Management System as well as the Energy Policy which formulates strategic goals. The main activities to improve energy efficiency as well as specific tasks and indicators are outlined expected to be achieved in 2022–2025\*.

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

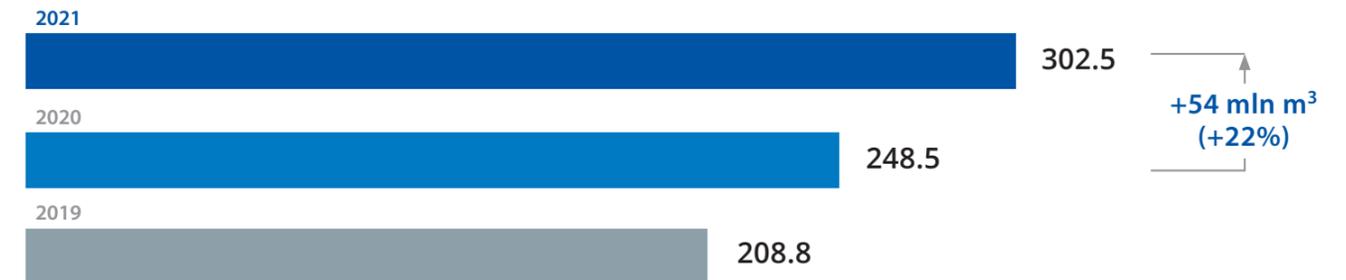
## ENERGY CONSUMPTION

### ELECTRICITY CONSUMPTION, MLN KW·H\*



The increase in electric power consumption by 6.74 mln kW·h (17%) in 2021 is due to the organization of power supply to capital construction facilities, the commissioning of new gas well clusters and BCS-2.

### NATURAL GAS CONSUMPTION, MLN M<sup>3</sup>



The increase in gas for own consumption by 54 mln m<sup>3</sup> (22%) in 2021 was due to a decrease in reservoir pressure and an increase in fuel gas volumes for compressing for BCS.

### HEATING ENERGY CONSUMPTION, THOUS GCAL



The 9.0 thous Gcal (23%) increase in heating energy consumption in 2021 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 conservation 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.

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

To reduce the amount of energy consumed, OJSC Severneftegazprom takes measures aimed at an effective approach and improvement with regard to energy-saving programs as well as the use of advanced technologies to minimize the environmental impact of production.

As part of the program implementation to achieve the goals and objectives in 2021, the following energy efficiency indicators were achieved:

Reduction of natural gas losses during the gas dynamic surveying of 12 wells due to use of the wells survey technology in loop without releasing gas into the atmosphere — the energy efficiency indicator was 22,820.40 thous m<sup>3</sup>;

Reduction of the natural gas losses for process equipment emptying due to optimization of the gas gathering network pipeline cleaning circuit from GWC No. 30 — the energy efficiency indicator was 0.711 thous m<sup>3</sup>.

Total natural gas savings for 2021 amounted to 22,821.11 thous m<sup>3</sup>.

Procurement and replacement of lighting devices with metal-halide lamps for LED spotlights in the internal lighting system of warehouses at the Yuzhno-Russkoye Field customer base.

The estimated reduction in electricity consumption for warehouse lighting will be 10,400 kW-h/year. Actual value of the indicator will be determined by the end of 2022. Power consumption is monitored.



### 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, 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 has introduced and effectively operates an integrated management system in the field of quality, environmental protection, industrial safety based on international standards ISO 14001, ISO 9001, ISO 45001. Based on these standards, since 2009, OJSC Severneftegazprom has implemented the Policy for Quality, Environmental Protection, Industrial 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 for Quality, Environmental Protection, Industrial Safety was updated.



In 2021, the Company successfully completed a recertification audit for compliance with requirements of international standards ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, ISO 45001:2018 Industrial Safety Management System, ISO 39001:2012 Traffic Safety Management System, and ISO 50001:2018 Energy Management System. No non-compliances were revealed.

It also should be noted that OJSC Severneftegazprom is proactive in creating safe working conditions and compliance with industrial safety requirements in the Company and is directly and actively involved in all Russian industrial and occupational safety events and contests.

In 2021 OJSC Severneftegazprom took an active part in "Success and Safety 2021," all-Russian contest for the best arrangement of works in the field of labor conditions and protection; according to the contest results, Severneftegazprom took the following places:

- No. 1 place in the municipal ranking of organizations;
- No. 1 in the ranking of organizations in the constituent entity of the Russian Federation;
- No. 200 in the ranking of organizations in the Russian Federation.



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

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

## Labor protection

Preservation of life and health of employees as well as the creation of decent working conditions are the main and key priorities for the management of OJSC Severneftegazprom. 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 of employees and continuous monitoring the state of the working environment allows timely identification of possible 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.



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, assess 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.

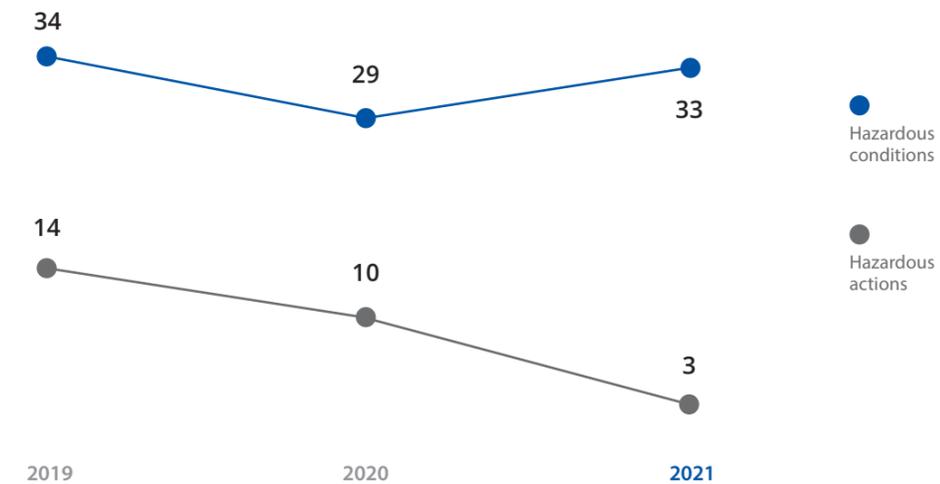
According to the 2021 results, 2,967 behavioral safety audits were conducted by authorized officers and specialists of the Company, while 36 hazardous conditions and staff actions

were identified. Following the 2020 results, 1,441 behavioral safety audits were conducted, and 39 hazardous conditions and dangerous personnel actions were identified.

It is worth noting that with an overall increase in the number of behavioral safety audits, there has been a decrease in hazardous conditions and dangerous actions of personnel, which indicates a high culture of industrial safety at OJSC Severneftegazprom.

The results of behavioral audits were analyzed, corrective and preventive actions were developed and taken.

### DYNAMICS OF THE NUMBER OF REGISTERED HAZARDOUS CONDITIONS AND HAZARDOUS ACTIONS OF STAFF FOR 2019–2021



Routine conduct of behavioral safety audits allows increasing the responsibility of managers and work performers, reducing potentially dangerous conditions and staff actions, which

results in positive effect of raising level of industrial safety across the Company as a whole.

### NUMBER OF INJURIES OF PERSONNEL FOR 2017–2021

ACCIDENT CATEGORY	2017	2018	2019	2020	2021
Minor industrial injuries	0	0	1	0	0
Serious personal injuries	0	0	0	0	0
Fatal work injuries	0	0	1	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>



The registration of industrial accidents is performed in accordance with Decree No. 73 of the Ministry of Labor of the Russian Federation On Approval of the Forms of Documents Required for the Investigation and Registration of Industrial Accidents and the Regulation on Peculiarities of the Investigation of Industrial Accidents in Individual Industries and Organizations dated October 24, 2002.

No industrial accidents were recorded in the reporting period.

To strengthen preventive work to prevent accidents and hazardous working conditions at work, to increase the level of occupational safety at hazardous production facilities, in March 2015, the Company introduced the Working Conditions Safety Monitoring System by OJSC Severneftegazprom employees using SOS observation cards.

Due to implementation and use of this system, 24 inconsistencies were identified and 11 proposals were made to improve labor protection and safety conditions in 2021. All the inconsistencies identified were eliminated within the established time frame, and proposals to improve working conditions and safety were implemented.

In accordance with current legislation of the Russian Federation, the Company has organized work to conduct a special assessment of working conditions at all existing and newly organized workplaces. In 2021, the Company carried out a special assessment of working conditions at 47 workplaces located in Novy Urengoy, Moscow as well as in the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

According to results of the special assessment of operating conditions, no workplaces with hazardous operating conditions were identified.

All Company employees engaged in work with harmful 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) at the Employer's expense as well as flushing and neutralizing means.

In the reporting period, labor safety expenses amounted to RUB 55,344 thous, while most costs, as in previous years, were spent on the purchase of personal protective equipment, including flushing and neutralizing means.

LABOR PROTECTION COST STRUCTURE, RUB THOUS



Industrial and Fire Safety

Trouble-free production activities are possible only under the condition of strict compliance with 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 industrial safety policy of OJSC Severneftegazprom\*. 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 NO. 116 ON INDUSTRIAL SAFETY OF HAZARDOUS PRODUCTION FACILITIES AND OTHER REGULATIONS;
- TAKING MEASURES TO PROTECT THE HEALTH AND LIFE OF EMPLOYEES IN THE EVENT OF AN ACCIDENT AT A HAZARDOUS PRODUCTION FACILITY;
- TRAINING AND CERTIFICATION OF EMPLOYEES;
- EXPERT EXAMINATION OF INDUSTRIAL SAFETY OF BUILDINGS, STRUCTURES, AND TECHNICAL DEVICES USED AT A HAZARDOUS PRODUCTION FACILITY;
- ARRANGEMENT AND IMPLEMENTATION OF INDUSTRIAL CONTROL OVER COMPLIANCE WITH INDUSTRIAL SAFETY REQUIREMENTS BY EMPLOYEES AND CONTRACTORS;
- 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 subdivisions 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 Labor Protection 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 2021, the 4th level of the CPC for Labor Protection and Industrial Safety conducted 6 checks: 4 targeted and 2 integrated. 132 violations were identified and eliminated in a timely manner.

Currently, the Company operates 8 hazardous production facilities (HPF). 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.

NUMBER OF HAZARDOUS PRODUCTION FACILITIES BY HAZARD CLASSES, PCS



\* 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/).



Plans for localization and liquidation of accidents consequences (hereinafter, the "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 Environmental, Industrial and Nuclear Supervision Service.

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.

Within the fire safety system at OJSC Severneftegazprom (hereinafter referred to as the "Company"), the following main activities in the field of fire safety were introduced in 2021:

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 the facilities at the Yuzhno-Russkoye Oil and Gas 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 2021, 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, firefighting plans, and fire-tactical exercises were held. The service is carried out at the posts and routes of patrols.

The management of the Company 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 firefighting machinery, firefighting 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 firefighting equipment allows keeping 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 2021, 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 and reports, which reflect measures to improve and strengthen fire safety at the Company's defense facilities (40 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 114 carbon dioxide and 251 powder fire extinguishers located at the Company's facilities.

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. 52 classes on training in the fire-technical minimum were organized and conducted, following which 489 employees passed training and knowledge testing.

Industrial control is carried out to ensure compliance by contractors with fire safety requirements when performing work or rendering services at the Company's facilities. During the year, 55 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, 380 violations of fire safety requirements were identified; according to the results of the inspections, 9 instructions for eliminating the revealed violations were prepared and presented. In 5 cases, contracting organizations were fined for a total of RUB 1,050 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; 43 CFD employees were awarded the Rescuer status.

The Company's Facility Fire Safety Assurance Plan for 2021 provides technical and organizational means for ensuring fire safety at all forested land lots rented by OJSC Severneftegazprom. The events planned for 2021 have been fully implemented.



To take measures promptly 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.

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.

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

The Company's protection facilities are equipped with required number of personal protective equipment in case of fire. 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. To monitor the serviceability of personal protective equipment, checks are organized and conducted at their locations.

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.



Fire safety expenses in 2021 amounted to RUB 28,087 thous.

Inspections by EMERCOM of Russia regarding the OJSC Severneftegazprom facilities were not conducted in 2021. Instructions to eliminate violations of fire safety requirements by supervisory authorities were not issued.

No fires or combustion occurrence were registered at the Company's facilities.

