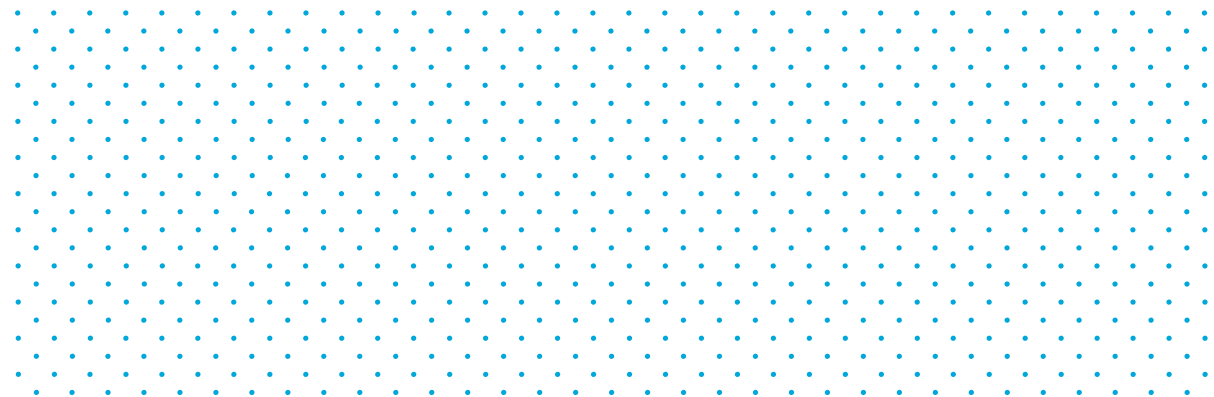




20 Years
of Sustainable
Development



NOVATEK Sustainability Report for 2014



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Dear Stakeholders,

The success of company is not measured purely in financial results but by a broader definition of Total Stakeholder Returns, which encompasses our commitment towards sustainability. It gives me great pleasure to reiterate our ongoing commitment to operating in a sustainable and transparent manner and demonstrate this commitment not only in words but our actual deeds over the past years and bring to your attention NOVATEK's Eighth Sustainability Report for the year 2014.

During 2014, we celebrated the Company's 20th Anniversary and are very proud that throughout our history we had successfully pursued the strategy of increasing total stakeholder value, including strict adherence to the most stringent Health, Safety and Environmental standards. Over the past two decades NOVATEK has grown from a small-sized local business into one of the leading international companies in the Russian and global energy sectors. Today, we are ranked 4th amongst publically listed companies worldwide in terms of proved natural gas reserves under SEC standards and 7th in terms of natural gas production. In 2014, the Company accounted for approximately 10% of Russia's domestic gas production and we are delivering natural gas to 30 regions in Russia, accounting for approximately 19% of natural gas delivered to the domestic market via the Unified Gas Supply System. We are also supplying liquid hydrocarbons to all major international markets.

Our high-quality resource base, efficient management and use of cutting-edge technology enabled us to successfully maintain our leading industry positions in terms of the lowest Finding & Development and Lifting

costs, while achieving one of the industry's highest production growth rates. In the reporting year we launched large gas and gas condensate production capacities at the Urengoyskoye and Samburgskoye fields, while the Yaro-Yakhinskoye and Termokarstovoye gas and gas condensate fields were prepared for start-up in the first half 2015.

Rapid growth in our gas condensate and crude oil production as well as construction of gas condensate processing capacities enabled us to shift our sales structure towards liquid hydrocarbons, including higher value-added products from the gas condensate fractionation complex at the port of Ust-Luga. This shift results in a higher share of export revenues, customer base diversification and positively impacts our financial performance and robustness of the Company, which was especially important in the deteriorating macroeconomic environment in the second half 2014, including the considerable commodity price drop in the global hydrocarbon market. Driven by the start-up of new production facilities, the share of liquid hydrocarbons in our overall sales will continue growing in the mid-term, which, as we expect, will continue enhancing our financial and operational performance.

As part of our long-term strategy we continued working actively on the Yamal LNG Project, which, when commissioned, will enable us to expand our sales into the global gas market. Apart from building the production facilities, work continued on the development of the transport infrastructure, including the international airport and the sea port, both located in Sabetta. To lay the foundation for long-term growth, we continued exploration works on our license areas located on the Gydan Peninsula and in the Ob Bay.

We clearly understand that our activities entail increased environmental risks and that most of our assets are hazardous facilities. The unique ecosystem of the Far North where most of our facilities are located is especially sensitive to human impact while expansion of our operations engenders additional potential sources of negative environmental impact. With this in mind, from engineering to facilities operation, we do everything we can to prevent accidents, mitigate potential damages, and compensate for the negative impact of our activities giving special attention to health and safety.

We do continuous environmental monitoring and operations control. All of our upstream and processing facilities are equipped with the latest state-of-the-art laboratory equipment. In the reporting year we commissioned special studies focused on the Atlantic seal habitat as well as the birds and flora in the South-Tambeysky license area. The results obtained are taken into account in our day-to-day operations and our future plans.

To mitigate the negative environmental and climate impact, we work on rational utilization of the associated petroleum gas and achieved more than 94% utilization rate in 2014. We continued processing the drilling sludge, which is the main type of waste generated by the

Company's operations, into construction materials known as gravilate and burolite mixtures used for reinforcing road slopes. In line with the practices of sustainable use of water resources, significant investment was made in building treatment facilities for the Yamal LNG Project.

Development of the Far North requires responsible interaction with the indigenous peoples of the Yamal-Nenets Autonomous Region who actively pursues nomadic or semi-nomadic lifestyles, which culminates into living on reindeer herding, fishing, and plant gathering. To support indigenous population, NOVATEK cooperates with the Association of Russian North, Siberia and Far East Indigenous Minorities as well as the Yamal for Descendants Association of Northern Indigenous Minorities.

The Company is interested in creating and developing favorable living conditions in the regions where it operates and therefore invests in advancing the social infrastructure. In particular, in 2014, NOVATEK invested RR 727 mln in charity projects, educational programs and in supporting Northern peoples.

Another important element of the Company's social responsibility is providing support to cultural and sports initiatives. In 2014, we continued our cooperation with Russia's leading cultural and educational institutions, charity foundations, and creative groups. These include the Russian State Museum, the Moscow Kremlin Museum, the Multimedia Art Museum, the Moscow Museum of Modern Art, the State Hermitage Museum, the Stanislavsky and Nemirovich-Danchenko Moscow Music Theatre, and the Soloists of Moscow Chamber Ensemble led by Yuri Bashmet. In the reporting year NOVATEK was General Partner of the Russian national football team and was supporting the Russian Acrobatic Rock'n'roll Federation and the Student Basketball Association.

Demonstrating openness and accountability to society, NOVATEK continued participating in the Carbon Disclosure Project (CDP) to disclose information on greenhouse gas emissions and energy production efficiency as well as the CDP Water Disclosure Project, which is intended to disclose information on the use of water resources.

We would have never been able to achieve these significant results without our employees. It is because of their commitment coupled with our support that we create safe workplaces, various opportunities for development and growth, social protection and a wide range of benefits.

I hope that all of our stakeholders find our latest NOVATEK Sustainability Report insightful and informative. On behalf of NOVATEK I reiterate our openness and readiness for constructive dialogue.

Chief Executive Officer, OAO NOVATEK
Leonid Mikhelson





REPORT AND REPORTING PROCESS



The report was drafted pursuant to the new version of the Sustainability Reporting Guidelines of the Global Reporting Initiative — GRI G4.

Report and Reporting Process

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Development of NOVATEK's Social Reporting

NOVATEK deems it necessary to regularly disclose information on its sustainable development practices demonstrating transparency and an ambition for having a responsible dialogue with stakeholders on a wide selection of matters. As one of the acknowledged leaders of the oil and gas industry, the Company is conscious of the importance its long-term sustainable

development has for the regions where it operates.

In this Report, the Company discloses information on the direct/indirect economic and environmental impact on the regions within its geographical footprint, HR and social policies, workplace health and safety measures and engagement with stakeholders, including industry partners, government authorities, NPOs and local communities.

NOVATEK seeks to constantly improve its non-financial reporting procedures, with this year's Report drafted pursuant to the new version of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4, 2014). As a result, the Report covers related matters more extensively.

This is the eighth Sustainability Report prepared by NOVATEK. The previous one was published in Q4 2014, whereas the next one is scheduled to be disclosed in Q3 2016.

NOVATEK'S 2014 Sustainability Report Highlights

- This Report is the eighth annual non-financial report.
- The Report was drafted as per the Sustainability Reporting Guidelines of the Global Reporting Initiative (G4) and the GRI Oil and Gas Sector Supplement for oil and gas companies.
- This Report features 13 new indicators that have not been disclosed previously.
- The Report meets the Core Disclosure requirements.

Principles for Securing Report Quality

- Balance
- Comparability
- Accuracy
- Clarity

Principles for Defining Report Content

For the purposes of this Sustainability Report, the Company formed a dedicated interdisciplinary task team. Mindful of the principles for defining report content (as stipulated by the GRI G4 guidelines) and key stakeholder opinions, the task team members and the Company's management identified several material matters and topics with a considerable economic, environmental and social impact on stakeholders' opinions and decisions. In order to map out these material topics, the team analyzed the mass media content over the reporting period and factored in the GRI industry recommendations on key oil and gas matters*.

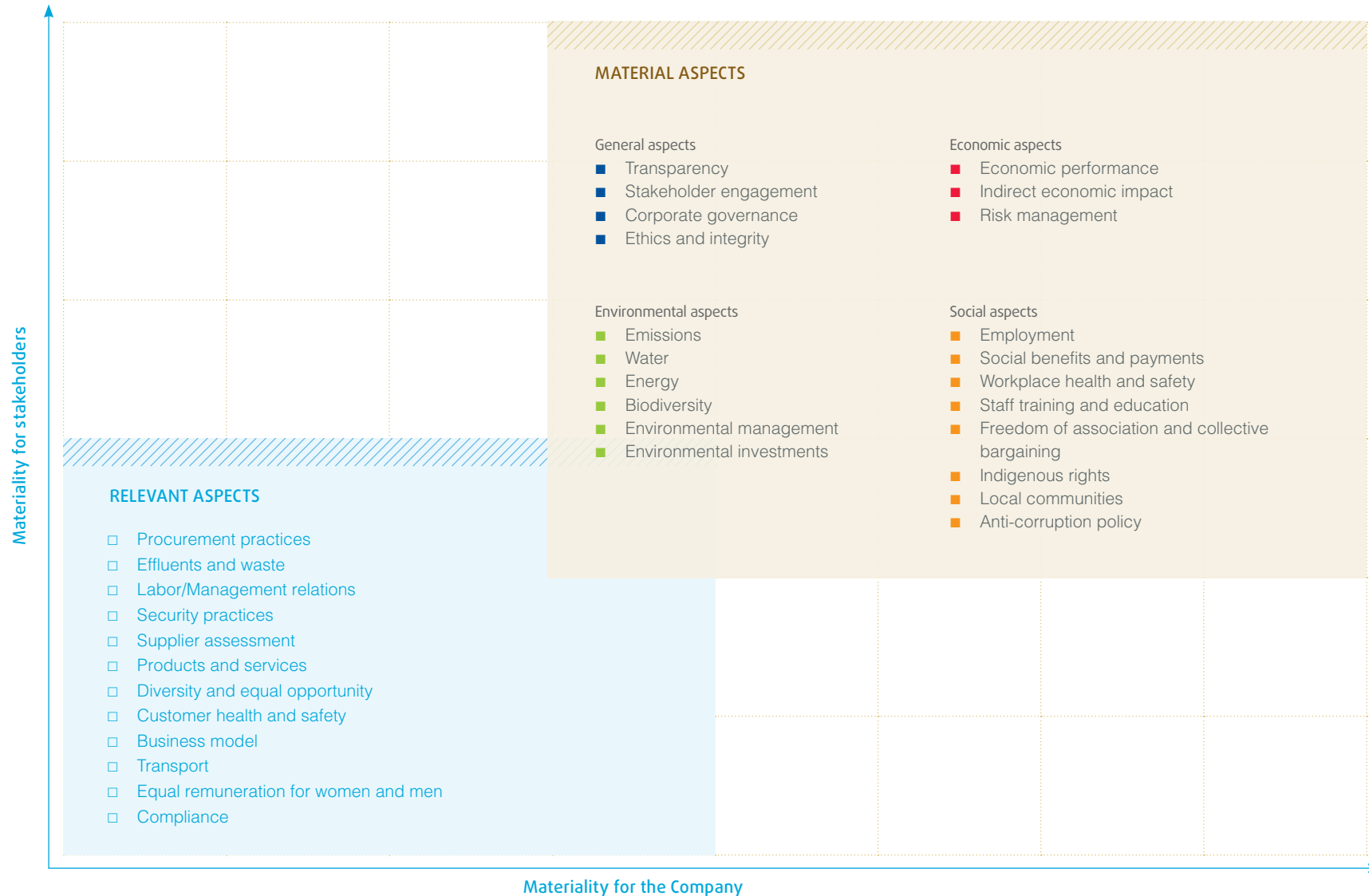
In addition to the three-way disclosure including economic, social and environmental aspects, this Report provides an extensive coverage of corporate governance, business ethics, procurement and anti-corruption practices. The above matters have never been disclosed in NOVATEK reports before.