## Road traffic safety

The Company arranged work in accordance with the Action Plan for the prevention of road traffic accidents (RTA).

Results of work on prevention of RTA are indicators of accident rate and transport discipline in OJSC Severneftegazprom as well as contractors on the territory of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.

### STATE OF ACCIDENT RATE AND TRANSPORT DISCIPLINE AT OJSC SEVERNEFTEGAZPROM

	IN UNITS			
	2021	2020	CHANGE 2021/2020	
	ACTUAL	ACTUAL	+/-	%
Total RTAs caused by the Company	0	0	-	-
RTAs with mechanical damage caused by the Company's drivers	0	0	-	-
RTAs with victims caused by the Company's drivers	0	0	-	-
RTAs involving Company vehicles caused by third parties	6	4	2	50

During the reporting year there were no accidents with victims caused by drivers of the Company.

### STATE OF ACCIDENT RATE AND TRANSPORT DISCIPLINE OF CONTRACTORS ON THE TERRITORY OF YUZHNO-RUSSKOYE OIL, GAS, AND GAS CONDENSATE FIELD

	IN UNITS			
	2021	2020	CHANGE 2021/2020	
	ACTUAL	ACTUAL	+/-	%
RTAs with mechanical damage caused by the Contractors' drivers	8	16	-8	-50
RTAs with victims caused by the Contractors' drivers	0	0	-	-
Investigations conducted following the RTAs results	8	16	-8	-50
Making plans for corrective actions on RTA results and their implementation	8	16	-8	-50



As part of measures to prevent road traffic accidents, there is a constant control over the organization of vehicle traffic in difficult road and climatic conditions, actions of drivers in accordance with Regulations on the organization of the Company vehicles traffic in difficult road and climatic

conditions and the establishment of temperature limits for the operation of freight and special vehicles. Eight meetings of the Road Traffic Safety Committee were held, followed by the preparation of minutes and relevant documentation.

### RESULTS OF THE ROAD SAFETY INSPECTIONS AT OJSC SEVERNEFTEGAZPROM

	IN UNITS			
	2021	2020	CHANGE 2021/2020	
	ACTUAL	ACTUAL	+/-	%
Inspections completed	24	18	6	33
Inspection results reports prepared	24	18	6	33
Vehicles inspected (units)	383	371	12	3
Inconsistencies detected	1	2	-1	-50
Inconsistencies eliminated	1	2	-1	-50

### RESULTS OF THE ROAD SAFETY INSPECTIONS AT CONTRACTORS

	IN UNITS			
	2021	2020	CHANGE 2021/2020	
	ACTUAL	ACTUAL	+/-	%
Inspections completed	25	21	4	19
Inspection results reports prepared	25	21	4	19
Vehicles inspected (units)	277	195	82	42
Orders to eliminate violations issued	10	7	3	43
Inconsistencies detected	67	75	-8	-11
Inconsistencies eliminated	67	75	-8	-11

State technical inspection of vehicles registered with the traffic police, as well as technical inspection of self-propelled machines and other types of equipment

registered by Gostekhnadzor for the Yamal-Nenets Autonomous District, are conducted regularly.



# Employee Training and Knowledge Testing

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.

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.

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 is given in the table below.



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.

## NUMBER OF MANAGERS AND SPECIALISTS WHO PASSED THE KNOWLEDGE TEST, PERSONS

CERTIFICATION TYPE	PLAN	ACTUAL	ADDITIONALLY TRAINED OVER AND ABOVE THE PLAN (DUE TO EMPLOYMENT, REASSIGNMENT TO ANOTHER POSITION, VACATION LEAVE, ETC.)
Labor protection	119	267	18
Industrial safety	87	93	22

# Personnel and Social Policy

The basis of the excellent 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 the Company 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

The total headcount and structure of personnel is 1,099 persons for the end of the reporting period.

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 initiative of young professionals. Therewith, active



recruitment of personnel for local population contributes to the economy of the Company's business region and improves its investment appeal.

The Company's operational activities 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 61% (666 persons) in 2021.

In total, 1,054 persons employed in the Far North (212 women and 842 men).

The total headcount of employees at the end of the reporting period was 1,099 persons, the average headcount was 1,083 persons.

The company strives to create the most comfortable working conditions, indicator of staff turnover for the reporting year was 5.72%. The calculation of the staff turnover rate is carried out in accordance with the practice that has been developed in the system of PJSC Gazprom\*.

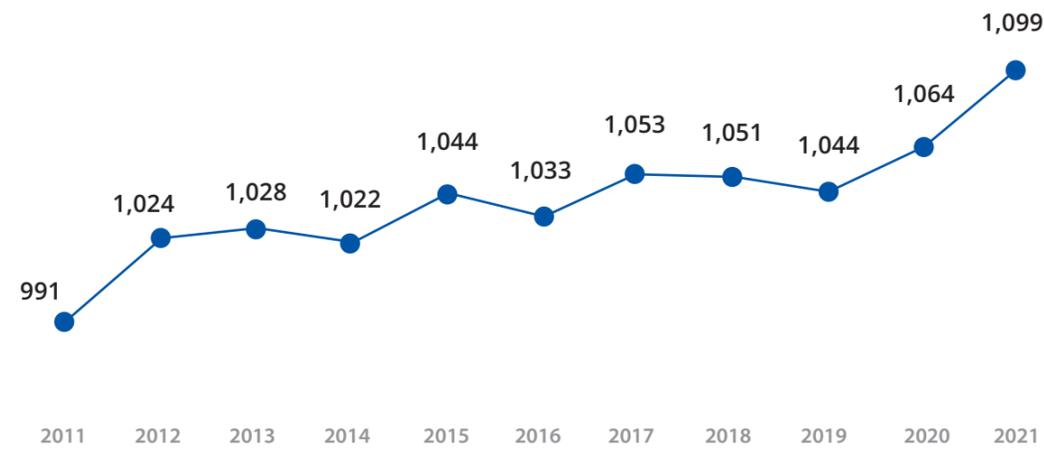
The age distribution of OJSC Severneftegazprom employees is fairly even. The average age of employees is 43 years, youth under the age of 35 years — 238 persons, employed pensioners — 119 persons.

At the end of 2021, the overall staffing of the Company amounted to 90.17%.

\* Instructions for Filling out Forms of Industry-Specific Statistical Reporting on the Number, Composition, and Movement of Employees by Subsidiaries, Institutions, Branches, and Representative Offices of PJSC Gazprom. The calculation includes all employees dismissed in accordance with Paragraph 3 of Article 77 of the Labor Code of the Russian Federation, with the exception of: due to the retirement.



### HEADCOUNT AND STRUCTURE OF PERSONNEL FOR 2011–2021, PERSONS



### COMPANY STAFF STRUCTURE, PERSONS

EMPLOYEE CATEGORY	TOTAL NUMBER OF PERSONS AS PER THE LIST AS OF 31.12.2021	AGE						EDUCATION				FROM GROUP 1
		UNDER 30 Y.O.	30-40 Y.O.	40-50 Y.O.	50 Y.O. AND OLDER	O/W		POSTGRADUATE	PROFESSIONAL		WOMEN	
						WOMEN 55 Y.O. AND OLDER	MEN 60 Y.O. AND OLDER		HIGHER	SECONDARY		
1	2	3	4	5	6	7	8	9	10	11	12	
Total employees	1,099	86	289	452	272	21	15	5	687	190	233	
O/W:												
Executives	218	–	41	116	61	7	5	5	208	8	48	
Specialists, other officers	341	27	124	135	55	9	3		306	29	145	
Workers	540	59	124	201	156	5	7		173	153	40	

### EMPLOYEE HEADCOUNT, PERSONS

SER. №	INDICATOR	HEADCOUNT, 2021
1	Actual headcount	1,099
	o/w	
2	Work under an agreement concluded for an indefinite period	1,062
3	Work under a fixed-term employment contract	37
4	Work under shift / rotation work method	666
5	Work as the main method of organizing work	433

### STAFF TURNOVER FOR 2021, PERSONS

SER. NO.	INDICATOR	TOTAL	O/W WOMEN	INCLUDING GEOGRAPHICALLY SEPARATE UNITS			
				MOSCOW, O/W WOMEN	NOVY URENGOY, O/W WOMEN	TYUMEN	KRASNOSELKUP, O/W WOMEN
1	Headcount as of 31.12.2021	1 099	233	44/20	376/160	1/1	678/52
o/w, by age group:							
	under 30 y.o.	86	21	8/4	18/9		60/8
	30–50 y.o.	741	163	25/14	287/120	1/1	428/28
	50 y.o. and older	272	49	11/2	71/31		190/16
2	Average Staff Employed for 2021	1,083	219	41/17	379/153	1/1	662/48
3	Fired, total	232	85	8/5	164/74		60/6
o/w, by age group:							
3.1	under 30 y.o.	147	62	3/2	137/60		7/–
3.2	30–50 y.o.	52	18	4/3	19/12		29/3
3.3	older than 50 y.o.	33	5	1/–	8/2		24/3

### PERSONNEL DISTRIBUTION BY REGIONS, PERSONS

INDICATOR	TOTAL, O/W WOMEN	MOSCOW, O/W WOMEN	NOVY URENGOY, O/W WOMEN	TYUMEN, O/W WOMEN	KRASNOSELKUP, O/W WOMEN
Headcount for 2021	1,099/ 233	44/20	376/160	1/1	678/52
Work under a fixed-term employment contract	37/24	3/1	28/21	–	6/2



SER. NO.	INDICATOR	TOTAL	O/W WOMEN	INCLUDING GEOGRAPHICALLY SEPARATE UNITS			
				MOSCOW, O/W WOMEN	NOVY URENGOY, O/W WOMEN	TYUMEN	KRASNOSELKUP, O/W WOMEN
4	Hired, total	267	92	8/4	164/77		95/11
o/w, by age group:							
4.1	under 30 y.o.	166	66	4/2	139/61		23/3
4.2	30–50 y.o.	91	24	2/2	25/16		64/6
4.3	older than 50 y.o.	10	2	2/-			8/2

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 their 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 care taker, while retaining the right to receive state social insurance benefits.

For the period of maternity leave, the employee retains a place of employment. In 2021, 13 people were provided with maternity leave, the rate of return to work after the end of maternity leave was 71%, the employee retention rate for 12 months after leaving the maternity leave was 83%.

NUMBER OF EMPLOYEES ON MATERNITY LEAVE. TOTAL, O/W MEN	RETURNED UPON EXPIRATION OF MATERNITY LEAVE TAKING INTO ACCOUNT PREVIOUS PERIODS. TOTAL, O/W MEN	REMAINING AT WORK AFTER 12 MONTHS, TAKING INTO ACCOUNT PREVIOUS PERIODS. TOTAL, O/W MEN
13/-	6/-	5/-



## 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 subdivisions of the Company are guided by the principles of compliance with the Constitution of the Russian Federation, the Labor Code of the Russian Federation, the Collective Agreement, and several 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 has developed, introduced, and is successfully implementing the Comprehensive Program for Increasing the Efficiency of Human Resources Management for the period of 2021–2025. In accordance with it, the Company implements measures to form a competitive, highly professional, responsible and cohesive 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.



OJSC Severneftegazprom ensures equal opportunities for its employees and avoids discrimination on grounds of ethnic background, origin, gender, religion, and any other grounds. The Company's management takes a strong line, which consists 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 via special feedback boxes and the "Question to Administration" e-mail 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 personnel are built on the grounds of the Collective Agreement developed with due consideration of 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 2021, all obligations of the employer regarding the provision of social benefits, guarantees, and compensations to employees under the Collective Agreement of the Company for the reporting year were fulfilled completely.