The Report drew on the following standards and documents as core regulatory guidelines:

- Sustainability Reporting Guidelines (GRI G4)
- Oil and Gas Industry Protocol
- AA1000 Stakeholder Engagement Standard
- Social Charter of Russian Business
- National GOST R ISO 26000:2012 Standard
- Specialized ISO 14001 and ISO 9001:2008 Standards
- OHSAS 18001:2007 Standard

* Global Reporting Initiative. Research and Development Series, 2013, «Sustainability Topics for Sectors: What do stakeholders want to know?», Amsterdam.

Materiality Matrix of Sustainability Aspects



Report Boundary

NOVATEK's 2014 Sustainability Report describes the Company's key economic, social and environmental activities within the sustainable development framework. This Report discloses operations of the NOVATEK Group, including those of its subdivisions, subsidiaries and joint ventures based in Russia (the majority), Poland, Cyprus, Switzerland and Singapore. To highlight the Company's historical performance, maintain consistency in sustainability reporting and ensure data comparability, the Report provides indicators for the 2012–2014 time period. To ensure comprehensive disclosure herein, the Report may also refer to certain events that occurred before or after the reporting period.

This Report was drafted based on the consolidated IFRS statements for 12M 2014.

The Report may also contain forward-looking statements on the NOVATEK Group's mid and long-term business plans. As these plans are contingent upon a number of external factors beyond the Company's reasonable control, the actual performance achieved in the following reporting periods may be materially different from the estimates or targets provided herein.

NOVATEK Group's Structure Changes

In the reporting year, the NOVATEK Group's structure saw some changes that had an immaterial impact on the strategic and economic performance of the Group. Those included:

- Acquisition of NovaEnerg

On 22 December 2014, the Group purchased, from the companies under control of the Group's senior management, a 100% stake in NovaEnerg. The acquired company provides maintenance and repair services for power-generating equipment.

- Disposal of a 20% stake in Artic Russia B.V.

In March 2014, NOVATEK and Gazpromneft reached an agreement in principle for a series of transactions

designed to bring the two companies' interests in SeverEnergiya JV to parity. Under this agreement, on 31 March 2014, the Group sold a 20% stake in Artic Russia B.V., owner of a 49% stake in SeverEnergiya, to Yamal Development, the Group's joint venture with Gazpromneft. Both Artic Russia and Yamal Development hold interests in SeverEnergiya. After the deal, the Group's effective stake in SeverEnergiya decreased from 59.8% to 54.9%.

- Acquisition of an additional equity stake in NOVATEK-Kostroma

In February 2014, the Group purchased an additional 15% stake in NOVATEK-Kostroma. The deal resulted in increasing the Group's share in the subsidiary to 100%.



COMPANY PROFILE



NOVATEK is Russia's largest independent natural gas producer and the second largest natural gas producer in Russia.

Company Profile

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The Company's Scope and Key Lines of Business

NOVATEK is Russia's largest independent private natural gas producer and the second largest natural gas producer in Russia. Our core operations are exploration, production, processing, transportation and marketing of natural gas and liquid hydrocarbons.

We are ranked number four among publicly traded companies worldwide in terms of proved natural gas

reserves (under the SEC methodology) and number seven in terms of natural gas production.

NOVATEK plays a major role in Russia's energy sector: in 2014, the Company accounted for approximately 9.7% of Russia's total natural gas production (a 0.4 p.p. increase from 9.3% in 2013) and 18.8% of total natural gas supply to the domestic market through the Unified Gas Supply System (a 0.4 p.p. increase from 18.4% in 2013).

The majority of our natural gas production is geologically classified as wet gas, or natural gas containing gas condensate. The Company operates a vertically integrated production chain including transportation, processing and marketing capacities for gas condensate and its products. The chain embraces a network of condensate pipelines linking the Company's fields to the Purovsky Gas Condensate Processing Plant (the Purovsky Plant), which produces stable gas condensate (SGC) and light hydrocarbons; the Stable Gas Condensate Fractionation and Transshipment Complex at the port of Ust-Luga producing naphtha, jet fuel, diesel fuel and fuel oil, and enabling the Company to ship its products to global markets.

The Company also produces crude oil.

Geography

NOVATEK's production facilities are located in the Russian Federation.

The Company's core production and processing assets are concentrated in the Yamal-Nenets Autonomous Region (YNAO), one of the world's largest natural gas producing regions by both reserves and production volumes. Geographically, the YNAO is the Company's core region.

Exploration and Production

As at the end of the reporting year, the Company, its subsidiaries and joint ventures held a total of 31 subsoil licenses in the YNAO. Over the reporting year, the Company produced natural gas, gas condensate and crude oil at 10 fields.

Transportation and Processing of Gas Condensate

The gas condensate produced at the fields is subsequently delivered through the Company's condensate pipelines to the Purovsky Plant located in the production region. The Purovsky Plant produces stable gas condensate, with the bulk of it transported by rail to be further processed at the Stable Gas Condensate Fractionation and Transshipment Complex located at the Baltic port of Ust-Luga.

Transportation and Processing of Light Hydrocarbons

Previously, the Purovsky Plant was producing marketable liquefied petroleum gas (LPG), which was shipped to customers by rail. In Q2 2014, instead of marketable LPG, the Purovsky Plant started producing light hydrocarbons, used as feedstock for marketable LPG production. A portion of the light hydrocarbons is sold to SIBUR Holding (not part of the NOVATEK Group), while another portion is transported by pipeline to be further processed at SIBUR's Tobolsk Petrochemical Complex into marketable LPG under a tolling agreement and subsequently shipped to NOVATEK's consumers.

The Company's name

ОАО NOVATEK


Hereinafter referred to as

NOVATEK, Company and NOVATEK Group


Head office located at


2 Udaltsova St., Moscow, 119415, Russia

NOVATEK Assets and Geography as at 31 December 2014


 Fields and license areas with commercial production

- 1. Yurkharovskoye field *main production asset*
- 2. East-Tarkosalinskoye field *first field of NOVATEK launched into commercial production*
- 3. Samburgsky license area *ultra-high content of gas condensate in the Achimov layers*
- 4. Olimpiyskiy license area
- 5. Yumantilsky license area
- 6. Khancheykoye field
- 7. North-Urengoykoye field
- 7a. Eastern Dome
- 7b. Western Dome
- 8. North-Khancheykoye field*

 Purovsky Gas Condensate Processing Plant *key link in the production chain producing stable gas condensate*

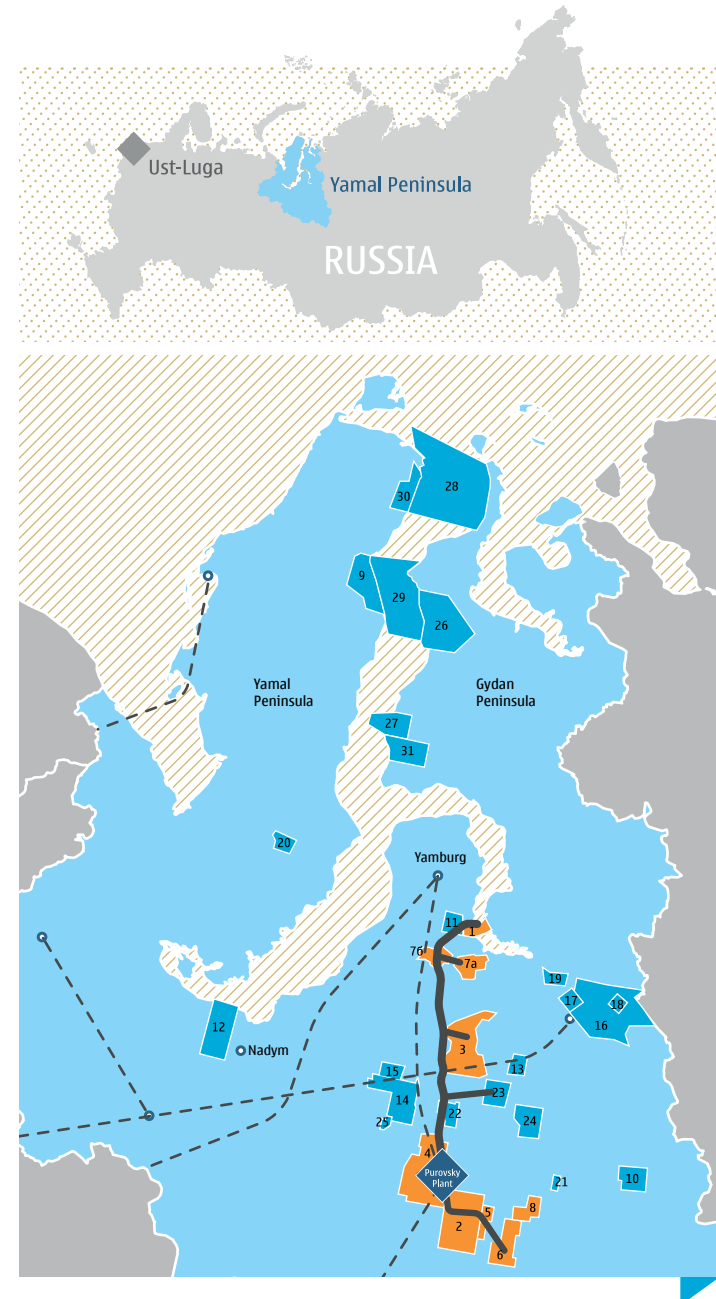
 Ust-Luga Complex *processes stable gas condensate into high value added products*

 Gas condensate pipelines of NOVATEK

 Gas trunk pipelines of Gazprom

 Prospective fields and license areas

- 9. South-Tambeyskoye field *reserve base for the Yamal LNG project*
- 10. Termokarstovoye field
- 11. West-Yurkharovskoye field
- 12. Yarudeyskoye field *large crude oil field*
- 13. Raduzhnoye field
- 14. West-Urengoytsky license area
- 15. North-Yubileynoye field
- 16. North-Russkiy license area
- 17. North-Russkoye field
- 18. Dorogovskoye field
- 19. East-Tazovskoye field
- 20. Malo-Yamalskoye field
- 21. West-Chaselskoye field
- 22. Yevo-Yakhinskiy license area
- 23. Yaro-Yakhinskiy license area
- 24. North-Chaselskiy license area
- 25. Ukrainsko-Yubileynoye field
- 26. Utrenneye field *reserve base for potential expansion of LNG production*
- 27. Geofizicheskoye field
- 28. North-Obzkiy license area
- 29. East-Tambeyskiy license area *geological exploration in the Gulf of Ob*
- 30. North-Tasiyskiy license area
- 31. Trekhbugorniy license area *license acquired in 2014*



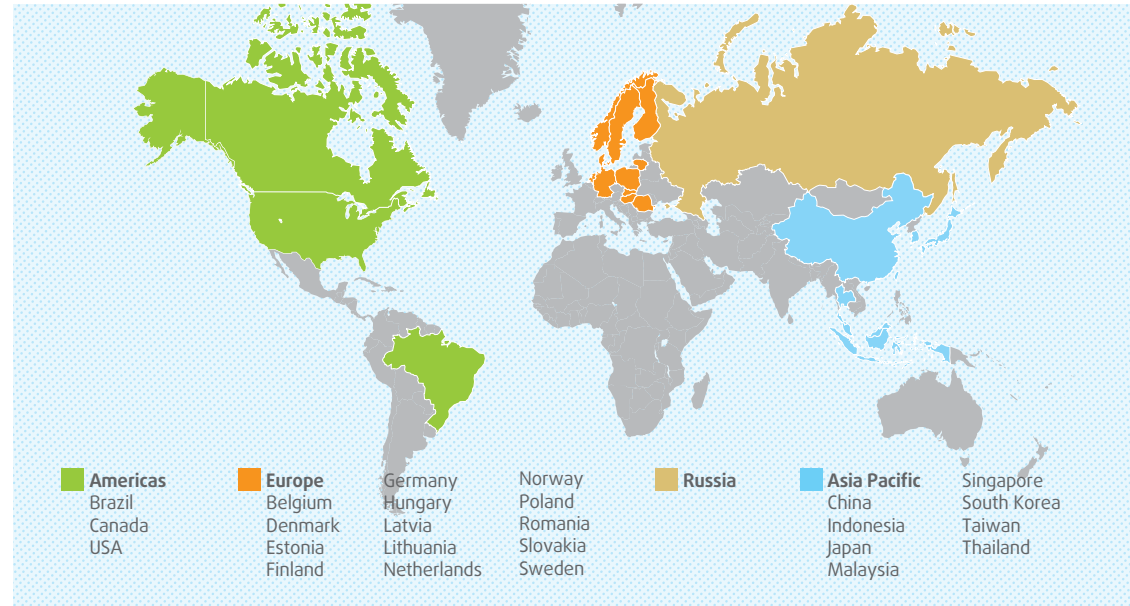
* North-Khancheykoye Khadyryakhinskoye field since October 2014

Marketing and Sales

The Company sells all the natural gas it produces in the domestic market and over the reporting year was delivering natural gas to 30 Russian regions.

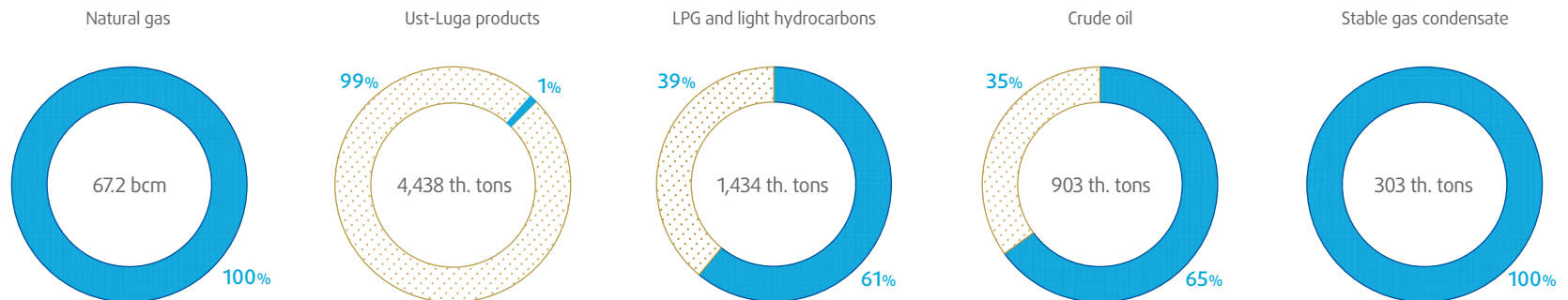
Light hydrocarbons are sold domestically, whereas LPG is delivered to both Russian and international consumers, including to Poland, Finland, Hungary, Romania, Lithuania and Slovakia. Substantially all of the SGC (stable gas condensate) products are exported, with naphtha shipped to Asia Pacific and Americas, and jet fuel, diesel and fuel oil supplied to North Western Europe. Crude oil is sold both domestically and internationally.

Hydrocarbon Sales Geography in 2014



Hydrocarbon Sales Breakdown in 2014, %

Export Domestic market



The Company's Structure as at 31 December 2014

Upstream in Russia	Downstream in Russia	Overseas upstream and downstream	Other
NOVATEK-Yurkharovneftegas 100%	NOVATEK-Purovsky Plant 100%	Novatek Overseas AG 100%	Sherwood Premier 100%
NOVATEK-Tarkosaleneftegas 100%	NOVATEK-Ust-Luga 100%	NOVATEK Gas & Power GmbH 100%	NOVATEK R&D Centre 100%
SeverEnergia 54.9%	NOVATEK North-West 100%	Novatek Overseas Exploration & Production GmbH 100%	NOVATEK Equity (Cyprus) Limited 100%
Nortgas 50%	NOVATEK-AZK 100%	Novatek Polska Sp. z o.o. 100%	
YARGEO 51%	NOVATEK-Transervice 100%		
Yamal LNG 60%	NOVATEK Moscow Region 100%		
Terneftegas 51%	NOVATEK-Kostroma 100%		
Novatek-Yarsaleneftegaz 100%	NOVATEK-Chelyabinsk 100%		
Arctic LNG 1 100%	NOVATEK-Perm 100%		
Arctic LNG 2 100%			
Arctic LNG 3 100%			

Our Business Model

Exploration and Production	Processing and Transportation	Marketing and Sales	Sustainable Development
<p>NOVATEK Group has subsoil licenses for the fields located in the Yamal-Nenets Autonomous Region, which is very rich in hydrocarbon resources. We are ranked number four globally by proved natural gas reserves and our reserve to production (R/P) ratio is 28 years, constituting the basis for our production growth.</p> <p>Most of the Company's reserves are located onshore or can be developed from onshore locations and are attributed to conventional hydrocarbons (recoverable via conventional technologies, in contrast to unconventional gas deposits such as shale gas or coal-bed methane).</p> <p>We have one of the lowest Finding&Development and Lifting costs among the publicly traded oil&gas companies.</p> <p>The Company is running commercial production at ten fields, working to launch production at a number of new fields, and implementing the Yamal LNG project (the first LNG project in the Russian Arctic).</p>	<p>NOVATEK produces wet gas, or natural gas containing gas condensate. After separation at the field, the unstable (de-ethanized) gas condensate is transported by the Company's gas condensate pipeline to the Purovsky Gas Condensate Processing Plant (the Purovsky Plant) to be stabilized.</p> <p>The Purovsky Plant's primary products are stable gas condensate and light hydrocarbons.</p> <p>The bulk of the stable gas condensate is transported by rail to the Stable Gas Condensate Fractionation and Transshipment Complex located at the port of Ust-Luga.</p> <p>The Complex produces naphtha, jet fuel, gasoil and fuel oil, and provides transshipment capacities to ship the stable gas condensate and petroleum products to global markets.</p> <p>NOVATEK's products are shipped to customers by pipeline, rail, and sea (including via the Northern Sea Route).</p>	<p>The Company sells all the natural gas it produces in the domestic market, delivering the commodity to 30 Russian regions. NOVATEK accounts for almost one fifth of the total domestic shipments via the Unified Gas Supply System's.</p> <p>The Company sells liquid hydrocarbons (stable gas condensate and petroleum products, light hydrocarbons, LPG, and crude oil) both locally and globally (Asia Pacific, Europe, and Americas).</p>	<p>NOVATEK adheres to the sustainable development principles and considers the welfare of its employees and their families, environmental and industrial safety, creation of a stable and favorable social environment, and contributing to overall economic development as top corporate priorities and responsibilities.</p> <p>NOVATEK has implemented a Health, Safety and Environment (HSE) Policy, while all of the Company's core subsidiaries and joint ventures operate an Integrated Management System (IMS) for Environmental Protection, Occupational Health and Safety.</p> <p>NOVATEK provides financial support to the indigenous minorities of the North.</p> <p>NOVATEK's HR management framework is centered around fair and equitable treatment (including as regards professional growth), mutual respect, and a constant dialogue between management and employees.</p>
<p>Strategic objectives:</p> <ul style="list-style-type: none"> - expand the resource base and ensure efficient reserve management - maintain sustainable growth rates of production - maintain low-cost structure 	<p>Strategic objectives:</p> <ul style="list-style-type: none"> - expand processing capacities* - maintain low-cost structure 	<p>Strategic objectives:</p> <ul style="list-style-type: none"> - optimize and expand existing marketing channels, and create new marketing channels, including the future entry into the international market for liquefied natural gas - maintain low-cost structure 	<p>Strategic objectives:</p> <ul style="list-style-type: none"> - maintain increased social responsibility - ensure environmental and industrial safety

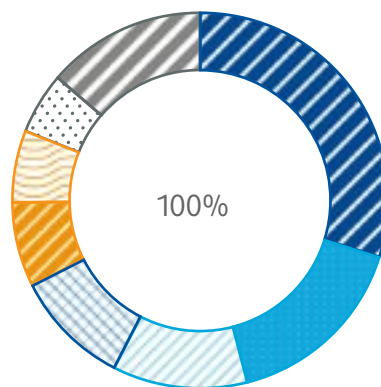










Share Capital

The Company's share capital totals RR 303,630,600 split into 3,036,306,000 ordinary shares with a par value of RR 0.1 each. NOVATEK shares trade in Russian rubles on the Moscow Exchange, while the Company's GDRs trade in US dollars on the London Stock Exchange (LSE). Each GDR represents 10 ordinary shares. As at 31 December 2014, the GDRs were issued on 906,637,970 ordinary shares accounting for 29.86% of the Company's share capital.

Share Capital Structure, %

According to the data contained in the list of persons entitled to participate in the General Meeting of Shareholders holding at least 5% of ordinary shares. Record date is 11 September 2014

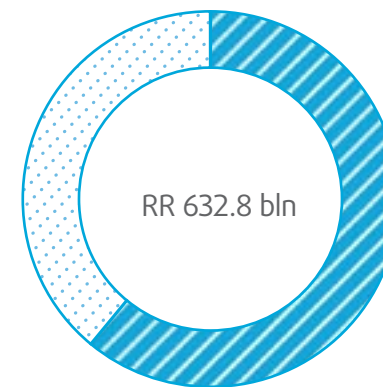




	Deutsche Bank Trust Company Americas*	29.9 %
	Total E&P Arctic Russia	16.1 %
	OOO Santata	11.6 %
	Gazfin Cyprus Limited	10.0 %
	OOO Levit	7.3 %
	OOO Belona	6.2 %
	SWGI Growth Fund (Cyprus) Limited	5.3 %
	Other (interests of less than 5%)	13.7 %

* GDRs.

Breakdown of NOVATEK's market capitalization as at 31 December 2014, %

At the end of the reporting year, the Company's total market capitalization (total debt plus equity) totaled RR 632,803 mln.



	Debt	61 %
	Equity	39 %

Membership in Trade Associations

- In 2014, NOVATEK joined the Russian National Committee of the World Energy Council.
- Since 2003, NOVATEK has enjoyed membership of the Russian Gas Society, an NPO seeking to promote development in the gas industry.
- Since 2010, NOVATEK has been a member of the Association of Gas and Oil Complex Builders.

Awards

- On 5 March 2014, NOVATEK received a letter of acknowledgement from the Russian President for the Company's substantial contribution to the effective development and operation of oil and gas fields and construction of innovative gas processing facilities in Russia.
- In June 2014, at the 21st World Petroleum Congress NOVATEK received a pennon of honor and a certificate of merit from the Russian Ministry of Energy for the Company's contribution to the innovative development of the fuel and energy sector.
- In 2014, two executives of the Company received medals of II Degree Order for Merits and Dedicated Service to the Country, and three of the Company's officers received the honorary title of the Distinguished Employee of the Russian Oil and Gas Industry.
- In 2014, Head of NOVATEK's Condensate Processing and Gas Chemistry won the Global Environment Prize at the 11th edition of Vernadsky National Environmental Awards for the project "Methanol Recovery from Low Concentration Water-Methanol Solution with High Content of Impurities and Mineral Salts."

Key Performance Indicators

	Unit	2013	2014	Change, %
Total revenues	RR mln	298,158	357,643	20.0%
Normalized EBITDA (including share in EBITDA of JVs)*	RR mln	129,370	159,631	23.4%
Return on average capital employed (ROACE)	%	18.5%	18.2%	(0.3) p.p.
Proved hydrocarbon reserves (SEC)	mmboc	12,537	12,578	0.3%
Marketable production of natural gas	bcm	61.2	62.1	1.5%
Marketable production of liquid hydrocarbons	mmt	4.75	6.04	27.0%



SUSTAINABILITY STRATEGY



Striking the right balance between the environmental, social and economic performance would ensure NOVATEK's sustainable development in the long run.