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

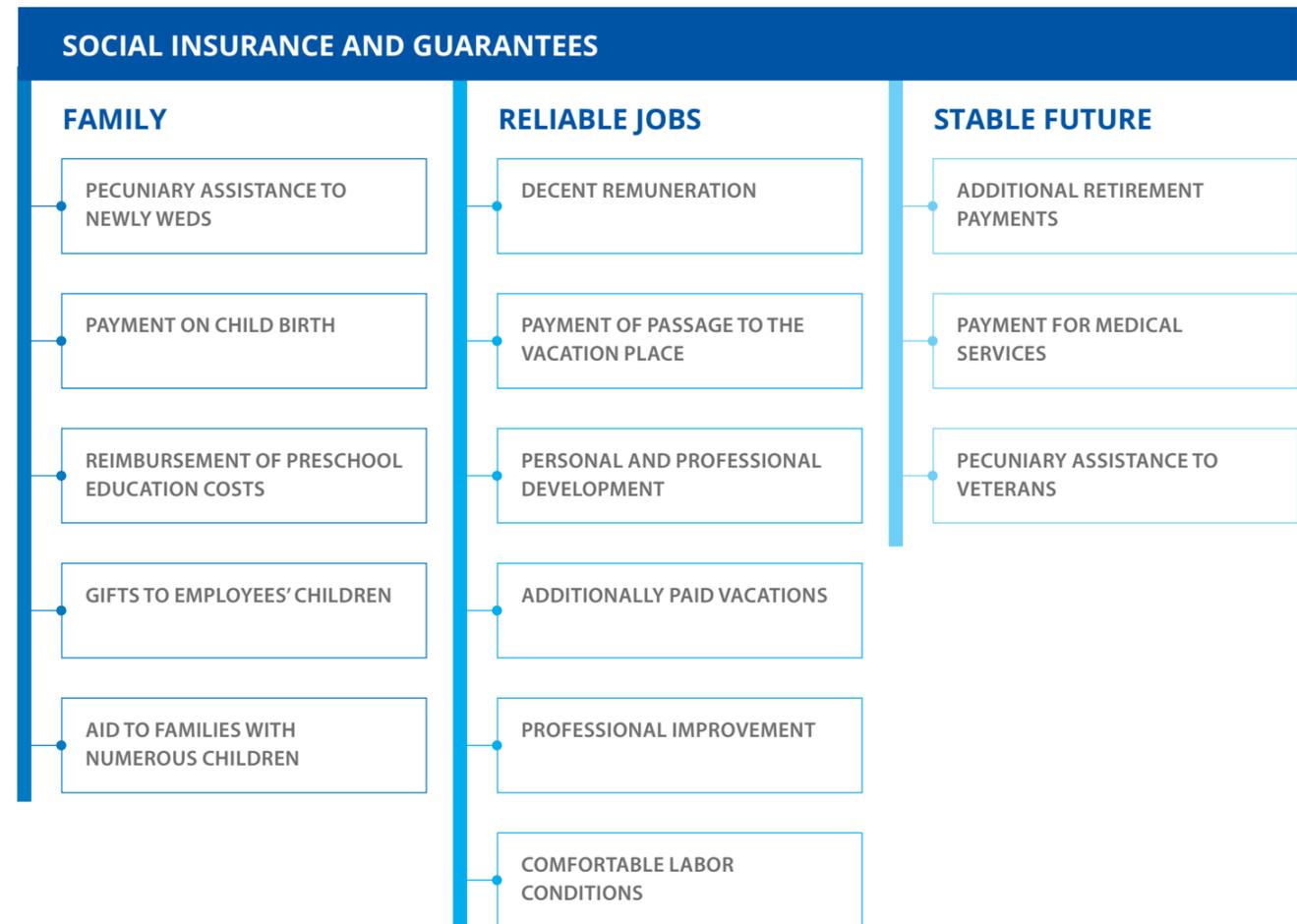
of individual labor motivation, including bonuses for achieving high results in work, as well as the following types of awards and rewards: Letter of appreciation, Letter of acknowledgment, Certificate of Merit, entering on Board of Honor, entry in the Book of Honor, title of long-service employee of 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 Agreement is controlled by the Social and Labor Relations Panel. Key objectives of the Panel are as follows:

- Reconciling interests of parties on labor relations governance matters;
- Holding collective negotiations, drafting Collective Agreements, and executing them;
- Arranging and hosting preliminary consultations;
- Developing and discussing draft internal regulations.

**Under the Collective Agreement currently in effect, the employees are provided 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, 17 meeting of the Social and Labor Relations Panel of OJSC Severneftegazprom were held in 2021 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 required 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, 209 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. Against the backdrop of the 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 major 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 2021 WAS

# 546 PEOPLE

In addition, 1,104 people were self-trained to acquire the knowledge of the Code of Corporate Ethics of OJSC Severneftegazprom. In the reporting period, the total time for training and professional development of employees exceeded 67 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 2021

SER. No.	EMPLOYEE CATEGORY	PEOPLE TRAINED		TOTAL NUMBER OF TRAINING HOURS		AVERAGE NUMBER OF TRAINING HOURS		AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE		
		TOTAL	O/W WOMEN	TOTAL	O/W WOMEN	TOTAL	O/W WOMEN	TOTAL	O/W MEN	O/W WOMEN
1	Executives	393	61	21,708	754	55	12	100	123	16
2	Specialists, other officers	434	169	15,540	4,328	36	26	46	57	30
3	Workers	823	44	30,048	672	37	15	56	59	17
	<b>TOTAL</b>	<b>1,650</b>	<b>274</b>	<b>67,296</b>	<b>5,754</b>	<b>41</b>	<b>21</b>	<b>61</b>	<b>71</b>	<b>25</b>



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.

The performance of managers and specialists is evaluated annually. It has the following main objectives:

- 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.

474 managers and specialists of the Company were interviewed in 2021. Following the assessment, a decision was made to include 62 employees of the Company in the continuing education plan and send them for training.

CATEGORY	TOTAL	EVALUATED	O/W WOMEN
Executives	218	192	37
Specialists, other officers	341	282	100



### 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 subdivisions 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.

The Company updates the personnel reserve lists systematically (at least once a year). The reserve composition is reviewed and updated in the course of annual analysis of the arrangement of managers and specialists. At the end of the year, the performance of each candidate enrolled in the Managerial Personnel Reserve is evaluated.

In 2021, 23 employees in the personnel reserve transferred to senior management positions, 30 employees underwent advanced training in corporate educational institutions of PJSC Gazprom 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 8%, or 86 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.



### 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.

In 2021, the unfavorable situation persisted in the world and the Russian Federation regarding the incidence of the novel coronavirus infection. 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, vaccination against COVID-19, etc. In total, 3,159 coronavirus tests were made. 1,020 employees were vaccinated and 342 employees were revaccinated six months later.

Also prophylactic medical preparations — 100 packages of Arbidol, 100 packages of Areplivir, 100 packages of Grippferon, 100 packages of Paracetamol, 100 packages of Tavanik, 100 packages of Broncho-munal, 100 packages of Apixobar — were purchased for the Company employees at the expense of the VHI contract for prevention of ARVI and coronavirus infection.

Due to start of vaccination against the novel coronavirus infection, employees' family members, and the Company's pensioners were awarded rehabilitation and restoration treatment at sanatoria and resorts in the Russian Federation, 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 2021, 175 employees of the Company received outpatient care using modern instrumental and laboratory examination methods. 54 employees and 4 pensioners 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 list of the most famous clinics in the Russian Federation: Botkin State Clinical Hospital, Bakulev National Medical Research Center for Cardiovascular Surgery; Federal State Budgetary Institution "National Medical Research Center of Cardiology" of the Ministry of Health of the Russian Federation (Moscow), the Tyumen Cardiology Center, the Central Clinical Hospitals with Polyclinic under the Office of the President (Moscow), and others.

The priority area for the Company is the health improvement of personnel in sanatorium institutions of the Russian Federation. In 2021, 343 employees of the Company, 286 family members and 42 nonworking pensioners received the social benefit for rehabilitation and recovery 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, 668 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 employees is played by prevention, as a priority in the development of healthcare in the Russian Federation.



In 2021, the Company implemented six preventative treatment programs:

- "Healthy Heart" program for the prevention of diseases of the cardiovascular system;
- Cancer prevention program;
- Endocrine disease prevention program;
- Women's health;
- Men's health;
- Flu and acute respiratory viral infections prevention program.

280 employees expressed a desire to participate in the Prevention and Healthy Lifestyle Programs. 712 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, endocrine system, oncopathologies, and preventing an increase in morbidity.

The Company annually implements the "Step Toward" program — medical assistance for disabled children of employees. In 2021 two families made use of the program.



Every year, a lesson is held for the Company's employees on the methods of providing first medical treatment. In 2021, given active anti-epidemic measures, the Company's employees completed training courses on their own and remotely by 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 2021, 1,083 employees of the Company were trained in the methods of providing first pre-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 solve production tasks successfully..



# 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 Company's efforts 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 several 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 works are performed 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 legislation and other applicable requirements.

SUBJECT MATTER	STRATEGY AND DEVELOPMENT	CORPORATE GOVERNANCE	LEGAL REGULATION	CONTRACTUAL OBLIGATIONS	INFORMATION TRANSPARENCY	PROTECTION OF ENVIRONMENT	LABOR PROTECTION 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, these 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.

In the reporting year, meetings of a number of working groups led by PJSC Gazprom were held, in particular, the Company is successfully interacting within the framework of technologies for the development and production of hard-to-recover hydrocarbon reserves from low-permeability reservoirs, and additionally organized meetings of the working group on planning the development of strategically important Lower Cretaceous deposits.





### GOVERNMENT AUTHORITIES

Being a socially responsible Company that complies with environmental and social standards, OJSC Severneftegazprom seeks to promote the development of the territories of its activities. 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 work of the Company in this direction is carried out on the basis of 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 2021, under the cooperation agreement between the Government of the Yamal-Nenets Autonomous District and OJSC Severneftegazprom for 2021–2025 dated December 11, 2020, and annual supplementary agreements, the amount of the Company's financing of 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 while 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 2021, 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 while 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 people 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 required for timely and high-quality satisfaction of the Company's needs are selected optimally. Tenders carried out in accordance with the corporate regulations.

During the reporting period, the Company carried out 846 procurement operations, totaling more than RUB 7.2 bln. Procurement from local suppliers and contractors registered in the Yamal-Nenets Autonomous District accounts for 13.36% of the total amount of purchases. Percentage of competitive procedures from the total volume of the Company procurements for 2021 is 88.37%. The total reduction in contract prices based on the tender results (savings based on the tender results) in 2021 amounted to more than RUB 589 million.

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 2021, 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 conducts regular updates of the website, endeavoring to make it the maximum informative and user-friendly. In 2021, 350 informational messages and press releases were posted on the official website and corporate portal of the Company.



**PRESERVING THE TRADITIONAL WAY OF LIVES OF THE INDIGENOUS PEOPLES OF THE NORTH, THEIR ORIGINAL ENVIRONMENT AND CULTURE IS ONE OF THE MOST IMPORTANT DIRECTIONS IN THE FRAMEWORK OF COOPERATION OF OJSC SEVERNEFTEGAZPROM WITH THE GOVERNMENT OF YANAO**



## 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 2021, within the framework of 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 municipality of Novy Urengoy;
- Socioeconomic development of the Purovsky District municipality;
- Organization of medical and diagnostic assistance to critically ill children and children with disabilities of the Yamal-Nenets Autonomous District;
- Maintenance and conduct of the statutory activities of the Yamal-Nenets Autonomous District Hockey Federation and development of amateur hockey in the District.

## PERSONNEL

Interaction between OJSC Severneftegazprom and 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 a dialogue with employees is the system of internal corporate communications. Employees can obtain information on 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 2021, the management of the Company 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 submitted by the Company's employees, concerning the activities of OJSC Severneftegazprom related to environmental aspects and environmental protection, occupational health and safety.

Besides, any employee can address any question to the relevant subdivision or to the Company management, 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.





COMPLIANCE WITH RUSSIAN AND INTERNATIONAL STANDARDS, AS WELL AS A HIGH LEVEL CORPORATE MANAGEMENT IS AN IMPORTANT COMPONENT IN THE WORK OF OJSC SEVERNEFTEGAZPROM

**19** MEETINGS  
OF THE BOARD OF  
DIRECTORS IN 2021



## FINANCIAL AND OPERATIONAL ACTIVITIES MANAGEMENT AND SUPERVISION BODIES

CORPORATE GOVERNANCE IS A TOOL FOR ENSURING EFFECTIVE INTERACTION BETWEEN THE COMPANY'S SHAREHOLDERS, 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 COMPANY MANAGEMENT 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
- Key provisions of the Company's Policy on Remunerations and/or Reimbursements to Members of its Management Bodies

111  
112  
112  
116  
118  
119  
119  
119

10

IN 2021 THERE WERE HELD:

2

GENERAL MEETINGS OF SHAREHOLDERS

19 MEETINGS

OF THE BOARD OF DIRECTORS

7 MEETINGS

OF THE TECHNICAL COMMITTEE



The Company Board of Directors 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 Company Board of Directors established for preliminary consideration of significant technical issues within the competence of the Board of Directors.