Sustainability Strategy

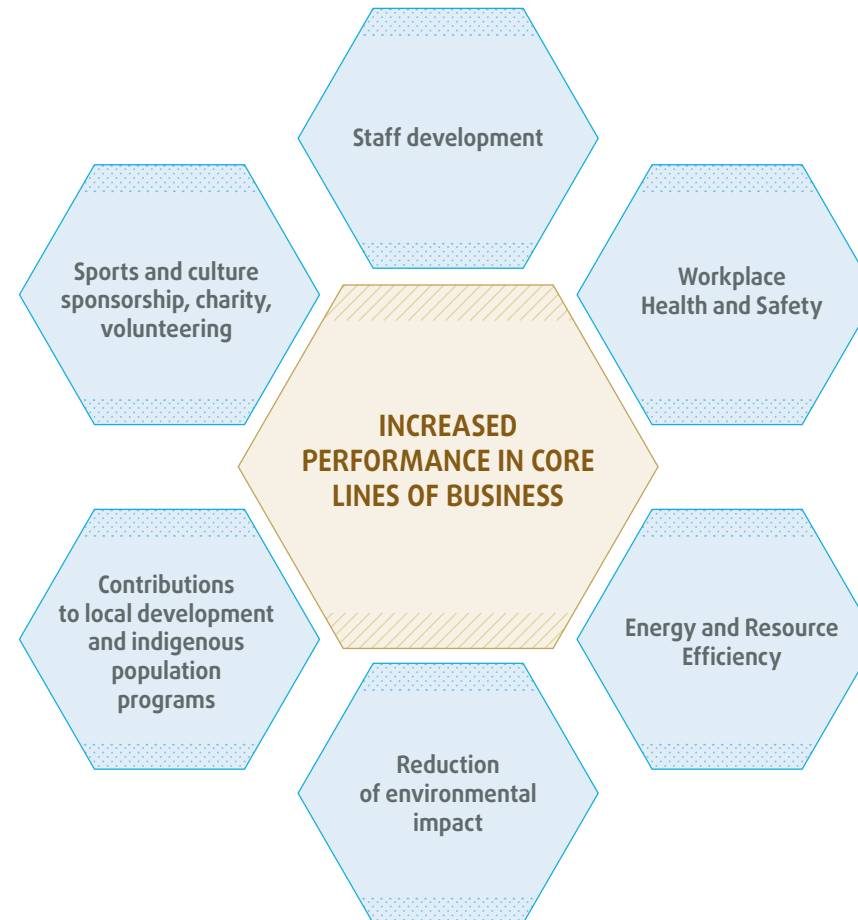
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NOVATEK's business exerts an impact on the frail ecosystem within the Company's footprint (YNAO). It also has an influence on many of its stakeholders, including the Group's employees, local communities, end consumers, shareholders and investors. On top of that, the Company's performance affects international and domestic oil and gas markets and impacts the entire Russian economy.

That is why the Group's management puts great emphasis on the respect of sustainable development principles and stakeholder interests. Striking the right balance between the environmental, social and economic performance would ensure NOVATEK's sustainable development in the long run.

Increased social responsibility is NOVATEK's strategic objective and operating benchmark. The Company has adopted a consistent approach seeking to create safer workplaces, provide social support to its employees and their families, sustainably reduce accident rates, workplace injuries, occupational diseases, and create favorable social and environmental conditions across its footprint.

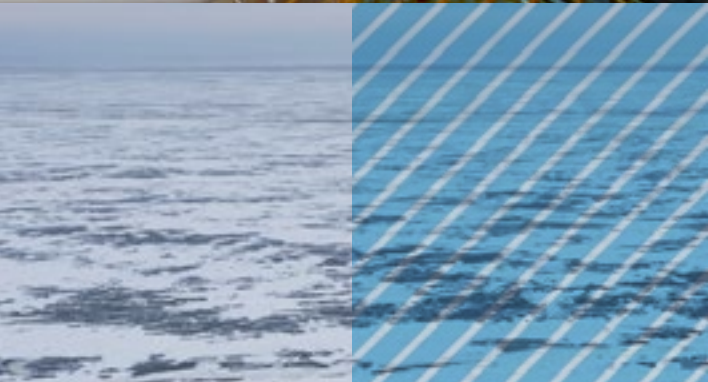
NOVATEK Group's Sustainability Focus Areas



NOVATEK has set its sustainable development objectives as follows:

- complying with applicable law and adopting international best practices
- respecting stakeholder interests
- improving corporate governance
- enforcing ethical business conduct
- maintaining a good business reputation
- developing and implementing advanced technologies
- factoring in the regional context
- protecting environment
- ensuring workplace safety
- respecting human rights
- ensuring information transparency

Embedding sustainable development objectives into NOVATEK business activity		
Economic performance	Environmental responsibility	Social responsibility
contributing to the development of domestic gas market, national oil and gas industry and the entire Russian economy contributing to the development of global oil and gas market striking the balance between economic feasibility and stakeholder expectations	mitigating the environmental impact ensuring sustainable subsoil use ensuring resource efficiency complying with global occupational health and safety and environmental standards	assuming responsibility for workplace safety and health ensuring staff development creating social and economic benefits for people within the Company's footprint supporting local communities supporting charity



STAKEHOLDER ENGAGEMENT



NOVATEK adheres to transparency principles and ensures timely disclosure of complete and accurate information on its core activities to stakeholders.

Stakeholder Engagement

Basics of Stakeholder Engagement

Stakeholder engagement is a strategic mission within NOVATEK Group’s sustainable development practices designed to improve our social responsibility performance.

Stakeholder Identification

The Company identifies stakeholders based on the extent to which they interact, share interests and communicate, and to do so we use the criteria suggested by the Institute of Social and Ethical AccountAbility and included in the AA1000 Stakeholder Engagement Standard (AA1000SES).

To deliver this report, we made a survey among NOVATEK’s departments to identify stakeholders and analyze ways of engagement.

The Company’s key stakeholders are:

- shareholders, investors and broader financial community
- federal and local authorities
- industrial and academic community
- civil society organizations
- employees and trade unions
- business partners and suppliers
- customers
- local communities across the Company’s footprint
- media

Stakeholder Engagement Principles

As provided for by AA1000SES, NOVATEK’s stakeholder engagement policy is based on the principles of materiality, inclusivity and responsiveness. We recognize our stakeholders’ opinions, interests, expectations and concerns and use a consistent approach to address them.

To meet our sustainable development objectives, in engaging with key stakeholder groups we pay close attention to their varying interests. We focus on aligning the Company’s activities with stakeholder expectations, comments and feedback, while remaining committed to our strategic priorities.

To mitigate non-financial risks related to our stakeholders, the Company does the following:

- identifies stakeholders
- identifies and monitors risk situations
- performs scenario analysis as regards the Company’s behavior and stakeholder engagement
- works on projects to ensure reasonable stakeholder engagement
- maintains regular contact with stakeholders

NOVATEK adheres to transparency principles and ensures timely disclosure of complete and accurate information on its core activities to stakeholders.

Stakeholder identification criteria	
Criterion	Purpose and scope of engagement
Dependency	Groups or individuals who are directly or indirectly dependent on the Company’s activities, products or services, or on whom the Company’s operations are dependent
Responsibility	Groups or individuals to whom the Company has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities
Tension	Groups or individuals who need, or in the future may need, immediate attention from the Company with regard to financial, wider economic, social or environmental issues
Influence	Groups or individuals who can have impact on the Company’s decision-making
Diverse perspectives	Groups or individuals whose views and opinions may lead to a new understanding of the situation and open up new opportunities for the Company



Key Ways of Engagement

The Company's stakeholder engagement is managed through a variety of ways and methods of communication, focusing on the most effective ones.

To align our interests with those of our stakeholders on particular matters, we hold a direct dialogue and talks. Conventional ways of stakeholder engagement are:

- face-to-face meetings
- telephone conversations
- letters and emails
- industry conferences
- joint working groups and standing committees
- meetings, workshops and round-table discussions
- public hearings arranged or attended
- surveys and questionnaires
- non-profit organizations
- press conferences and press tours
- disclosure: corporate website, annual reports, sustainability reports, press releases, booklets, articles and other information materials

NOVATEK Code of Business Conduct and Ethics:

Stakeholder Engagement Principles

Key stakeholder engagement principles are set out in the Company's Code of Business Conduct and Ethics and include the following:

- The Company facilitates competitive behavior, promotes mutual respect among market players, and avoids unfair competition practices and abuse of market position. The Company strictly complies with the local antitrust laws of where it operates, and abstains from unethical practices.
- The Company facilitates the development of long-term sustainable relations with its business partners. NOVATEK takes reasonable care to select partners and strives to do business only with reliable market players who operate in a lawful manner and prohibit discrimination, corruption and the abasement of human dignity.
- One of the Company's priorities is to maintain consumer confidence, improve product quality, use cutting-edge technologies and ensure timely delivery.
- NOVATEK strives to maintain an active and open dialogue with its shareholders, prospective investors and other stakeholders. The Company endeavors to mitigate the risks the investors and stakeholders are exposed to through the implementation of a strong corporate governance framework and timely, complete, fair and transparent disclosure of information regarding the Company's financial position and operations.
- NOVATEK avoids unlawful efforts to influence the decisions of governmental and/or local authorities.
- The Company does not, directly or indirectly, participate in political movements, parties or organizations.
- NOVATEK views cooperation with local communities as a key element of its corporate strategy, which is based on mutually beneficial and effective partnerships.
- The Company adheres to the policy of fostering social responsibility to its employees, their family members, local communities in the regions where the Company operates, and society as a whole.

Stakeholder Engagement Matrix

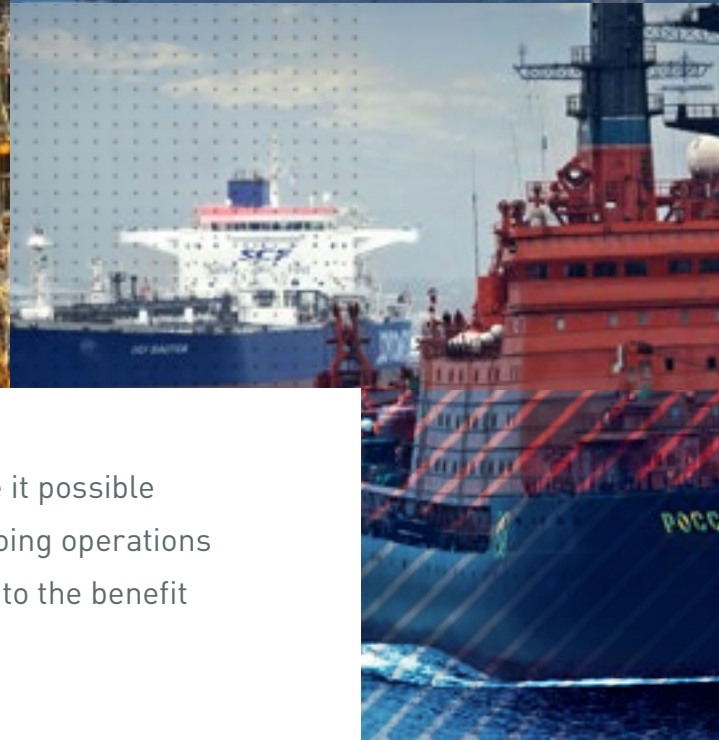
Stakeholders	Channels	Frequency	Key events in 2014	Focus areas
Shareholders	Shareholder meetings	at least once a year	An Annual General Meeting of Shareholders held on 18 April 2014	Profit distribution, dividend payout, annual report approval
	Press releases and corporate action notices	all-year-round	An Extraordinary General Meeting of Shareholders held on 14 October 2014 to decide on dividend payout	Appointment and remuneration of the Board of Directors and Revision Commission
	Shareholder queries (via phone and mail)	all-year-round	Shareholder queries replied to; public information prepared and disclosed	Amendments to the Charter and other internal regulations
	Financial results disclosure	quarterly		Approval of major transactions and related-party transactions
	Annual and sustainability reports	annually		
	Corporate secretary	all-year-round		
Investors	Press releases and corporate action notices	all-year-round	Financial results disclosure and conference calls held quarterly	The Company's operating and financial performance
	Financial results disclosure and conference calls	quarterly	27 key industry investment conferences attended	The Company's competitive position
	Annual and sustainability reports	annually	Apart from the conferences, over 100 meetings held in financial centers across the globe	Company and industry outlook
	One-on-ones and group meetings, conference calls, group presentations	all-year-round	46 press releases published	Sustainable development
	Investor requests	all-year-round	Investor and analyst queries replied to; public information prepared and disclosed	
	Participation in the Carbon Disclosure Project (CDP) and CDP Water Disclosure surveys	annually	A site visit for investors and analysts arranged	
	Site visits	ad hoc	Carbon Disclosure Project and Water Disclosure questionnaires completed	
	Information update on the corporate website	all-year-round	A website disclosure improvement project delivered	
Employees (including family members and retired employees)	In-person meetings of the management with employees	all-year-round	Ongoing implementation of social programs, pursuant to the approved Fundamental Concept of Social Policy	Advanced training for staff
	Corporate social programs	all-year-round	Ongoing Occupational health and safety training and appraisal of employees	Social benefits and guarantees
	Collective bargaining agreements	all-year-round	Internship of employees at Total S.A. arranged	Occupational health and safety
	Corporate media	monthly	Cultural and sports events held	Employee compensation system improvement
	Educational and advanced training programs	all-year-round	Health resort treatment arranged	
	Cooperation with youth councils	annually	Ongoing cooperation with the youth council of NOVATEK-Tarkosaleneftegas	
	Sustainability reports	annually		
	Security Hotline	all-year-round		

Stakeholders	Channels	Frequency	Key events in 2014	Focus areas
Trade unions	<p>Discussion and signing of collective bargaining agreements</p> <p>Discussion and signing of addenda to collective bargaining agreements</p> <p>Participation of the Company's management in trade union committee meetings</p> <p>Attendance of trade union conferences by the Company's management</p> <p>Participation in joint Occupational health and safety committees</p> <p>Joint efforts as regards recreational, sports and cultural events</p> <p>Sustainability reports</p>	<p>once every three years</p> <p>ad hoc</p> <p>all-year-round</p> <p>all-year-round</p> <p>all-year-round</p> <p>all-year-round</p> <p>annually</p>	<p>Four meetings with trade unions held, attended by the Company's management</p> <p>A number of sports events for employees organized together with the Company</p>	<p>Performance under collective bargaining agreements</p> <p>Occupational health and safety (OHS)</p> <p>Protection of employees' rights and interests</p>
Federal Government authorities	<p>Contribution to law-making</p>	<p>all-year-round</p>	<p>Participation in meetings of the Presidential Commission for Strategic Development of the Fuel and Energy Sector and Environmental Security</p> <p>Participation in a meeting of the Government Commission on the Fuel and Energy Complex, the Reserve Replacement and Improving the Economy's Energy Efficiency</p> <p>Participation in a round-table discussion of the Russian Parliament on the fuel and energy sector</p> <p>Participation in parliamentary hearings on developing the network of specially protected areas in Russia</p> <p>Participation in a round-table discussion of the Civic Chamber of the Russian Federation on environmental regulation and social stability in the regions</p> <p>Participation in the working group of the Russian Ministry of Energy on the long-term development of the oil and gas industry</p> <p>Participation in the working group and activities of the Public Council of the Russian Ministry of Natural Resources on subsoil use and environmental protection</p> <p>Participation in the working group of the Russian Ministry of Construction on subsoil use, technical regulation and construction</p> <p>Participation in a meeting of the Russian part of the Russian-Chinese Intergovernmental Commission on Energy Cooperation of the Russian Ministry of Energy</p> <p>Participation in round-table discussions and working group meetings of the Russian Ministry of Energy on import substitution, recording and reduction of greenhouse gas emissions</p> <p>Participation in arranging an international meeting of high representatives of the Arctic Council member states, Russian Security Council</p>	<p>Fuel and energy sector development</p> <p>Implementation of the General Scheme for the Gas Industry Development Through 2030</p> <p>Preparation of the draft Energy Strategy of Russia Through 2035</p> <p>Export of LNG</p> <p>Import substitution</p> <p>Biodiversity preservation</p> <p>Water use</p> <p>Atmospheric emissions</p> <p>Industrial safety</p> <p>Social stability in the regions</p> <p>Subsoil use</p> <p>Alignment of processes from hydrocarbon production to deep refining within Russia</p> <p>Reserve replacement and the economy's energy efficiency</p> <p>Indigenous peoples rights</p> <p>Arctic exploration</p> <p>Compensation and remuneration in the regions</p>

Stakeholders	Channels	Frequency	Key events in 2014	Focus areas
			<p>Participation in working groups of the Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor) on the monitoring and provision of industrial safety</p> <p>Speech at a meeting of the National Steering Committee under the Russian Ministry of Regional Development on arranging and holding the Second International Decade of the World's Indigenous People</p> <p>Participation in meetings of the Russian Ministry of Labor on legal amendments to reduce the northern hardship bonus</p>	
Local Government authorities	Participation in joint meetings, round-table discussions, conferences, forums, etc.	all-year-round	Participation in a meeting supported by the Yamal-Nenets Autonomous Region Government on LNG production development based on the resources of the Yamal and Gydan Peninsulas	<p>Economic development of the regions</p> <p>Living standards improvement</p>
	Interaction under cooperation agreements on social and economic development of local communities	all-year-round	Signing of a voluntary commitment memorandum on environmental safety in the Yamal-Nenets Autonomous Area between the local government and NOVATEK	<p>Utility and transport infrastructure development</p> <p>Protection of Northern indigenous peoples rights</p>
	Disclosure of information on the Company's activities in the local media	all-year-round	Social and financial programs implemented under the agreements with the Yamal-Nenets Autonomous Region Government and Municipal Councils (in the Yamalsky, Tazovsky, Nadymsky, Purovsky and Krasnoselkupsky Districts), and Administrations of Novokuibyshevsk, the Chelyabinsk, Tyumen and Leningrad Regions	<p>Reparation of the environmental damage, depollution and other remedial actions to offset the environmental footprint of legacy business operations</p>
Local communities	Participation in public hearings	ad hoc	Participation in public hearings on the research to support the establishment of the Nyaboitinsky and Yuribeisky specially protected natural areas as targets of government environmental inspection in the Tazovsky District	Employment
	Cooperation agreements on social and economic development of local communities	pursuant to strategic development plans	Financial support provided to the Russian Association of Indigenous Peoples of the North, Siberia and Far East	<p>Financing the construction and repairs of the utility and transport infrastructure</p> <p>Supporting low-income population</p>
	Targeted support to welfare beneficiaries	all-year-round	Financial support provided to Yamal for Descendants Association and its district branches	Preserving the national identity of Northern peoples
	Disclosure of information on the Company's activities in the local media	all-year-round		Financing purchases of equipment and supplies for the indigenous minorities
	Population surveys Interaction with associations of indigenous and minority peoples	ad hoc		Indigenous peoples rights
	Sustainability reports	all-year-round		
	Security Hotline	annually		

Stakeholders	Channels	Frequency	Key events in 2014	Focus areas
Partners under joint initiatives	Cooperation agreements	all-year-round	Effective interaction under joint initiatives and cooperation agreements	Joint initiatives
	Joint ventures	ongoing	Internship of NOVATEK's employees at foreign companies (Total S.A.)	Partnership prospects
	Shareholder meetings	all-year-round		
	Management meetings	all-year-round		
	Working group meetings	all-year-round		
	Personnel exchange	all-year-round		
	Security Hotline	annually		
Suppliers and contractors	Tenders	ad hoc all-year-round	Meetings with oil and gas equipment producers	Import substitution
	Participation in trade shows, forums and other events	three to four times a year	Participation in the 7th Integrated Safety and Security Exhibition 2014	Technical requirements and characteristics
	Replies to queries received via the official website (see Sales and Tenders page)	all-year-round as per requests	Participation in national and global conferences on occupational health and safety	Delivery terms
	Security Hotline	all-year-round		Insurance of hazardous industrial facilities Industrial safety
Customers	Telephone enquiry service	daily	2,770 queries received and processed	Service quality improvement
	Customer Account service and Contact Us forms on the website	daily round-the-clock	Questions on technical support of services and proposals on improving Customer Account replied to	Customer support
	Contact Information	all-year-round	Daily interaction with business customers arranged	Tariff regulation
	Security Hotline	daily round-the-clock		Payment calculations
	Counterparty Account service for business customers	daily round-the-clock		Payment discipline
	Meetings on payment discipline	all-year-round		Connection agreements Gas supply agreements
Civil society organizations	Membership and cooperation	all-year-round	Cooperation with V.I. Vernadsky Non-Governmental Environmental Fund	Biodiversity preservation
	Participation in conferences, forums and other events	all-year-round	Cooperation with the World Wide Fund for Nature (WWF). NOVATEK included in WWF-Russia's environmental responsibility rating of Russian oil and gas companies	Environmental protection
	Sustainability reports	annually	Cooperation with the Marine Mammal Council on preservation and study of the Atlantic walrus in the south-eastern Barents Sea and adjacent waters Participation in the Russian national environmental campaign Green Spring 2014 Cooperation with Carbon Disclosure Project (CDP) on carbon emissions and water use	Environmental aspects of the Sabetta seaport construction in the Gulf of Ob

Stakeholders	Channels	Frequency	Key events in 2014	Focus areas
Society	Philanthropic efforts	all-year-round	Ongoing support of children deprived of parental care	Provision of support and financing to local orphanages and residential care facilities
	Interaction with non-profit organizations	all-year-round	Two blood donation drives organized for the Blood Center of the Federal Medical and Biological Agency of Russia	Assistance in socialization of children deprived of parental care
	Interaction with leading sports and cultural institutions	all-year-round	Ongoing support to Russian museums' projects	Philanthropy and sponsorship efforts
	Volunteer movements	all-year-round	Ongoing support to Russian theaters and groups Ongoing support to sports projects Title sponsorship of the Russian national football team	Sports promotion Support and development of cultural projects
Media	Press releases	all-year-round	46 press releases published	The Company's operating and financial performance
	Press tours	all-year-round	Three press tours organized. The Company's production facilities, both operational and under construction, visited by media representatives	The Company's competitive position
	Interviews and comments from top executives	all-year-round	Russia 24 live broadcast of the Purovsky Plant – Tobolsk-Neftekhim teleconference	Company and industry outlook
	Briefings	all-year-round	Three briefings for Russian and international media held	Sustainable development
	Comments and replies to media queries	all-year-round as per requests	Eight articles and information materials drafted for media publication	
	Press conferences	all-year-round	Participation in press conferences as part of joint events with museums, creative and performance teams	
	Articles and information materials for the media	all-year-round as per requests		
Industrial community, including academic and research community	Participation in conferences, forums, round-table discussions, etc.	all-year-round	Sponsorship of the St Petersburg International Economic Forum Participation in a round-table discussion of the Analytical Center for the Government of the Russian Federation on fostering common markets within the Eurasian Economic Union	Development of the fuel and energy sector, along with the oil and gas industry in general
	Participation in joint sessions	as per request	Participation in the 21st World Petroleum Congress and World Petroleum Exhibition	Economic performance
	Partnerships	as per events calendar	Participation in Gas of Russia 2014, the 12th International Forum held by the Russian Gas Society	Industrial safety
	Cooperation with leading oil and gas universities	all-year-round	Participation in organizing major events as part of the R&D Contest for Young Employees of Fuel and Energy Companies Participation in a meeting of the Committee on Industrial Security of the Russian Union of Industrialists and Entrepreneurs Participation in a meeting of the Committee on Competition Development of the Russian Union of Industrialists and Entrepreneurs Twelve students awarded by the Company's CEO with certificates granting jobs at NOVATEK's enterprises Organization of Exploring the Arctic 2014, a contest of student project ideas, together with the Russian Security Council	Competition development Staff training



CORPORATE GOVERNANCE



NOVATEK's corporate governance practices make it possible for its executive bodies to effectively manage ongoing operations in a reasonable and good faith manner and solely to the benefit of the Company and its shareholders.

Corporate Governance

Corporate Governance Principles

To ensure maximum operating efficiency NOVATEK seeks to adopt best corporate governance practices. Governance quality does not only impact the economic performance, but also sustainable development, social and environmental policy dimensions, as well as the Company's reputation.

We have established an effective and transparent system of corporate governance complying with both Russian and international standards.