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

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

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, competencies, and organization of activities of the management and control bodies are determined in 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 are available for review to all stakeholders on the Company's website at: <http://www.severneftegazprom.com/>.

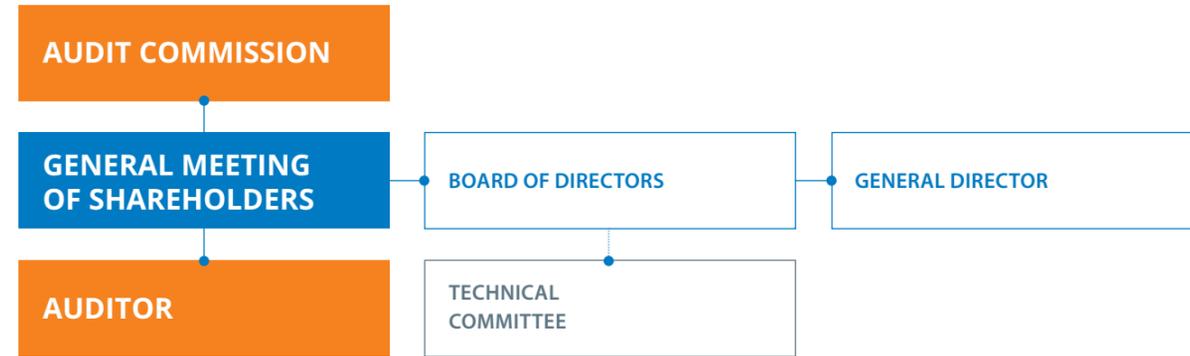
## The structure of financial and operational activities management and supervision bodies

**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.



## OJSC SEVERNEFTEGAZPROM CORPORATE GOVERNANCE DIAGRAM



### General Meeting of Shareholders

Two General Meeting of the Company Shareholders were held in 2021, including the annual General Meeting of Shareholders (June 30, 2021) where the Annual Report and Annual Financial Statements for 2020 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.

### Board of Directors

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

In the reporting year, 19 meetings of the Board of Directors were held, at which 48 issues in various areas of the Company's activities were considered.

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;

- Preparation for holding and convening the Extraordinary General Meetings of Shareholders and 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 2021, 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 FROM JANUARY 1, 2021, TO MAY 14, 2021	MEMBERS OF THE BOARD OF DIRECTORS FROM MAY 14, 2021, TO DECEMBER 31, 2021
A.I. Medvedev	A.I. Medvedev
E.V. Mikhailova	E.V. Mikhailova
S.N. Menshikov	S.N. Menshikov
D.S. Grishin	D.S. Grishin
T. Wieland	T. Wieland
Mario Mehren	Torsten Murin
J. Pleininger	J. Pleininger
T.G. Morris	T.G. Morris

### STRUCTURE OF ISSUES CONSIDERED BY THE BOARD OF DIRECTORS

	2021	2020	2019
Strategic	15	10	9
including:			
budget planning, investment activities	7	4	3
Corporate Governance	33	25	27
including:			
transactions approval	12*	13	9
preparation to the General Meeting of Shareholders	9	2	8
organizational issues (including HR)	10	4	4
other	2	6	7
<b>TOTAL</b>	<b>48</b>	<b>35</b>	<b>37</b>

\* Including the approval of amendments to long-term gas sales contracts in accordance with Subclause 27 of Clause 20.1 of Article 20 of the Articles of Association of OJSC Severneftegazprom.



### COMPOSITION OF THE COMPANY BOARD OF DIRECTORS AT THE END OF THE REPORTING PERIOD



**ALEXANDER 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.  
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 PJSC Gazprom.



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



**DMITRY SERGEEVICH GRISHIN**

Born on March 19, 1977, in Opalikha, Moscow Region.  
Graduated from Moscow State Aviation Institute with a degree in Enterprise Economics and Management.  
Head of Department, PJSC Gazprom.



**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 AG.



**TORSTEN MURIN**

Born on June 20, 1974, in Dresden, Germany.  
Head of Wintershall Dea Russia GmbH Branch.  
Graduated from the University of London with a Master of Science in Financial Economics for Emerging Markets.



**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 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 No. 63/2021 dated June 30, 2020), the members of the Board of Directors were paid remuneration for their involvement in the work of the Company Board of Directors in 2020, in the total amount of RUB 7,619,400.00.

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 respectively.

The procedure for the formation and activities of the Technical Committee is determined 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: 4 candidates from PJSC Gazprom, 2 candidates from each of Wintershall Dea AG and OMV Exploration and Production GmbH.

The function of the Technical Committee is to provide recommendations to the Board of Directors on all significant technical issues concerning the Company's activities, 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 amendments and/or supplements thereto.

The activities of the Technical Committee composed of the members with extensive experience and knowledge in special fields increase the efficiency and quality of the work of the Board of Directors, which in turn results in creating effective mechanisms for managing the Company's activities.

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. No.	FULL NAME	EMPLOYMENT	POSITION
1	Vladimir Vladimirovich Dmitruk	OJSC Severneftegazprom	General Director
2	Andrey Alexandrovich Chernyshev	OJSC Severneftegazprom	Deputy General Director for Economics and Finance
3	Sergey Vyacheslavovich Bobrovsky	PJSC Gazprom	Head of Administration
4	Bilalov Nazhib Abdulkadyrovich	PJSC Gazprom	Head of Department
5	Dr. Angelos Calogirou	OJSC Severneftegazprom	OJSC Severneftegazprom Deputy General Director for Development and Strategic Planning
6	Matthias Stollenwerk	Wintershall Dea Russia GmbH (Germany) Branch, Saint Petersburg	Vice President for Exploration, Reservoir Management, and of Development of Oil and Gas Fields
7	Andreas Boeldt	OMV Russia Upstream GmbH	Head of the Moscow Representative Office
8	Jan Paul	OMV Russia Upstream GmbH	Assets Manager



**BRIEF CV:****ДМИТРУК ВЛАДИМИР ВЛАДИМИРОВИЧ**

Vladimir Vladimirovich Dmitruk

Born on April 15, 1970 in Kaliningrad.

Graduated from State Oil and Gas Academy named after I.M. 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).

Ph.D. (Technical Sciences)

**Information regarding the main place of employment in previous periods:**

From March 2007 to February 2015, 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 22, 2021), Minutes No. 214/2021 of the Meeting of the Board of Directors dated November 22, 2021).

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 OJSC Severneftegazprom Articles of Association, 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.

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

**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 Regulation on the Audit Commission. In accordance with

the OJSC Severneftegazprom Articles of Association, 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. No.	FULL NAME	EMPLOYMENT	POSITION
1	Constantin Vladislavovich Gililov	PJSC Gazprom	Deputy Head of Administration, Head of Department
2	Oliver Hochmuth	Wintershall Dea Russia GmbH Branch (Germany) Branch, Saint Petersburg	Vice President for Finance
3	Christine Kirchgasser	OMV Russia Upstream GmbH (Austria) Branch	Head of Financial Department

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

Member of Self-Regulatory Organization of Auditors Sodruzhestvo Association, a nonprofit partnership. Principal record registration number (PRNE) in the register of auditors and audit organizations: 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 Shareholders of the Company (Minutes No. 63/2021 of the Annual General Meeting of the Company Shareholders dated June 30, 2021).

**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. Dividends are paid only in cash to shareholders' accounts.

The Company has the Regulation on Procedure for Determining Remuneration and Compensation for Members of the Board of Directors of OJSC Severneftegazprom, approved by the Board of Directors (Minutes No. 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

# 11

- Authorized Capital 122
- Report on the payment of declared (accrued) dividends on shares of the Company 123



## 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 39,999,749.40.

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 Financial Markets Service 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 ON THE AUTHORIZED CAPITAL AS OF 31.12.2021

SER. No.	TYPE OF SECURITIES	PLACED SHARES		INCLUDING	
		SHARES (PCS)	AMOUNT AT PAR VALUE PER SHARE (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 those put on the books	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 those put on the books	None	None	None	None
3.2	Preferred shares, type B	3	666,692.40	3	None
3.2.1	including those put on the books	None	None	None	None
3.3	Preferred shares, type C	1	1,076,992.20	1	None
3.3.1	including those put on the books	None	None	None	None

### СВЕДЕНИЯ ОБ ЭМИССИОННЫХ ЦЕННЫХ БУМАГАХ ОБЩЕСТВА

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 payment of declared (accrued) dividends on the Company's shares

In 2021, on the grounds of the resolution adopted at the Annual General Meeting of Shareholders held on June 30, 2021 (Minutes No.63/2021 dated June 30, 2021), the Company paid declared (accrued) dividends for 2020 in the amount of RUB 5,950,377 thous.

### AMOUNT OF PAID DIVIDENDS

TYPE (CATEGORY) OF SECURITY	AMOUNT OF PAID DIVIDENDS, TOTAL, THOUS RUB	DIVIDEND PAYMENT DATE
Ordinary shares	4,760,302	August 2021
Preferred shares, type A	732,372	August 2021
Preferred shares, type B	297,519	August 2021
Preferred shares, type C	160,184	August 2021

As of December 31, 2021, dividends were paid in full; there are no dividend payment due date.

### INFORMATION ON CHANGES IN THE ADDITIONAL CAPITAL OF THE COMPANY

As of December 31, 2021, additional capital is RUB 25,099,046 thous. In the reporting year, the amount of additional capital did not change.

### INFORMATION ON CHANGES IN THE RESERVE FUND OF THE COMPANY

In accordance with the Articles of Association, the Company forms a provision in the amount of 5% of the authorized capital. The reserve fund as of December 31, 2021, is fully formed and amounts to RUB 1,999,987.47.



# RISK MANAGEMENT SYSTEM

OJSC SEVERNEFTEGAZPROM RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (RMICS) IS AN INTEGRAL PART OF CORPORATE MANAGEMENT, INTEGRATED WITH THE COMPANY'S PLANNING, PROJECT AND PROGRAM MANAGEMENT, INDUSTRIAL SAFETY MANAGEMENT, AND OTHER MANAGEMENT SYSTEMS. RISK MANAGEMENT PROCESSES AND INTERNAL CONTROL PROCEDURES ARE BUILT INTO ALL BUSINESS PROCESSES OF OJSC SEVERNEFTEGAZPROM. RMICS APPLIES TO ALL ACTIVITIES OF THE COMPANY, INCLUDES ALL LEVELS OF MANAGEMENT AND TYPES OF ACTIVITIES OF THE COMPANY.



# 12

## MAIN DOCUMENTS REGULATING THE RMICS

Risk Management and Internal Control Policy of OJSC Severneftegazprom (approved by the Board of Directors of OJSC Severneftegazprom on August 31, 2021)

Documents defining approaches to the management of individual risk groups

Documented procedure ISM DP 03 "Hazards Identification and Risk Management for Industrial Safety"

Regulation on Contractual Operations in OJSC Severneftegazprom

Documented procedure IMS DP 08 "Risk and Opportunity Management in the Environmental Management System"

Regulation on Pre-Trial and Claim Resolution at OJSC Severneftegazprom

Documented procedure ISM DP 09 "Risk Management in the Quality Management System"

Regulation on the procedure for working with the control (supervision) authorities when they carry out inspections in OJSC Severneftegazprom

Regulation on Procurement of Goods, Works, and Services of OJSC Severneftegazprom

Methodological documents in the field of risk management and internal control

Risk Assessment Methodology of the Quality Management System

Methodology for Assessment of Expected Credit Losses



The most significant risks inherent in the activities of OJSC Severneftegazprom:

## COUNTRY AND REGIONAL RISKS

Sanction risk	The risk is associated with likelihood of introducing the restrictive measures against Russian companies by the US, the EU, and other countries. The Company consistently implements a policy of technological independence and import substitution.
<b>LEGAL RISKS</b>	
Tax legislation change risks	Over the past years, there has been a tendency to introduce amendments and additions to the tax legislation, thereby preserving the risks 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 for timely adaptation of 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 litigation and restrictions on the Company's activities.	The Company seeks to resolve disputes through pre-trial procedures by monitoring judicial practice on issues related to the activities of the Company as well as the rules of court proceedings. 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.
<b>FINANCIAL AND MARKET RISKS</b>	
Credit risks	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. To manage the risks of nonfulfillment, untimely, or incomplete fulfillment of financial obligations by counterparties, the Company assesses and monitors the creditworthiness of counterparties. The terms of payment and payment security of counterparties are determined and their observance is monitored.
Market price and volume risks	The risk of a decrease in the natural gas sales is associated with a likely decrease in hydrocarbon demand in the long term, which in turn, may have an adverse effect on the project performance. However, in accordance with long-term gas supply contracts, the natural gas buyers pay for the entire volume of contracted gas, regardless of the actual withdrawal, which eliminates this risk for the Company until these agreements expire. Significant changes in the market price of gas do not affect the Company's cash flows due to the application of the gas sales pricing mechanism.
Liquidity risk.	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 mIn 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 is as follows. 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.
Risks associated with inflation.	At the end of 2021, the inflation rate was 8.39%. In the foreseeable future, inflation will not have a significant impact on the financial and economic performance of the Company in connection with the established mechanism for gas sales pricing, as well as the cost optimization program implemented in the Company