The Company's corporate governance draws heavily on the principles and approaches set forth in the following documents:

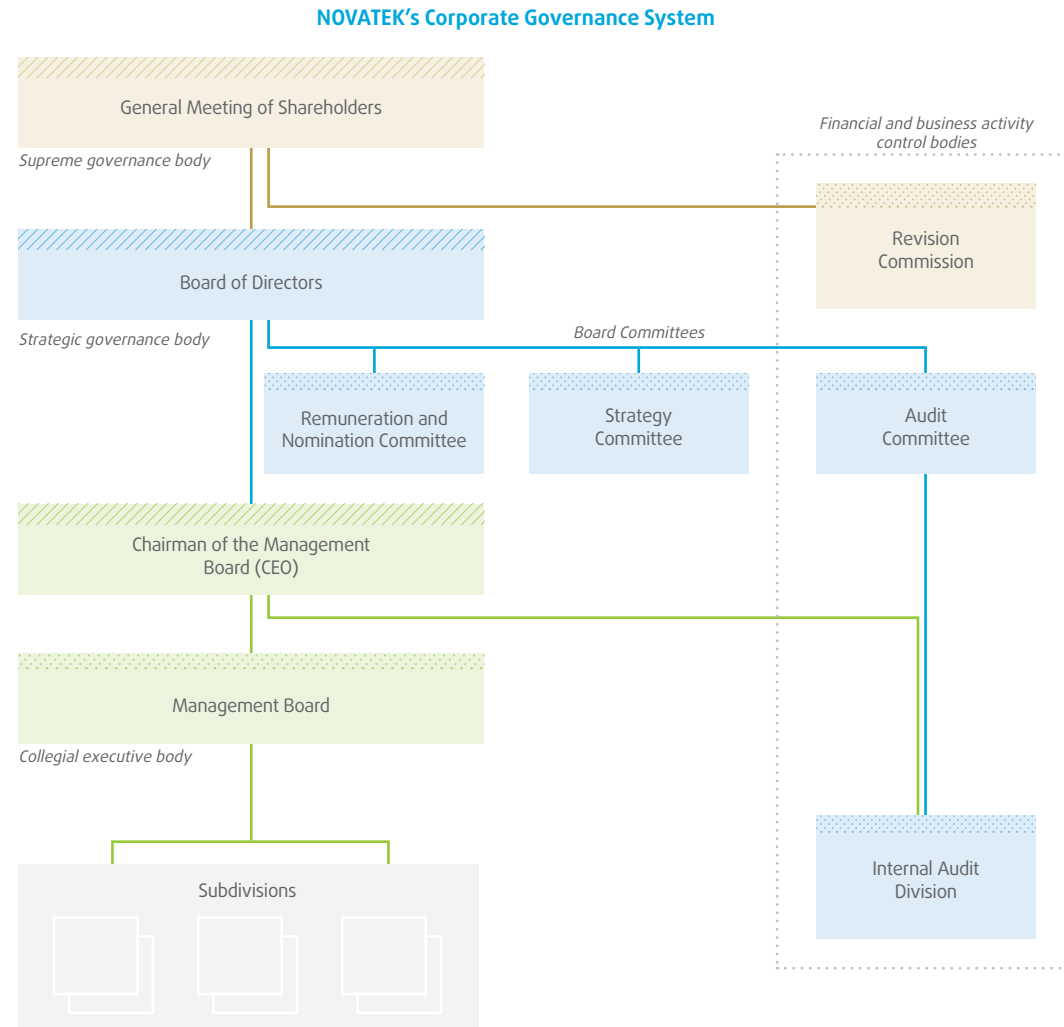
- Russian legislation
- Corporate Governance Code (as recommended by the Central Bank of Russia)
- Combined Code on Corporate Governance published by the UK Financial Reporting Council
- NOVATEK's Corporate Governance Code
- NOVATEK's Code of Business Conduct and Ethics
- NOVATEK's Charter

NOVATEK's corporate governance practices make it possible for its executive bodies to effectively manage ongoing operations in a reasonable and good faith manner and solely to the benefit of the Company and its shareholders.

Placed on an equal footing with the other lines of business, sustainable development and corporate social responsibility are viewed as strategic and operational management focus areas.

Corporate Governance Structure

NOVATEK's corporate governance system includes the Board of Directors, Board Committees, Management Board, internal control and audit bodies.



General Meeting of Shareholders

The General Meeting of Shareholders is NOVATEK's supreme governance body. The General Meeting of Shareholders is responsible for:

- approval of annual reports
- approval of annual financial (accounting) statements
- profit distribution, including dividend payouts
- election of the Board of Directors and Revision Commission
- approval of the Company's Auditor
- other matters within the competence of the General Meeting of Shareholders provided that such matters were included in the agenda as prescribed by the applicable law and the Company's Charter

In 2014, one annual and one extraordinary general meetings of shareholders were held.

Board of Directors

The Board carries out the overall strategic management of the Company's activity on behalf of and in the interests of all its shareholders, and ensures the Company's efficient performance in order to increase its shareholder value.

The Board of Directors is responsible for:

- definition of the Company's strategy and priority lines of business
- approval of long-term and annual business plans
- examination of matters related to financial performance, internal control and risk management
- optimization of corporate and capital structures
- approval of major transactions
- decision-making on investment projects
- recommendations on the dividend amount and payout procedure
- convocation of the General Meeting of Shareholders

The Board members are elected by the General Meeting of Shareholders. In corporate year 2014, the Board of Directors was comprised of nine members, including one executive director and three independent directors as defined by the Combined Code on Corporate Governance (UK) and the Corporate Governance Code recommended by the Central Bank of Russia.

Candidates to the Board of Directors are nominated by shareholders. Professional economic and operational achievements are the as key selection criteria.

The members of NOVATEK's Board have a wide range of expertise as well as significant experience in strategic, financial, commercial and oil and gas activities. The Board members hold regular meetings with NOVATEK's senior management to enable them to acquire a detailed understanding of NOVATEK's business activities and strategy and the key risks.

In order to support efficient operation of the Board of Directors the Corporate Secretary position was inaugurated in the reporting year. The Secretary has sufficient independence (appointed and dismissed by the Board of Directors) and endowed with the necessary powers and resources to carry out its tasks in accordance with the Regulations on the Corporate Secretary.

Board meetings are convened on a regular basis at least once every two months. In 2014, there were eight (8) Board meetings, including four (4) meetings in absentia.

Board Committees

The Company has three Board Committees:

Audit Committee

Strategy Committee




Remuneration and Nomination Committee

The Committees play a vital role in ensuring that the high standards for corporate governance are maintained throughout the Company and that specific decisions are analyzed and the necessary recommendations are issued prior to general Board discussions. The minutes of the Committees meetings are circulated to the Board members and are accompanied by any necessary materials and explanatory notes.

In order to carry out their duties, the Committees may request information or documents from members of the Company's executive bodies or heads of the Company's relevant departments. For the purpose of considering any issues being within their competence, the Committees may engage experts and advisers having necessary professional knowledge and skills.

The Audit Committee and Remuneration and Nomination Committee are comprised of independent directors only.

BoD members as at 31 December 2014

Directors	Independence and first election to the BoD	Other important jobs and titles
 <p>Alexander E. Natalenko</p>	<p>Board Chairman 2004</p>	<p>Board member at Rosgeologia. Recipient of the State Award of the Russian Federation, Distinguished Geologist of Russia. Former Deputy Minister of Natural Resources.</p>
 <p>Andrei I. Akimov</p>	<p>2006</p>	<p>Chairman of the Management Board at Gazprombank. Member of the Board of Directors / Supervisory Board at Gazprom, Gazprombank, Rosneft, Rosneftegaz, etc.</p>
 <p>Burckhard Bergmann</p>	<p>Independent 2008</p>	<p>Member of the Board of Directors / Supervisory Board at Contilia GmbH and Telenor ASA. Chairman / Deputy Chairman / member of the Advisory Board at Jaeger Beteiligungsgesellschaft mbH & Co KG, Accumulatorenwerke Hoppecke GmbH, Dana Gas International and IVG Immobilien AG. Member of the Board of Trustees at RAG AG. Foreign member of the Russian Academy of Technological Sciences, Honorary Consul of the Russian Federation in the German State of North Rhine-Westphalia. Holds multiple honorary titles and distinctions, including Commander of the Royal Norwegian Order of Merit, Order of Merit of the State of North Rhine-Westphalia, Officer's Cross of the Order of Merit of the Federal Republic of Germany, Russian Order of Friendship for significant contribution to the development of the Russian-German relations.</p>

Strategy Committee

The primary functions of the Strategy Committee are the determination of strategic objectives of the operations and control over the implementation of the strategy.

The Committee is responsible for considering the financial model and business valuation of the Company and its business segments, preliminarily reviewing and making recommendations on the Company's participation in other organizations, on transactions subject to the BoD approval and the use of non-core assets. Additionally, the Committee is charged with assessing the Company's long-term performance and voluntary/mandatory offers to purchase the Company's securities. The Committee also provides recommendations on the dividend policy.

In corporate year 2014, the Strategy Committee met four times.




Committee membership

Chairman:
Alexander Natalenko

Deputy Chairman:
Viktor Orlov

Members:
Andrei Akimov
Burckhard Bergmann
Yves-Louis Darricarrère
Vladimir Dmitriev
Gennady Timchenko

BoD members as at 31 December 2014

Directors	Independence and first election to the BoD	Other important jobs and titles
 <p>Yves-Louis Charles Justin Darricarrère</p>	2011	President of Total Exploration & Production. Knight of the French Legion of Honor.
 <p>Vladimir A. Dmitriev</p>	2006	Chairman of the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank). Holds multiple awards and distinctions, including Order of Alexander Nevsky, IV Degree Order for Merits and Dedicated Service to the Country, Order of Honor, II Degree Order of Saint Sergiy Radonezhsky, II Degree Order of Blessed Prince Daniil Moskovsky, Medal of the II Degree Order for Merits and Dedicated Service to the Country, Order of the Banner of the Republic of Serbia with Golden Wreath, Order of Merit of the Italian Republic (Grand Officer Grade), Decoration of Honor for Merits and Dedicated Service to the Banking Community (conferred by the Association of Russian Banks), letters of acknowledgement from the President and Government of the Russian Federation.
 <p>Leonid V. Mikhelson</p>	Executive director 2003	Chairman of the Management Board at NOVATEK (CEO) and Board of Directors at SIBUR Holding. Holder of the Russian Order of the Badge of Honor, II Degree Order for Merits and Dedicated Service to the Country and honorary title of the Honorary Employee of the Gas Industry.

Remuneration and Nomination Committee




The primary functions of the Remuneration and Nomination Committee is development of an efficient and transparent compensation practice of members of the Company's management, enhancement of the professional expertise and improvement of the Board of Directors' effectiveness. The Committee interacts with shareholders in order to form the Board of Directors that best meets the goals and objectives of the Company. The Committee is responsible for planning appointments of members of the executive body and the sole executive body on the base of continuity principles. It also performs the preliminary assessment of the work of the executive body of the Company for the year in accordance with the Company's remuneration policy.

In corporate year 2014, the Remuneration and Nomination Committee met four times.

Committee membership Chairman

- Chairman: Viktor Orlov
- Deputy Chairman: Andrei Sharonov
- Member: Burckhard Bergmann

BoD members as at 31 December 2014

Directors	Independence and first election to the BoD	Other important jobs and titles
 <p>Viktor P. Orlov</p>	<p>Independent 2014</p>	<p>Professor, Post-Doc in economics, PhD in geological-mineralogical sciences, Distinguished Geologist of Russia. Previous stints: Chairman of the Russian Committee on Geology and Mineral Resources, Russian Minister of Natural Resources and First Deputy Chairman of the Federation Council Committee on Natural Resources and Environmental Protection. Recipient of the State Award of the Russian Federation for Research and Development. Holds IV Degree Order for Merits and Dedicated Service to the Country and 18 awards, including three letters of acknowledgement from the President and a certificate of merit from the Government of the Russian Federation.</p>
 <p>Gennady N. Timchenko</p>	<p>2009</p>	<p>Member of the Board of Directors at SIBUR Holding, Chairman of the Board of Directors and President at the SKA St Petersburg Ice Hockey Club, Chairman of the Board of Directors at the Kontinental Hockey League, member of the Board of Trustees at the Russian Geographical Society, Chairman of the Russian delegation to the Russian-Chinese Business Council, Vice-President of the Russian Olympic Committee, Chairman of the Economic Council under the Franco-Russian Chamber of Commerce and Industry (CCIFR).</p>
 <p>Andrei V. Sharonov</p>	<p>Independent 2014</p>	<p>Dean of the Moscow School of Management SKOLKOVO. Adviser to the mayor of Moscow. Member of the Supervisory Board at ALROSA, Board of Directors at the Bank of Moscow and Sovkomflot, Chairman of the Board of Directors at NefteTransService and Ekosistema. Held various positions (including Deputy Minister) in the Russian Ministry of Economic Development and Trade, worked as Deputy Mayor of Moscow for Economic Policy. PhD in sociology, Distinguished Economist of the Russian Federation. Holds multiple distinctions, including the Order of Honor.</p>

Audit Committee

The primary function of the Audit Committee is control over financial and operating activities of the Company. In order to assist the Board in performing control functions the Committee is responsible for but not limited to evaluating accuracy and completeness of the Company's full year financial statements, the candidature of the Company's external auditor and the auditor's report, the efficiency of the Company's internal control procedures and risk management system.