## RISKS RELATED TO THE OJSC SEVERNEFTEGAZPROM OPERATIONS

Risks related to the production facilities operation	Production activities of the Company on operating the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field may be associated with possible risks of technological, technical, and natural-climatic nature as well as risks of negative actions of personnel and third parties. 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, the Company ensures high level of the production personnel qualification 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. Timely and quality maintenance of equipment and technical devices by the Company's personnel or specialized organizations is ensured. The Company arranges insurance protection of property interests and liability during construction, repair, and operation of production facilities.
Industrial safety risks	The Company's production activities are associated with possible risks of negative impact on health and safety of personnel, occurrence of accidents, incidents, and fires. The Company has implemented and operates an industrial safety management system that meets requirements of international standards ISO 45001:2018 and ISO 39001:2012, which is an effective tool to ensure compliance with all obligations of the Company in the field of labor protection, road safety, industrial and fire safety and maintain a low level of industrial safety risks.
Risks of early termination, suspension of licenses for the use of natural resources	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.
Costs escalation risks	Increase in the cost of equipment, components, works and services has a negative impact on current and investment activities of the Company. Use of procedure for entering into contracts for works (services, material and technical resources) with a fixed price and control of its observance during the performance of contracts, mitigates the risks of rising costs in the Company's current and investment activities.
Environmental risks	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 allow maintaining a low level of environmental damage. The Company regularly monitors legislative changes in the field of environmental protection and rational use of natural resources, monitors compliance with legal requirements, availability and sufficiency of available regulatory and permitting documentation.
Information security risk	The Company ensures high level of information security in accordance with requirements of the legislation of the Russian Federation and local regulations of PJSC Gazprom.
<b>SANITARY AND BIOLOGICAL (EPIDEMIOLOGICAL) RISKS</b>	
Risk of mass infection of workers with especially dangerous infections	The global spread of coronavirus infection (COVID-19) may have an impact on the functioning and interaction of the Company's structural subdivisions. Preventive measures to reduce the risk of coronavirus infection (COVID-19) spread and mitigate its consequences have been introduced and are being implemented.



# REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE



# 13

- Этика и добросовестность
- Регистрационные сведения

132

134

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 No. 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, preparing, 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 No. 7/2009) and the Regulation on the General Meeting of Shareholders (approved by the General Meeting of Shareholders on November 2, 2009, Minutes No. 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 shall be 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"> <li>– the opinion of the Board of Directors regarding issues on the agenda of the General Meeting (Extracts from the minutes of the meeting of the Board of Directors, including a separate opinion of a member of the Board of Directors, if any);</li> <li>– 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;</li> <li>– Justification of the proposed distribution of net profit, including both for the payment of dividends and for the Company's needs, with explanations and economic justification of the needs.</li> </ul> Also, when preparing materials for the General Meeting of Shareholders, the shareholder nominating a candidate to the Board of Directors shall be indicated.
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	As per the Articles of Association of OJSC Severneftegazprom, the time frame for the shareholders to submit proposals on the agenda items of the annual General Meeting was extended from thirty days, as provided for by the legislation, to sixty 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, strong reputation, and well-established technologies that allow for the most efficient way to ensure the accounting of shareholders' property rights (registrar of JSC DRAGA).

## 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.
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2.2	The competencies of the Board of Directors are established by the 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 No. 8/2009).	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 subdivision (corporate regulation department), which ensures interaction between the Company's management bodies 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 Company's corporate governance system, on its executive body, 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).
2.3	In accordance with the OJSC Severneftegazprom Articles of Association, the competence of the Board of Directors includes the election of the General Director and the early termination of their powers.	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.	<b>IV. REMUNERATION SYSTEM FOR MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE BODIES AND OTHER KEY EXECUTIVES</b>			
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 not later than twenty calendar days before it is held, and if the meeting is held in praesentia, not later than fifteen calendar days before the date of the meeting.	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 engage and retain competent and qualified specialists.	6.4	The official website on the Internet additionally discloses information on the Company main activities, its capital structure, including information on the number of voting shares — by category (type) of shares and shareholders owning more than 5% of the Company's authorized capital, 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.	4.2	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.	6.5	In addition, the Company publishes accounting statements and information on its financial condition on its official website on the Internet, posting annual and interim financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS). The Company includes the following additional information into its Annual Report: – Addresses to the shareholders from the Chairman of the Board of Directors and the General Director, 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; – Description of the Company's social policy, social development, employees' health protection and professional training, and ensuring occupational safety; – Information on the Company's policy in the field of environmental protection and ecology.
2.6	The Company's shareholders 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 them through the office of the Chairman of the Board of Directors and through the Company's subdivision which task is to interact with shareholders.	2.16	The Articles of Association of OJSC Severneftegazprom establishes that resolutions on the most significant issues of the Company's operating (production) and financial activities shall be adopted unanimously by elected members of the Board of Directors.	<b>V. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM</b>			
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 No. 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.	5.1	The Company has a separate structural subdivision of internal control — the Internal Audit Department.	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.
2.8	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, industrial safety, and environmental protection; on the implementation of innovative and inventive activities.	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.		
2.9	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 in line with the following international standards: ISO 14001:2015 "Environmental Management System"; ISO 45001:2018 "Occupational Health and Safety Management System."	<b>VI. DISCLOSURE OF INFORMATION REGARDING THE COMPANY, INFORMATION POLICY</b>					
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.	<b>III. CORPORATE SECRETARY</b>					
2.11	The Articles of Association of OJSC Severneftegazprom provide for the possibility of holding meetings of the Board of Directors both in praesentia 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.	3.1	The functions of the Secretary of the Board of Directors in the Company are performed by V.F. Veremyanina, Deputy General Director for Legal Issues and Corporate Governance, who has a law degree and over ten years of management experience. According to the results of 2011, 2012 and 2013, she was rated 2nd and 3rd in the Corporate Governance Directors Rating according to the Managers Association.	6.1	By order of the General Director, 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.		
		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 objective view of the essential aspects of its activities.		



# 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 ETHICS APPLIES TO ALL EMPLOYEES AS WELL AS MEMBERS OF THE BOARD OF DIRECTORS.**

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

The Company has established a mechanism for seeking advice on the application of the Code's provisions and rules of conduct relevant to work.

Employees must promptly report any violations of the Code of Conduct that come to their attention:

To their immediate supervisor;

To the Corporate Ethics Commission.

The interaction mechanism is implemented by sending messages to the Commission by email to a dedicated email address. 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 2021, there were no cases of conflict or violation of the interests of the Company following the consideration of appeals by the Commission.

An atmosphere of intolerance towards corrupt behavior has been created and shall be maintained in the Company. The anti-corruption policy is aimed at ensuring compliance of the anti-corruption measures implemented in the Company with the applicable legislation and is implemented with due regard for the corruption risks the Company may be exposed to in its activities. The Company openly informs counterparties, partners, and the public about the anti-corruption standards of business adopted. Both on the territory of the Russian Federation and abroad, the Company's employees shall comply with the requirements and restrictions stipulated in accordance with the anti-corruption legislation. 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.

**In accordance with Federal Law No. 273-FZ On Countermeasures to Combat Corruption dated December 25, 2008, and the Code of Corporate Ethics, the Company employees are familiarized with the anti-corruption policy and methods of combating corruption.**

On November 1, 2021, the Investigation Department of the Investigative Committee of Russia for Yamal-Nenets Autonomous District initiated criminal case No. 12102711401000033 against A.A. Solodovnichenko, Head of the Industrial Communications Department of OJSC Severneftegazprom, under Part 8 of Article 204 of the Criminal Code of the Russian Federation "Large-Scale Commercial Bribery." The investigation is currently underway. Work on interaction between the Company and law enforcement agencies is carried out within the framework of the current legislation of the Russian Federation.

## CORPORATE VALUES AND ETHICAL PRINCIPLES OF OJSC SEVERNEFTEGAZPROM:

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

\* Currently in effect in the version approved by decision of the Company Board of Directors on March 22, 2021 (Minutes No. 202/2021 dated March 25, 2021).



## 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"**

Abbreviated name of the Company in English:  
**OJSC "Severneftegazprom"**.

### LOCATION AND POSTAL ADDRESSES:

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

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

Email address: [sngp@sngp.com](mailto: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 No. 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 No. 184 dated March 10, 1998.

Certificate No. 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 No. 5 of the Extraordinary General Meeting of Shareholders dated June 1, 2001 (former registry number: R-16447.15 dated 31.05.2001).

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 Interdistrict Inspectorate No. 3 of the Federal Tax Service of Russia for the Yamal-Nenets Autonomous District.

### INFORMATION ON THE REGISTRAR OF THE COMPANY:

JSC Specialized Registrar — Holder of Registers of Shareholders of 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 No. 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.

### CORE ACTIVITIES:

Development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate 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 exploration and production of hydrocarbons within the Yuzhno-Russkoye subsoil area located in the Krasnoselkup District of the Yamal-Nenets Autonomous District of the Tyumen Region. Series SLKh No. 11049 NE. The license is issued on December 23, 1993. The license expires on December 31, 2043.

In addition, the Company has more than 10 permits (licenses) to carry out other activities and is a member of self-regulatory organizations: Union of Builders of the Yamal-Nenets Autonomous District, Association of Organizations Performing Engineering Surveys in the Gas and Oil Sector "Engineer-Surveyor" and Association of organizations performing design works in the gas and oil industry "Design Engineer."

### REPRESENTATIVE OFFICES OF THE COMPANY

In accordance with its Articles of Association, the Company has representative offices in Novy Urengoy, Urengoy settlement, Tyumen, Moscow.

The Company has no subsidiaries and affiliates.

\* According provisions of Article 92 of Federal Law No. 208-FL of December 26, 1995 «On Joint Stock Companies», the Company has no obligation to disclose information on the security market.

# CONCLUSION



# 14

- Report Drafting Principles
- Information Disclosure
- Annex No. 1
- Annex No. 2
- Annex No. 3
- Annex No. 4
- Annex No. 5
- Feedback Form

137  
139  
139  
139  
141  
156  
157  
159



## Report Drafting Principle

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 Company's economic, social, and environmental activities, 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. 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 are among them. 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 subdivisions of OJSC Severneftegazprom relating to the social sphere, results in the field of environmental protection and industrial safety for the 2021 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 Company's economic, social, and environmental activities.



**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.** Information in the Report is presented in an understandable form, if possible — without the use of highly specialized technical terminology, etc.; information requiring special knowledge is not given. 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 No. 1

#### THE LIST OF TRANSACTIONS PERFORMED BY THE COMPANY IN 2021 THAT ARE RECOGNIZED AS MAJOR TRANSACTIONS IN ACCORDANCE WITH THE FEDERAL LAW ON JOINT-STOCK COMPANIES.

In the reporting period, OJSC Severneftegazprom did not conclude any transactions recognized as major

transactions in accordance with the Federal Law on Joint-Stock Companies.