The Audit Committee works actively with the Company's executive bodies, inviting NOVATEK's managers responsible for the preparation of the financial statements to attend the Committee meetings.

In corporate year 2014, the Audit Committee met five times.

Committee membership

- Chairman:
Andrei Sharonov
- Deputy Chairman:
Viktor Orlov
- Member:
Burckhard Bergmann



Management Board

NOVATEK's Management Board is a collegial executive body responsible for the day-to-day management of the Company's operations. Members of the Management Board are elected by the Board of Directors from among the Company's key employees. The Management Board is subordinated to the Board of Directors and the General Meeting of Shareholders. The Chairman of the Management Board (Chief Executive Officer) is responsible for leading the Board and ensuring its effectiveness as well as organizing the Management Board meetings and implementing decisions of the General Meeting of Shareholders and the Board of Directors.

Management Board members as at 31 December 2014

Leonid V. Mikhelson
Chairman of the Management Board (CEO)

Mikhail V. Popov
First Deputy CEO, Commercial Director

Vladimir A. Baskov
Deputy CEO

Mark A. Gyetvay
Deputy CEO

Iosif L. Levinzon
Deputy CEO

Tatyana S. Kuznetsova
Deputy CEO, Director of Legal Department

Alexander M. Fridman
Deputy CEO

Kirill N. Yanovsky
Director for Finance and Strategy

BoD and Management Board remuneration

The procedure for and criteria of calculating remuneration to members of NOVATEK's Board of Directors, as well as the compensation of their expenses, are prescribed in the Company's Charter and Regulations on NOVATEK's Board of Directors.

The BoD remuneration package includes:

- fixed remuneration
- attendance remuneration for the Board meetings
- attendance remuneration for the Board Committee (Subcommittee) meetings.

The fixed component stands at RR 8 mln per corporate year, whereas maximum attendance remuneration amounts for the Board and Committee meetings total RR 2 mln each.

The procedure for and criteria of calculating remuneration to the Chairman and members of NOVATEK's Management Board, as well as the compensation of their expenses, are prescribed in the Regulations for the Management Board and the employment contracts they sign with the Company.

Remuneration amounts paid to the members of NOVATEK's Board of Directors and Management Board in 2014, RR mln

	Board of Directors*	Management Board
Total, including	106.0	1,639.8
Salaries	-	504.1
Bonuses	-	1,135.7
Fees	106.0	-

* Some members of NOVATEK's Board of Directors are simultaneously members of the Management Board. Payments to such members in relation to their activities as members of the Management Board are included in the total payments to members of the Management Board.

Internal Control and Audit

The Company has a system of internal control over financial and business operations in accordance with international best practices. The process of internal control is an integral part of the risk management process.

The system of internal control consists of the Board of Directors, the Audit Committee, the Chairman of the Management Board, the Management Board, the Revision Commission and the Internal Audit Division.

The objects of internal control are OAO "NOVATEK", its subsidiaries and joint ventures, and their subdivisions, as well as their ongoing business processes.

Revision Commission

The Revision Commission is an internal control body responsible for oversight of the Company's financial and business activities. It consists of four members elected for a one-year term by the Annual General Meeting of Shareholders.

The Revision Commission audits the Company's financial and business performance for the year, as well as for any other period as may be decided by its members or other persons authorized in accordance with Russian Federation law and the Company's Charter. The results are presented in the form of findings by the Revision Commission.

In March 2015, the Revision Commission completed the on-site audit revision of financial and business activity of the Company for the year 2014. As a result, the conclusions about the reliability of the data contained in the Company's 2014 Financial Statements and Annual Report were prepared and submitted to the Annual General Meeting of Shareholders.

Internal Audit

In order to conduct a systematic, independent evaluation of the reliability and effectiveness of the risk management and internal control system as well as corporate governance practices the Company carries out internal audit. The internal audit function is implemented by the independent Internal Audit Division, which has operated continuously since 2005.

The Internal Audit Division is functionally subordinate to the Board of Directors and is guided by International professional internal audit standards of Institute of Internal Auditors.

The Division carries out its activities on the basis of a strategic plan of inspections approved by the Audit Committee and uses a combination of risk-based and cyclic approaches. According to the results of inspections it develops measures to eliminate identified risks and optimize financial and business activities.

To improve the efficiency and optimize the costs the Internal Audit Division employees serve on the revision commissions of subsidiaries and joint ventures.

In March 2015, the Audit Committee considered the report on the activities of the Internal Audit Division in 2014. The members of the Audit Committee unanimously resolved that the results of the Internal Audit Division activities were positive.

External Auditor

The Annual General Meeting of Shareholders appoints an external auditor to conduct independent review of NOVATEK's financial statements. The Audit Committee gives recommendations to the Company's Board of Directors regarding the candidatures of external auditors and the price of their services. Based on the Committee's recommendations, the Board proposes the auditor's candidature for the consideration and for approval by the Annual General Meeting of Shareholders.

The key external auditor selection criteria are as follows:

- professional qualifications
- independence
- risk of conflict of interest
- contract terms and pricing

ZAO PricewaterhouseCoopers Audit was approved as the Company's external auditor to conduct independent audit of the Company's financial statements for 2014.

Risk Management

NOVATEK regularly monitors potential risks seeking to mitigate their impact. The Company classifies its key risks as follows:

Operational risks

- Risks of emergencies and incidents
- Monopoly risks
- Competitive risks
- Commodity price risks
- Geological risks
- Environmental risks
- Ethical risks
- Social risks
- Terrorism risks
- Risks of early termination, suspension or restriction of the right to use subsurface mineral resources
- Country risks
- Regional risks

Financial risks

- Credit risks
- Interest rate risks
- Currency risks
- Reinvestment risks
- Liquidity risks
- Inflation risks

Legal risks

- Risk of law changes
- Litigation risks
- Risk of tougher sanctions

Risk Insurance

Risk insurance is an integral part of NOVATEK's risk management system. In 2014, the insurance coverage guaranteed adequate protection against the risks of damage to the business of the Company or its subsidiaries and joint ventures. Insurance is provided by reputable insurance companies that have high ratings by leading rating agencies (Expert RA, M. Best, Standard & Poor's) with the risks reinsured by major international insurance companies.

To reduce the risk of financial losses, the Company and its subsidiaries and affiliates maintain the following types of optional insurance:

- Insurance of the risk of property damage/loss, including the risk of mechanical failures
- Insurance of the risk of damage from business interruption
- Management liability insurance

In 2014, the Company restructured and implemented a comprehensive program of property and business risk insurance with respect to its and its subsidiaries' and joint venture's key assets. The cumulative insured amount for the risks of property damage and business interruption is RR 309 bln. The implemented program is viewed by the Company's management as an additional measure for mitigating the consequences of potential accidents and provides additional guarantees for the attainment of the expected net profit and key indicators of the Company's performance.

For more than nine (9) years the Company has maintained a management liability insurance for the top management of the Company and its subsidiaries against possible third-party claims for any losses incurred through any wrong action (or decision) made by its management bodies. The overall limit of all insurance coverage is Euro 120 mln.

Anti-Corruption Policy

NOVATEK strictly abides by the anti-corruption laws of Russia and other countries in which the Company operates. The Company also aligns its business conduct with the UK Bribery Act, as its GDRs are listed on the London Stock Exchange.

Drawing upon global and local best practices, in 2014, NOVATEK developed and approved a new Anti-Corruption Policy. The Policy sets out the Company's key anti-corruption principles expounding on the Group's goals and objectives, ongoing anti-corruption efforts and responsibility of dedicated officers.

The Policy was drafted in line with the Guidelines on Development and Adoption of Measures to Prevent and Counter Corruption issued by the Russian Ministry of Labor and Social Protection on 8 November 2013, and Guidance on Bribery Prevention Procedures issued by the UK Ministry of Justice.

NOVATEK's subsidiaries and joint ventures adopted similar anti-corruption policies as part of the ongoing effort to build a single anti-corruption compliance framework. They have also adopted and started implementing anti-corruption action plans for 2014–2016.

The anti-corruption advisor position was inaugurated in the reporting year to coordinate the Company's activities on anti-corruption matters. The advisor is vested with sufficient authority to effectively prevent all corruption-related crimes.

Anti-Corruption Goals:

- enforcing compliance with Russian and international anti-corruption legislation and high standards of ethical business conduct
- mitigating risks of corporate and employee corruption
- consistently promoting the image of a company repudiating corruption in all its forms among NOVATEK's employees, shareholders, counterparties, government and municipal authorities, and other stakeholders
- setting up a local anti-corruption regulatory base.

Anti-Corruption Objectives:

- introducing anti-corruption procedures in line with the applicable law, and communicate those to the Group's employees and other stakeholders
- compelling the Group's employees and non-executive directors to comply with the principles, limitations and requirements set out in the Policy
- ensuring information channels to communicate on acts of corruption
- educating stakeholders on the anti-corruption initiatives adopted by the Company

The Policy lists a number of initiatives to deter corruption, including:

- restrictions on gift giving/receiving and hospitality expenses
- restrictions on charity and sponsorship involving vested interests
- no political activity
- accurate financial reporting
- healthy relationships with government authorities, NPOs, counterparties and intermediaries
- prevention of conflicts of interest
- incorporation of an anti-corruption clause into the contracts

The Anti-Corruption Policy is available on the Company's official website for all stakeholders involved in the Group's ongoing operations warning them against corrupt practices in their dealings with NOVATEK.

The Anti-Corruption Policy warrants regular reassessments of corruption risks and the Policy itself in order to align them with the applicable law.

In September 2014, as part of its Anti-Corruption Policy, the Company launched a Security Hotline. Any stakeholder can report relevant cases of corruption they might be aware of by simply calling the line. NOVATEK keeps posting the Security Hotline contacts on the Company's website, on information boards and in other public spaces (including at subsidiaries and joint ventures), undertaking to ensure confidentiality.

Ethics and Integrity

NOVATEK puts great emphasis on ethics and fair play. The Company has adopted two key documents, Corporate Governance Code (adopted in 2005) and Code of Business Conduct and Ethics (adopted in 2011).

Corporate Governance Code

Corporate governance is viewed as a mean of enhancing the Group's performance, developing a uniform corporate culture, bolstering reputation and reducing the cost of capital. The Corporate Governance Code is a body of corporate conduct principles.

Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics sets out business ethics guidelines for the Company's employees providing recommendations on prescribed behavior in ethically challenging and non-standard situations.

CORPORATE GOVERNANCE CODE

General principles of corporate conduct

NOVATEK undertakes to respect the following principles in its activity:

- protection of the rights of all shareholders (including minority and foreign) and their equitable treatment
- accountability of the Board of Directors to the shareholders
- effective control over the Company's managers
- information and financial transparency
- respecting the ethics of business conduct
- abiding by the principles of social responsibility in all activities

CODE OF BUSINESS CONDUCT AND ETHICS

Members of the Board of Directors shall:

- promptly give the Chairman of the Board a written notification of personal or commercial interests in all transactions, including those involving the Company's securities
- duly disclose their jobs with other companies and third-party business interests that might prevent such members from effective discharge of their duties and responsibilities

Members of the Board of Directors shall:

- notify the Management Board of personal interests in transactions to which the Company is or intends to be a party, before such transactions are decided upon
- set up or manage no business entities competing with NOVATEK, except as allowed by the Board of Directors

The key business conduct principles include:

- respect for law, principles and rules
- integrity, transparency, ethics and reliability
- respect for property rights
- social responsibility
- professionalism and specialist expertise
- respect for employee rights and equitable treatment

Prevention of conflicts of interest

NOVATEK's internal policies seek to eliminate any potential conflict of interest. The Company's managers and employees are expected to advocate the supremacy of corporate interests separating their personal interests (interests of their family, friends, etc.) from decision-making.