### ANNEX No. 2

#### THE LIST OF TRANSACTIONS EFFECTED BY THE COMPANY IN 2021 THAT ARE RECOGNIZED AS INTERESTED-PARTY TRANSACTIONS IN ACCORDANCE WITH THE FEDERAL LAW ON JOINT-STOCK COMPANIES\*:

SER. NO.	MATERIAL TERMS OF THE TRANSACTION	PARTIES INTERESTED IN THE TRANSACTION	THE GOVERNING BODY THAT HAS APPROVED THE TRANSACTION
1	Supplementary Agreement No. 1 to Contract No.3.1/36-2020 dated December 3, 2020 between OJSC Severneftegazprom and LLC Gazprom Nedra for geophysical research and works during construction of production wells at the Turonian gas deposit of the Yuzhno-Russkoye Field.	The Company's shareholder — PJSC Gazprom	Board of Directors, date of notices: January 27, 2021
2	Supplementary Agreement No. 35 to Gas Supply Contract No. 25 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severneftegazprom and Public Joint-Stock Company Gazprom.	The Company's shareholder — PJSC Gazprom Members of the Board of Directors: E.V. Mikhailova, S.N. Menshikov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on February 1, 2021
3	Supplementary Agreement No. 32 to Gas Supply Agreement Contract No. 28 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YRGF Trading.	The Company's shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on February 1, 2021
4	Supplementary Agreement No. 28 to Gas Supply Contract No. 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YRGF Development.	The Company's 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 February 1, 2021

\* Consent to these transactions was received by the Company in accordance with Subparagraph 1.1 of Paragraph 1 of Article 81 of Federal Law No. 208-FZ On Joint-Stock Companies dated December 26, 1995, by sending notices to members of the Board of Directors of its intention to make a transaction, specifying its material terms, not later than fifteen days prior to the transaction date. All transactions listed in this section were made by the Company in accordance with the notification procedure specified herein, no requests were made by members of the Board of Directors to hold meetings of the management bodies to obtain consent to their implementation.



SER. NO.	MATERIAL TERMS OF THE TRANSACTION	PARTIES INTERESTED IN THE TRANSACTION	THE GOVERNING BODY THAT HAS APPROVED THE TRANSACTION
5	Agreement between OJSC Severneftegazprom and LLC Gazprom Nedra for geophysical studies and well operations during control of the Yuzhno-Russkoye Field.	The Company's shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on April 5, 2021
6	Supplementary Agreement No. 36 to Gas Supply Contract No. 25 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severneftegazprom and Public Joint-Stock Company Gazprom.	The Company's shareholder — PJSC Gazprom Members of the Board of Directors: E.V. Mikhailova, S.N. Menshikov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on June 15, 2021
7	Supplementary Agreement No. 33 to Gas Supply Contract No. 28 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YRGF Trading.	The Company's shareholder — PJSC Gazprom Member of the Board of Directors: Torsten Murin	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on June 15, 2021
8	Supplementary Agreement No. 29 to Gas Supply Contract No. 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YRGF Development.	The Company's 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 15, 2021
9	Supplementary Agreement No. 37 to Gas Supply Contract No. 25 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severneftegazprom and Public Joint-Stock Company Gazprom.	The Company's shareholder — PJSC Gazprom Members of the Board of Directors: E.V. Mikhailova, S.N. Menshikov	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on November 1, 2021
10	Supplementary Agreement No. 34 to Gas Supply Contract No. 28 Pk-2007 dated December 13, 2007, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YRGF Trading.	The Company's shareholder — PJSC Gazprom Member of the Board of Directors: Torsten Murin	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on November 1, 2021
11	Supplementary Agreement No. 30 to Gas Supply Contract No. 144/SNGP-2009 dated October 29, 2009, between Open Joint-Stock Company Severneftegazprom and Joint-Stock Company Gazprom YRGF Development.	The Company's 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 November 1, 2021
12	Agreement between OJSC Severneftegazprom and LLC Gazprom Transgaz Surgut for maintenance services of the commercial gas pipeline km 0–64 inventory No. 001061010 and the commercial gas pipeline km 64–94.7 inventory No. 000005114 Yuzhno-Russkoye Oil and Gas Field — Purtazovskaya CS in 2022.	The Company's shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 15, 2021
13	Contract between OJSC Severneftegazprom and LLC Gazprom VNIIGAZ for designer supervision over the implementation of design solutions for the Technological Development Scheme for the Cenomanian and Turonian gas deposits of the Yuzhno-Russkoye Field in 2021–2024.	The Company's shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 15, 2021
14	Contract between OJSC Severneftegazprom and LLC Gazprom VNIIGAZ for work on: "Recalculation of initial free gas reserves and additions to the technological scheme of development of the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field."	The Company's shareholder — PJSC Gazprom	Notifications of intention to conclude an interested-party transaction were sent to members of the Board of Directors on December 30, 2021

## ANNEX No. 3 GRI CONTENT INDEX\*

The service for the certification of the GRI Content Index is rendered based on 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 BASES

ELEMENT	COMMENT	PAGE	EXTERNAL ASSURANCE
–	Report Drafting Principles		None

### GRI 102 ОБЩИЕ ПОКАЗАТЕЛИ ОТЧЕТНОСТИ

ELEMENT	COMMENT	PAGE	EXTERNAL ASSURANCE
INFORMATION REGARDING ORGANIZATION			
102-1	Registration Information	134	None
102-2	Status of Raw Material Base	19	None
102-3	Registration Information	134	None
102-4	Registration Information	134	None
102-5	Registration Information	134	None
102-6	Situation in the industry and development prospects	12–15	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	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 organizations 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	Address of the Board of Directors Chairman Address of the General Director	4 5	None
102-15	Major Risk Factors	124–127	None

\* All GRI indicators disclosed in this report are based on the version of GRI Standards 2016, with the exception of GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety Standards, which are applied in the 2018 edition, and GRI 306: Waste Standard, which is applied in the 2020 edition.



ELEMENT	COMMENT	PAGE	EXTERNAL ASSURANCE
PRINCIPLES OF BUSINESS ETHICS AND PROFESSIONAL INTEGRITY			
102-16	<p><b>Ethics and Integrity</b>            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. Besides, 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</p>	132-133	None
102-17	<p><b>Ethics and Integrity</b>            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 2021, there were no reports of unethical or illegal behavior as well as problems related to dishonesty in the Company.</p>	132-133	None
GOVERNANCE			
102-18	<p><b>Governance Structure.</b>            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 Company Board of Directors 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 Company current activities and implementing the strategy determined by the Board of Directors.</p>	111-119	None
102-22	<b>Managing Body Structure</b>	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 provides quarterly disclosures of its affiliates list on the official website and the website of Interfax, a news agency. The Company's Annual Report 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 Company's governing body that adopted the resolution on its approval		None
102-29	<p><b>Interaction with stakeholders</b>            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</p>	100-106	None



ELEMENT	COMMENT	PAGE	EXTERNAL ASSURANCE
102-31	<p><b>Interaction with stakeholders</b>            The Technical Committee under the Board of Directors reviews the quarterly progress report on labor protection, industrial safety, and environmental protection</p>	100-106	None
102-32	<p>The Company's report in the field of sustainable development as part of the Annual Report is preliminary considered by the Technical Committee and the Board of Directors.            The annual report of the Company is approved by the General Meeting of Shareholders</p>		None
102-35	<p><b>Remuneration.</b>            Annual remuneration of the Board of Directors members            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.</p>	111-119 129-131	None
STAKEHOLDER INVOLVEMENT			
102-40	<b>Interaction with stakeholders</b>	100	None
102-41	In 2021, all obligations of the employer regarding the provision of social benefits, guarantees, and compensations to employees under the Collective Agreement of the Company for 2020-2021 were fulfilled completely. Employee coverage by the Collective Agreement is 100%.		None
102-42	<b>Interaction with stakeholders</b>	100	None
102-43	<b>Interaction with stakeholders</b>	100-103 106	None
102-44	<p><b>Interaction with stakeholders</b>            In 2021, no concerns were submitted by stakeholders within the framework of interaction with the Company. Key topics of interaction are financial assistance in the framework of existing cooperation agreements.</p>	100-103 106	None
REPORTING PROCEDURES			
102-45	<b>Prioritizing</b>	65-66	None
102-46	<b>Report Drafting Principles</b>	137-138	None
102-47	<b>Prioritizing</b>	65-66	None
102-48	<b>Report Drafting Principles</b>	137-138	None
102-49	<b>Report Drafting Principles</b>	137-138	None
102-50	2021		None
102-51	June 30, 2021		None
102-52	Annual		None
102-53	<b>Feedback Form</b>	159	None
102-54	<b>Sustainable Development</b>	64	None
102-55	<b>GRI Content Index</b>	141-155	None
102-56	<b>Conclusion on External Confirmation Results</b>	157-158	None



## ESSENTIAL MATTERS

ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
SERIES OF STANDARDS: ECONOMIC			
GRI 201 ECONOMIC PERFORMANCE			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Key financial indicators	51	
103-3	Management approach assessment Key financial indicators	51	
201-1	Key financial indicators Indicators of the Profit and Loss Statement Interaction with stakeholders Report on payment of declared (accrued) dividends on the Company's shares	51 52 100–106 123	None
201-3	Payment for labor and staff social assistance	92–93	None
201-4	Key financial indicators Indicators of the Profit and Loss Statement Financial and operational activities management and supervision bodies	51 52 111	None
GRI 204 PROCUREMENT PRACTICES			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Interaction with stakeholders	100	
103-3	Management approach assessment Interaction with stakeholders	100	
204-1	Interaction with stakeholders The share of tender-based procurement from contractors registered in the Yamal-Nenets Autonomous District is 13.36% of the total procurement	100	None
GRI 205 ANTI-CORRUPTION MEASURES			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Ethics and integrity	132–133	
103-3	Management approach assessment Ethics and integrity	132–133	
205-2	Ethics and integrity	132–133	None
205-3	Ethics and integrity	132–133	None
RESERVES			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	

ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
103-2	Management approach and its components Status of Raw Material Base	19	
103-3	Management approach assessment Status of Raw Material Base	19	
OG-1	Status of Raw Material Base	19	None
SERIES OF STANDARDS: ENVIRONMENT			
GRI 301 Materials			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
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 significant topics and boundaries	65–66	
103-2	Management approach and its components Energy consumption and energy supply	74	
103-3	Management approach assessment Energy consumption and energy supply	74	
302-1	The total fuel consumption within the organization from nonrenewable energy sources is 10,084,155.78 GJ. • Natural gas — 302,490 thous m <sup>3</sup> or 10,068,984.63 GJ • Motor gasoline — 82.00 tons, or 3,581.10 GJ • Diesel fuel — 269.00 tons, or 11,590.05 GJ Energy consumption (joules, Wh or multiples), total: 358,084 GJ 1. electricity — 154,982 GJ 2. heating — 203 102 GJ 3. cooling — 0.00 4. steam — 0.00 Purchased electricity — 6,614.19 GJ Purchased heat — 17,469.70 GJ Energy sold to consumers (in joules, watt-hours or multiples), total: 14,314.98 GJ 1. electric power — 14,314.98 GJ 2. heating — 0.00 3. cooling — 0.00 4. steam — 0.00 Total energy consumption within the organization (fuel + purchased electricity and heat — energy sold to consumers) — 10,093,924.69 GJ Standards, methods, assumptions and/or means used for the calculation. The origin of the conversion factors used. 1 kilowatt * hour = 3.6*10 <sup>-3</sup> GJ; 1 Gcal = 4.1868 GJ Natural gas: 1 thous m <sup>3</sup> = 33.287 GJ Natural gas: 1 m <sup>3</sup> * (k = 1.154) = ton of reference fuel Gasoline: 1 t * 1.49 = ton of reference fuel * (k = 29.31) = GJ Diesel Fuel: 1 t * 1.47 = ton of reference fuel * (k = 29.31) = GJ	74–75	Yes, in terms of total energy consumption



ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
302-3	The energy demand is 1.7819 mln kW*h/bln m <sup>3</sup> The energy demand ratio includes fuel and electricity The ratio relies on power consumption within the organization		None
302-4	The total reduction of energy consumption as a result of energy conservation initiatives is 759,646.32 GJ. Savings on natural gas were taken into account in the calculation. Base year 2021 pursuant to the goals and objectives of the EMS (gas savings were calculated relative to the planned values for 2021) Unit conversion factors were used	74–76	Yes, in terms of reduction of energy consumption
<b>GRI 303 WATER AND EFFLUENTS</b>			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Water Supply	71	
103-3	Management approach assessment Water Supply	71	
303-1	Water Supply. Two fresh groundwater intakes, consisting of 4 water intake and 3 observation wells, located on the territory of Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field are operated for own needs. After use the wastewater is generated which, upon treatment at the treatment plant, is injected into the deep absorbing stratum through 3 absorbing wells. There are no impacts caused by, contributed to, or directly related to the activities, products, or services of the Company as part of the business relationship (e.g., impacts (effects) caused by effluents). The approach used to determine water-related impacts is the compliance with terms of the license agreement. There are no water-related impact problems. Establishment of water-related goals and objectives is based on compliance with legal requirements and terms of license agreements	71–73	None
303-2	Wastewater is discharged based on the Federal Law No. 2395-1 On Subsoil dated February 21, 1992. 1. The standards for wastewater discharge are determined by the design organization when developing the Technological Project of Industrial and Domestic Wastewater Disposal at the Yuzhno-Russkoye Field (hereinafter, the "Technological Project"), and the authorized state agencies shall approve them. 2. The Company annually develops the Wastewater Quality Control Schedule based on the Technological Project. 3, 4. The design organization uses any standards, including industry standards when developing the technological design and establishing the quality of wastewater discharges, and takes into account the profile of the receiving water body	71–73	None
303-3	Total water withdrawal from all areas in cubic meters and breakdown of this total quantity by following sources, if applicable: surface water — 0; soil water — 0; sea water — 0; formation water (produced water) — 11.20 thous m <sup>3</sup> ; water from third-party sources — 5.52 thous m <sup>3</sup> ; groundwater — 85.89 thous m <sup>3</sup> . Total water intake from all water stressed areas in megaliters and breakdown of this total by following sources, if applicable: Not applicable. Breakdown of the total water withdrawal from each of sources listed in openings 303-3-a and 303-3-b in megaliters by following categories: fresh water (≤1.000 mg/L total dissolved solids) — these tests are not conducted; other water (>1.000 mg/L total dissolved solids) — these tests are not conducted. Data are collected from direct measurements	71–73	Yes, in terms of the total water withdrawal by source

ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
303-4	Water disposal. Total water discharge — 83.57 thous m <sup>3</sup> : surface waters — 0; underground waters — 78.05 thous m <sup>3</sup> ; sea water — 0; water from outside sources — 5.52 thous m <sup>3</sup> . Breakdown of total wastewater discharges to all districts in megaliters by following categories: 1. fresh water (≤1.000 mg/l total dissolved solids) — 72.37 thous m <sup>3</sup> ; 2. other water (>1.000 mg/l total dissolved solids) — 11.20 thous m <sup>3</sup> . Total wastewater discharges in all water-deficit districts in megaliters by category — 0: 1. fresh water (≤1.000 mg/l total dissolved solids) — 0; 2. other water (>1.000 mg/l total dissolved solids) — 0		
303-5	Water consumption. The total water consumption from all areas is 102.61 thous m <sup>3</sup> . Total water consumption from all water-deficit areas in megaliters is 0. Data were determined by direct measurements using monitoring and measurement devices		
<b>GRI 304 BIODIVERSITY</b>			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Environmental protection	68	
103-3	Management approach assessment Environmental protection	68	
304-2	The organization does not have a significant direct and indirect effect on biodiversity		None
304-3	Reclamation was carried out on an area of 46.0258 ha. 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
<b>GRI 305 EMISSIONS</b>			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Pollutant Emissions	69–70	
103-3	Management approach assessment Pollutant Emissions	69–70	
305-1	The total volume of direct GHGs emissions amounted to 635.475 thous tons in CO <sub>2</sub> equivalent Gases taken into account when calculating direct greenhouse gas emissions are CO <sub>2</sub> , CH <sub>4</sub> , CO <sub>2</sub> emissions from biomass decomposition (solid waste landfill) — 0.54894935 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 No. 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	69–70	None
305-2	In accordance with the regulatory and methodological framework of the Russian Federation, the collection of required information and reporting on indirect GHGs emissions is not carried out		None
305-3			None



ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
305-4	The greenhouse gas emission intensity factor is 26.22. An organization-specific metric selected to calculate this ratio: numerator is volume of GHG emissions, tons; denominator is extracted natural gas, mln m <sup>3</sup> . 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 CO <sub>2</sub> , CH <sub>4</sub> .	69–70	None
305-5	Pollutant Emissions. The total volume of reduction in GHGs emissions amounted to 56.349 thous tons in CO <sub>2</sub> equivalent, including: – reduction of CO <sub>2</sub> emissions — 50.828 thous tons; – Reduction of GHG emissions of CH <sub>4</sub> is equivalent to CO <sub>2</sub> — 5.521 thous tons. The considered gases are CO <sub>2</sub> , CH <sub>4</sub> . The base year is not defined in connection with the commissioning of new facilities, the technical re-equipment. Order No. 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 <sub>2</sub> -equivalent — 56.349 thous tons. Reduction of emissions from combustion — 51.091 thous tons. Reduction of GHG emissions of CH <sub>4</sub> is equivalent to CO <sub>2</sub> when discharged into the atmosphere — 5.258 thous tons. The total volume of reduction in GHGs emissions amounted to 56.349 thous tons in CO <sub>2</sub> equivalent, including:	69–70	None
305-6	No ozone-depleting substances		None
305-7	Emissions of pollutants at the Yuzhno-Russkoye field: NO <sub>x</sub> — 1,963.927 tons; SO <sub>x</sub> — 0.475 tons; Methane — 559.897 tons; CO — 1,427.827 tons; VOC — 26.033 tons; Solids — 1.676 tons; Others — 0.038 tons.	69–70	Yes, in terms of pollutant emission weight
GRI 306 WASTE			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Waste Management	70–71	
103-3	Management approach assessment Waste Management	70–71	
306-1	There is no significant actual or potential impact associated with waste from the Company's operations	70–71	None
306-2	There are no measures to prevent the generation of waste. There is no third party to manage the Company's waste. Keeping records of waste: generation, transfer to specialized organizations for disposal, utilization, neutralization)	70–71	None
306-3	The total weight of the generated waste is 696.829 tons. 143 types of waste, of which 113 types of waste are hazardous, 30 types of waste are nonhazardous	70–71	Yes, in terms of total weight of waste generation

ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
306-4	Undisposed waste. The total weight of undisposed waste is 102.923 tons. The total weight of undisposed waste is 57.195 tons including: 1. preparation to reuse — 6.632 tons; 2. waste processing — 0 tons; 3. other recovery operations — 1.479 tons; processing — 49.084 tons. Total weight of nonhazardous wastes, the burial of which was disallowed — 45.728 tons, including: 1. disposal — 41.000 tons; 2. waste processing — 0 tons; 3. processing — 4.728 tons		None
306-5	Wastes for disposal. Total weight of wastes sent for disposal — 93.997 tons. The total weight of hazardous waste sent for disposal is 30.259 tons including: 1. combustion (with energy recovery) — 0 tons; 2. combustion (without the energy recovery) — 0 tons; 3. burial — 0 tons; 4. processing — 25.714 tons; neutralization — 2.515 tons. The total weight of nonhazardous waste sent for disposal is 63.738 tons including: 1. combustion (with energy recovery) — 0 tons; 2. combustion (without the energy recovery) — 0 tons; 3. burial — 0 tons; 4. processing — 9.460 tons		None
OG-5	The total volume of formation water is 11.20 thous m <sup>3</sup> . The entire volume of produced water (without use) after treatment is disposed of by pumping it back into the formation. Activities with wastewater, criteria for disposal and treatment are regulated in the Technological project. No data on the total volume of hydrocarbons discharged with formation water		None
OG-6	The volume of hydrocarbons flaring is 37,385.853 thous m <sup>3</sup> , including 373,346.378 thous m <sup>3</sup> during well exploration. The volume of continuous flaring of hydrocarbons is 39.475 thous m <sup>3</sup> . The volume of bleed hydrocarbons is 778.550 thous m <sup>3</sup> . The volume of constant bleed hydrocarbons is 0 thous m <sup>3</sup> . The volume of flaring and bleeding for gas and oil production taking into account the volume of production, is 208.325 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 significant topics and boundaries	65–66	
103-2	Management approach and its components Environmental protection	68	
103-3	Management approach assessment Environmental protection	68	
307-1	Fines and nonfinancial sanctions for noncompliance with environmental legislation and/or regulations. The total monetary amount of significant fines is RUB 430 thous. Total number of nonfinancial sanctions — 65. Number of cases using dispute resolution mechanisms — 1		None



ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
308-1	Percentage of new suppliers that were selected using environmental criteria. Environmental criteria are not assessed		None
308-2	Negative impacts on the environment in the supply chain and actions taken. No assessment		
CATEGORY: SOCIAL			
GRI 401 Employment			
GRI 103	Management approach	65–66	
103-1	Explanation of significant topics and boundaries	87	
103-2	Management approach and its components Staff and Social Policy	87	
103-3	Management approach assessment Staff and Social Policy	87–90	
401-1	21.1% — total employee turnover rate calculated in accordance with GRI standards	87–90	Yes, in terms of total employee turnover
401-3	Headcount and Personnel Structure		None
GRI 403 OCCUPATIONAL HEALTH AND SAFETY			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Labor protection	78–80	
103-3	Management approach assessment Labor protection	78–80	
403-1	OJSC Severneftegazprom has developed, documented, implemented and is operating an integrated management system (hereinafter, "IMS") for quality, environmental protection, industrial safety (labor protection, industrial, fire, and traffic safety). OJSC Severneftegazprom IMS covers all the employees. OJSC Severneftegazprom IMS application area — production, preparation and sales of hydrocarbons, including development and construction, operation of facilities, geological exploration in the Yuzhno-Russkoye subsurface area		None
403-2	Description of processes used to identify work-related hazards, assess risks on a routine and non-routine basis, and to apply a hierarchy of controls to eliminate hazards and minimize risks is documented in IMS Procedure DP 03 "Hazard Identification and Risk Management for Industrial Safety." There is a section in IMS DP 03 that describes the risk management procedure for contractors (subcontractors). Employees must report work-related hazards and dangerous situations. This practice has been implemented in the Company through the operation of the Working Conditions Safety Monitoring System by OJSC Severneftegazprom employees. It is possible to fill out security cards without the name and position. Information on employees who have issued safety cards is collected in the Labor Protection and Industrial Safety Department and may be passed on to the employee's supervisors only by agreement with the employee himself/herself. Occupational safety instructions contain an explicit prohibition on starting work if any defects or irregularities that endanger human health or life, or damage or breakage of equipment or property are detected. It is prohibited to start works until the elimination of nonconformities and irregularities without the permission of the work supervisor.		None

ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
	The obligatory requirements for investigation, registration, and recording of industrial accidents, set forth by Articles 227–231 of the Labor Code of the Russian Federation and the Regulation on Special Conditions of Investigation of industrial Accidents in Certain Branches and Organizations, approved by Annex 2 to Resolution No. 73 of the Ministry of Labor and Social Development of the Russian Federation dated October 24, 2002, are used for investigation of work-related accidents. Accidents and incidents at hazardous production facilities are investigated and recorded in accordance with Article 12 of Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities dated July 21, 1997. The recording procedure is regulated by the "Procedure for Technical Investigation of Causes of Accidents, Incidents, and Cases of loss of Explosive Industrial Materials" (approved by Rostekhnadzor Order No. 503 dated December 8, 2020) and the "Procedure for Establishing the Fact of Violation of Life Conditions in an Accident at a Hazardous Facility, including the Criteria to Establish this Fact" (approved by Order No. 795 of EMERCOM of Russia dated December 30, 2011). In addition, according to the local regulations of OJSC Severneftegazprom, record and investigation of industrial accidents, minor injuries, potentially dangerous incidents (accidents without consequences), traffic accidents are arranged. The procedure for management of nonconformities (such as potential nonconformities), including analysis of nonconformities, development, implementation and effective management of corrective / preventive and other actions regarding nonconformities, is established by the documented procedure of IMS DP 02 "Analysis of Nonconformities, Development of Corrective / Preventive Actions."		
403-3	The Company has Labor Protection and Industrial Safety Department. Main tasks of the Department are: Organization of work to ensure that employees comply with occupational safety requirements. Control over employees' compliance with laws and other regulations on labor protection, the collective agreement, and other local regulations of the Company. Organization of work on the prevention of occupational injuries, occupational diseases and diseases caused by production factors, as well as work to improve working conditions. Informing and advising the Company's employees on occupational safety issues. Studying and disseminating best practices in occupational safety, promoting the occupational safety issues. Creating an industrial safety management system and ensuring its operation. Arrangement of the production control of compliance with industrial safety requirements during the operation of hazardous industrial facilities. Analysis of the state of industrial safety at hazardous production facilities, including by arranging relevant expert reviews and examinations. Organization of work to develop measures aimed at improving the state of industrial safety, namely the prevention of emergencies, incidents, and accidents at hazardous production facilities. Control over compliance with industrial safety requirements established by federal laws and regulations adopted in accordance with them as well as the Company's local regulations on industrial safety. Coordination of work aimed at preventing accidents at hazardous production facilities and ensuring readiness to localize accidents and eliminate their consequences. Control over timely performance of necessary tests and engineering inspections of technical devices used at hazardous production facilities, repair and calibration of control measuring instruments. Development and implementation of measures to maintain the stable functioning of the Company in wartime and in peacetime emergencies. Organization of creation and maintenance of stocks of material, technical, medical and other means for purposed of civil defense, prevention and liquidation of emergencies. Control over the creation and maintenance of local warning systems at hazardous production facilities of the Company. Monitoring the readiness to use forces and means for prevention and elimination of emergencies, the training of employees in the field of civil defense and protection from emergencies. Planning and implementing the necessary measures to protect employees and production facilities of the Company from emergencies		None



ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
403-4	<p>The process of employee involvement in the management and occupational health system processes is regulated by the OJSC Severneftegazprom Unified Labor Protection and Industrial Safety Management System, which contains the main interaction processes within the framework of the uniform management system for labor protection and industrial safety.</p> <p>The description of exchange processes, including notification of employees and specialists of incidents occurring in the Company's subdivisions, is regulated by Section 6 of "Regulations on Unified Labor Protection and Industrial Safety Management System of OJSC Severneftegazprom."</p> <p>The section contains main processes of interaction within the framework of uniform management system for labor protection and industrial safety. Thus, the main ways of exchanging information on incidents are:</p> <ul style="list-style-type: none"> <li>- Meetings on the analysis of nonconformities, development of corrective measures, corrective actions, in accordance with the requirements of IMS DP 02 "Analysis of Nonconformities, Development of Corrective / Preventive Actions" in the Company's structural subdivisions, held at least once a month, where they hear and discuss issues and problems related to activities in the field of occupational safety and health.</li> </ul> <p>Employees have access to relevant information by posting the required information on information boards and through the corporate portal on the Internet.</p> <p>No joint committees were created.</p>		None
403-5	<p>Training for employees in occupational health and safety is held in accordance with current legislation and regulations of the Russian Federation as well as the Company's local documents, and includes briefings, on-the-job (theoretical and practical) training, internships, knowledge testing, training, retraining, and advanced training in occupational health and safety. Training is continuous, multi-level by nature and is conducted while improving knowledge in the course of work with each employee.</p> <p>Employees in the Company are trained in accordance with programs developed and approved in the prescribed manner, instructions for types of work and professions. The mandatory training program includes theoretical and practical training in first aid to victims.</p> <p>If for certain categories of workers in the main occupations, the regulations establish additional requirements for safety training and knowledge control, the requirements stipulated by these regulations also apply</p>		None
403-6	<p>There is no concept of nonprofessional medical services in the legislation of the Russian Federation. Rendering medical services is a licensed activity. Access to medical services is provided under the contract of voluntary health insurance and accident and sickness insurance. All employees of the Company are covered by the aforementioned agreement, which makes it possible to organize a complex of therapeutic and preventive measures to preserve health, maintain working capacity and prolong active professional longevity of the Company's employees.</p> <p>The Company employees are annually awarded with package tour for sanatorium-resort rehabilitation, and receive high quality medical care in specialized clinics of the Russian Federation, paid under the VHI agreement.</p> <p>The Company also implemented programs to detect pathologies of the cardiovascular system, oncopathology, "A Step Toward" (assistance to children with disabilities of the Company's employees)</p>		None
403-7	<p>The Company's approach to preventing or mitigating significant adverse health and safety impacts is reflected in the OJSC Severneftegazprom Quality, Environmental Protection, Occupational Safety Policy, where the Company recognizes the priority of employee life and health over operating results and also declares its commitment to sustainable development principles, ensuring a harmonious balance between social policy and economic growth while maintaining a favorable environment for current and future generations</p>		None
403-8	<p>OJSC Severneftegazprom has developed, documented, implemented, and is operating the Company-wide integrated management system (hereinafter, "IMS") for quality, environmental protection, industrial safety (labor protection, industrial, fire, and traffic safety). It covers all employees of the Company</p>		None

ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
403-9	<p>Occupational injuries.</p> <p>Number and frequency of fatalities as a result of occupational injuries — 0.</p> <p>Number and frequency of severe occupational injuries (except for fatalities) — 0.</p> <p>Number and frequency of recorded occupational injuries (injuries of personnel) — 0.</p> <p>Main types of occupational injuries — not recorded.</p> <p>Number of hours worked — 1,972 hours</p>	79	Yes, in terms of number of injuries of personnel
403-10	<p>Number of deaths due to work-related ill health — 0.</p> <p>Number of recorded cases of work-related ill health — 0</p>		
Absentee rate	Absentee rate — 3.62%		Yes
<b>GRI 404 TRAINING AND EDUCATION</b>			
GRI 103	Management approach	65–66	
103-1	Explanation of significant topics and boundaries	87	
103-2	Management approach and its components Staff and Social Policy	87	
103-3	Management approach assessment Staff and Social Policy	94–95	
404-1	Professional Improvement and Labor Efficiency Management	94–95	Yes, in terms of the average annual number of training hours per employee, by employee gender and category
404-3	Professional Improvement and Labor Efficiency Management Formation of a personnel reserve and work with young specialists		None
<b>GRI 405 DIVERSITY AND EQUAL OPPORTUNITY</b>			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Staff and Social Policy	87–99	
103-3	Management approach assessment Staff and Social Policy	87–99	
405-1	Headcount and Personnel Structure	87–99	None
<b>GRI 406 PREVENTION OF DISCRIMINATION</b>			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Staff and Social Policy	87	



ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
103-3	Management approach assessment Staff and Social Policy	87	
406-1	Personnel Management	91	None
GRI 408 CHILD LABOR			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Staff and Social Policy	87	
103-3	Management approach assessment Staff and Social Policy	87	
408-1	Personnel Management	87	None
GRI 409 FORCED OR COMPULSORY LABOR			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Staff and Social Policy	87	
103-3	Management approach assessment Staff and Social Policy	87	
409-1	Personnel Management	87	None
GRI 411 Rights of indigenous peoples			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
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 2021, there were no complaints on violation of rights of the indigenous peoples of the North.		Yes
OG-9	Interaction with stakeholders The territorial remoteness of the Yuzhno-Russkoye Field from the geographical habitats of indigenous peoples eliminates a possibility for the local communities to get affected by the Company		None
GRI 413 LOCAL COMMUNITIES			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Interaction with stakeholders	100	



ELEMENT	COMMENTS	PAGE	EXTERNAL ASSURANCE
103-3	Management approach assessment Interaction with stakeholders	100	
413-1	Interaction with stakeholders	100–101	None
OG-10	Interaction with stakeholders There are no disagreements with local communities and indigenous peoples related to the activities of the Company as well as incidents involving the infringement of the interests of indigenous peoples (related to land, other relevant resources, etc.).		None
INVOLUNTARY RELOCATION			
GRI 103	Management approach		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Interaction with stakeholders	100	
103-3	Management approach assessment Interaction with stakeholders	100	
OG-12	Interaction with stakeholders Due to the territorial remoteness of the Yuzhno-Russkoye Field from geographical locations assigned to various indigenous cultural groups, the Company's production activities do not entail the need for forced resettlement of the representatives of indigenous minorities of the North. 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.		None
ASSET INTEGRITY AND PROCESS SAFETY			
GRI 103	Management approach Occupation and production safety		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Occupation and production safety	77–78	
103-3	Management approach assessment Occupation and production safety	77–78	
OG-13	No accidents were registered at the Company's facilities in 2021.		Yes, in terms of number of accidents
MARKETING AND BRANDING			
GRI 103	Management approach Interaction with stakeholders		
103-1	Explanation of significant topics and boundaries	65–66	
103-2	Management approach and its components Interaction with stakeholders	100–101	
103-3	Management approach assessment Interaction with stakeholders	100–101	
417-3	In 2021, there were no cases of noncompliance with regulatory requirements and voluntary codes regarding marketing communications, including advertising, product promotion, and sponsorship		None



## ANNEX No. 4 METHODOLOGY FOR CALCULATING SIGNIFICANT PERFORMANCE INDICATORS OF THE COMPANY IN THE FIELD OF SUSTAINABLE DEVELOPMENT THAT HAVE PASSED INDEPENDENT ASSURANCE

INDICATOR	CALCULATION METHODS AND LIMITS
Total employee turnover (as part of the Disclosure 401-1 of the GRI Standards)	The total employee turnover rate is calculated in accordance with two methods: 1) Methodology of PJSC Gazprom: the ratio of the number of employees resigned voluntarily and without good reason to the average headcount for the reporting period (the Headcount and Personnel Structure section); 2) 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 the employees of all subdivisions of the Company in accordance with the boundaries of the Report.
Number of injuries of personnel (as part of the Disclosure 403-9 of the GRI Standards)	When calculating the number of injuries of for 2021, 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 the employees of all subdivisions of the Company in accordance with the boundaries of the Report.
Pollutant emission weight (as part of the Disclosure 305-7 of the GRI Standards)	The pollutant emission is the sum of the emissions of nitrogen oxides, sulfur oxides, methane, carbon monoxide, volatile organic substances, 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 (as part of the Disclosure 303-3 of the GRI Standards)	The total amount of water withdrawn is calculated as the total amount of withdrawn groundwater, formation, and purchased (municipal) water. The calculation includes water consumption by the Company's business units in Novy Urengoy and at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
The total weight of waste generation (as part of the Disclosure 306-3 of the GRI Standards)	The total weight of waste generation is calculated as the total weight of waste of all hazard classes, generated in the Company's business units in Novy Urengoy and at the Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
Total energy consumption (as part of the Disclosure 302-1 of the GRI Standards)	The total energy consumption includes the consumption of nonrenewable fuels (natural gas, gasoline, diesel fuel, and kerosene), purchased electricity less energy sold to third parties, and purchased heat. The power consumption of each type is converted to GJ, taking into account the conversion factors. The indicator includes energy consumption by the Company's business units in Novy Urengoy and at Yuzhno-Russkoye Oil, Gas, and Gas Condensate Field.
Percentage of competitive procedures from the total volume of procurements	The Percentage of competitive procurement 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 business units of the Company in accordance with 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 about violations of the rights of indigenous peoples of the North (as part of the Disclosure 411-1 of the GRI Standards)	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 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 boundaries 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 (as part of the Disclosure 404-1 of the GRI Standards)	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 (as part of the Disclosure OG13)	This indicator is disclosed based on data on recorded accidents in the reporting period. Accidents are understood in accordance with Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities dated July 21, 1997.
Reduction of energy consumption (as part of the Disclosure 302-4 of the GRI Standards)	The calculation took into account savings in natural gas Baseline year 2021 based on EMS goals and objectives Unit conversion factors were used



## ANNEX No. 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 2021 of OJSC Severneftegazprom (hereinafter referred to as the Report).

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 GRI Sustainability Reporting 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 GRI Sustainability Reporting 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 (Criteria - GRI Sustainability Reporting Standards requirements).

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, inspections 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 the website of OJSC Severneftegazprom related to Selected Indicators.
- Study of public statements of third parties concerning economic, environmental and social aspects of OJSC Severneftegazprom activities, in order to check the validity of the declarations made in the Report and related to the Selected Indicators.
- 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 related to the Selected Indicators data to be included into the Report.
- Analysis of the Selected Indicators for compliance with the requirements of GRI Sustainability Reporting Standards.

The procedures were performed only in relation to the Selected Indicators for the year ended 31 December 2021 which are disclosed in the Report in English that is a translation of the equivalent report in Russian.

The evaluation of reliability of Selected Indicators was conducted in relation to information referred to in the section of the Report "Methodology for calculating significant performance indicators of the

Company in the field of sustainable development that have passed independent assurance". With respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.

The procedures were not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of OJSC Severneftegazprom to take any action related to the future; as well as statements based on expert opinion.

The procedures were performed in relation to the printed version of the Report, approved by the General Director of OJSC Severneftegazprom and subject to be sent to Global Reporting Initiative in order to notify it of the use of the GRI Sustainability Reporting Standards in the Report preparation.

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 GRI Sustainability Reporting 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 the requirements of GRI Sustainability Reporting 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 29, 2022

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FEEDBACK FORM

DEAR READERS,

You have reviewed the Annual Report of OJSC Severneftegazprom for 2021. Your opinion is very important for us, and we will be grateful if you could 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 2021: \_\_\_\_\_
9. Are you or your organization interested in discussing the preparation of the Company's sustainability report 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: sngp@sngp.com

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



<https://severneftegazprom.com/>