Should their personal and corporate interests become incompatible, NOVATEK's managers and employees are obliged to report on that straight away. They are also supposed to refrain from all forms of competition with the Company in business and investment projects. The Company's officers are not allowed to pursue any property or financial interests in competitor businesses. They are advised to refrain from conducting related-party transactions. The Company also seeks to avoid conflicts of interest caused by giving/receiving gifts, services or any other benefits.

Confidentiality

NOVATEK treats information confidentiality as one of its key stability factors. Disclosures are made in full compliance with the applicable law, the Company's Charter and internal regulations.

Insider Information

NOVATEK has strict insider information regulations in place enacting effective compliance controls in line with the Russian Federal Law On Preventing Misuse of Insider Information and Market Manipulation and Amending Select Legislative Acts of the Russian Federation.

Protection of Property and Its Appropriate Use

Embezzlement, mala fide practices and squander have a direct negative impact on NOVATEK's profitability and reputation. The employees are hence obliged to make an efficient and reasonable use of the Company's property, capacities and financial resources.



ECONOMIC PERFORMANCE AND SUSTAINABILITY



The Company considers the sustainable development as one of the major factors contributing to the growth of its economic efficiency.

Economic Performance

Economic sustainability

NOVATEK strives to ensure the highest business integrity and performance and to elaborate its development strategy based on economic feasibility, optimization of production processes and dynamically changing economic situation in Russia and the world.

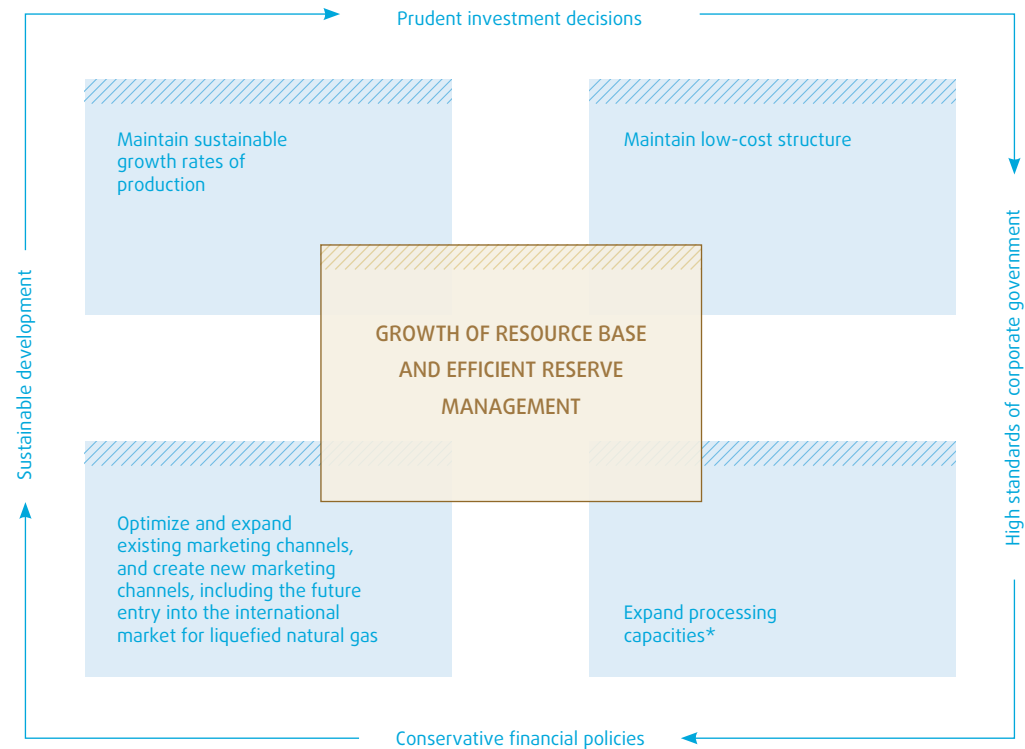
Over 20 years, NOVATEK grew from a regional business, established in 1994, to one of the world's largest natural gas producers. During the reporting year, NOVATEK has continued to grow steadily, despite the objective difficulties.

The main competitive advantage of the Company is the high quality of its hydrocarbon resource base. Together with efficient reserve management and use of cutting edge technologies it enables NOVATEK to maintain its low Finding & Development and Lifting cost structure resulting in high profitability of the Company's operations.

NOVATEK has a number of key competitive advantages namely:

- the size and structure of its hydrocarbon resource base
- the close proximity of core producing fields to existing infrastructure
- a well-developed customer base for natural gas sales
- the own facilities for gas condensate processing and product exports
- a well developed marketing channel for liquefied petroleum gases (LPG)
- the high level of operational flexibility
- the consistent and efficient use of leading edge technologies in production and processing practices

NOVATEK's Main Strategic Priorities



NOVATEK's business was undergoing a positive transformation in the reporting year. Production, processing and sales of liquid hydrocarbons, including the exports of petroleum products with high value added, such as naphtha and jet fuel, are continuously gaining importance for the Company. Liquid hydrocarbons provide a much higher profitability per unit of sales as compared with natural gas sales. The rapid growth of production and sales of liquids provides NOVATEK with broader exposure to international sales and hard currency earnings.

The Company faced a number of external negative factors in the reporting year, such as a dramatic fall in oil prices in the second half of 2014, a significant ruble depreciation, and the inclusion of the Company into sectoral sanctions list (whereby the US persons are prohibited to participate in providing financing to the Company for more than 90 days). The balanced financial policy of the Company and the rapid growth of liquids production enabled the Company to minimize the negative impact of these factors on the Company's operations. Key economic indicators of the Company continued growing: total revenues increased by 20% and amounted to RR 357.6 bln, normalized EBITDA (including the share in EBITDA of joint ventures) increased by 23%.

The Company considers the sustainable development as one of the major factors contributing to the growth of its economic efficiency.

Key Events and Achievements

- Normalized EBITDA (including the share in EBITDA of joint ventures) increased by 23.4% to a historical record of RUB 159.6 bln.
- Total revenues increased by 20% and amounted to RR 357.6 bln. The marketable production of liquid hydrocarbons increased by a record 27% to six (6) million tons, including crude oil production growth by 55%.
- The year-on-year organic proved reserve replacement ratio was 152%.
- Liquids exports increased by 20.5%, and the share of exports in the overall sales revenues grew to 28.2%.

- Launch of the first and second stages of the Urengoykoye field development (within the Samburgsky license block of the SeverEnergia joint venture), which is characterized by ultra-high content of gas condensate in the hydrocarbon production flow.
- Launch of the third stage of the Samburgskoye field of the SeverEnergia joint venture enabling the field to achieve its full production capacity.
- The Yaro-Yakhinskoye (SeverEnergia joint venture) and Termokarstovoye (Terneftegas joint venture) gas and gas condensate fields were in advanced stages of preparation to be launched in the first half 2015.

Created and distributed direct economic value, RR mln*

	2012	2013	2014
Created economic value			
Revenues	212,704	300,499	362,706
Distributed economic value			
Operating expenditures	85,428	142,919	177,497
Salaries and other payments and benefits to employees	10,677	10,903	12,009
Payments to suppliers of financial services	25,420	30,561	38,278
Taxes payable to the countries' budgets	32,988	45,037	45,587
Social investments	1,000	1,180	727
Retained economic value	57,191	69,899	88,608

* Data are based on the following methodology:

Revenues – total revenues plus interest income

Operating expenditures – operating expenses minus depreciation minus impairment of assets minus salaries and other payments and benefits to employees minus taxes other than income tax, minus social investments

Payments to suppliers of financial resources – dividends plus expense interest

Taxes payable to the countries' budgets – current income tax plus taxes other than income tax

Social investments – funds voluntarily directed by the Company to charity, sponsorship, support of local communities and not directly related to the activities of the Company and its employees.

Exploration, development and production

Licenses

Exploration and production of hydrocarbons in Russia is subject to State licensing regulations.

As of 31 December 2014, NOVATEK's subsidiaries and joint ventures held 31 licenses for fields and license areas, of which 29 are classified as either production or combined exploration and production licenses and two (2) are classified as exploration licenses. The duration of licenses for our core fields exceeds 20 years.

Hydrocarbon Reserves

As of 31 December 2014, NOVATEK's SEC proved reserves, including the Company's proportionate share in joint ventures, aggregated 12,578 mmbae, including 1,747 bcm of natural gas and 135 mmt of liquid hydrocarbons. The reserve replacement rate was 109% in 2014 and reserve to production ratio (or R/P ratio) was 28 years as at the year-end.

The reserves growth in 2014 was affected by the decrease in the Company's proportional share in the SeverEnergiya joint venture by 4.9 pp. Excluding this effect, the proved

reserves grew by 2%, with an organic reserve replacement of 152% due to successful exploration works and production drilling, which amounted to reserves addition of 733 million boe, inclusive of 2014 production.

Geological Exploration

The Company uses a systematic and comprehensive approach to exploration and development of its fields and license areas to maximize the ultimate recovery of hydrocarbons in a cost effective manner.

In 2014, we continued full-scale exploration works at our license areas located on the Gydan Peninsula and offshore in the Gulf of Ob, as well as at the fields and license areas in the Nadym-Pur-Taz region. Supplementary exploration works were carried out at the Malo-Yamalskoye field located on the Yamal Peninsula.

As a result of the conducted exploration works, Harbeyskoye oil and gas field was discovered at the North-Russkiy license area. New hydrocarbon deposits were also discovered in the Jurassic sediments of the South-Tambeyskoye field, and wet gas reserves were

increased in the Achimov deposits of the Urengoykoye field at the Samburgskiy and Olympiyskiy license areas.

Field Development

During 2014, NOVATEK's subsidiaries spent RR 57.8 billion on the development of hydrocarbon reserves as part of our capital investment program in order to achieve sustainable hydrocarbon production growth.

A total of 85 wells were put on stream, including 56 gas and gas condensate wells and 29 oil wells.

The first phase of the Urengoykoye field development was launched in April 2014, and the second phase followed in December 2014. Overall production capacity of the two phases is approximately 13 bcm of natural gas and 4.7 mmt of de-ethanized gas condensate per annum.

In December 2014, the North-Khancheykoye* gas field was commissioned with a total capacity of 0.4 bcm of natural gas per annum. Three (3) wells were in operation at the field as at year-end.

Total hydrocarbon reserves, mmbae

	2012	2013	2014
Proved (SEC)	12,394	12,537	12,578
Proved and probable (PRMS)	22,355	23,085	22,886

The Company continued its development and construction activities at a number of large fields - Yaro-Yakhinskoye, Termokarstovoye and Yarudeyskoye, with the first two fields launched into commercial production in the first half 2015.

Yamal LNG Project

Yamal LNG is an integrated project for the production, liquefaction and marketing of natural gas. The project envisages the construction of an LNG plant with annual capacity of 16.5 million tons per annum based on the feedstock resources of the South-Tambeyskoye field located in the north-east of the Yamal Peninsula. Based on total proved hydrocarbon reserves, this field is the largest field in NOVATEK reserves portfolio. According to the PRMS reserves standards, the proved and probable reserves of the South-Tambeyskoye field were appraised at 926 billion cubic meters of natural gas and 30 mmt of liquid hydrocarbons.

The South-Tambeyskoye field has already been thoroughly studied with a complex of exploration activities. The field development plan provides for the drilling of 208 wells at 19 well pads. Preparation for the construction of the first train of the LNG plant was actively underway in 2014. The launch of the first LNG train is planned for 2017.

Implementation of the Yamal LNG project provides for the establishment of transport infrastructure in the Sabetta village in the north-east of the Yamal Peninsula, including the sea port and airport. The new international port on the Yamal Peninsula is to become the largest transportation hub in the Northern Sea Route, which will ensure year-round navigation. Port construction is based on a public-private partnership. The state is financing dredging operations and construction of ice protection barriers, while construction of loading berths and other facilities is the responsibility of Yamal LNG.

Construction of the Sabetta port continued in 2014, including dredging of the approach channel. With the opening of the first winter navigation season at the Sabetta port in 2013, the port facilities handled 2.1 million tons of construction materials and equipment (2.6 times more than in 2013) delivered by 95 marine ships and 351 river barges. The orders were placed and steel was cut for the first Arc-7 ice class LNG carriers.

The first phase of construction at the International Sabetta Airport was finalized and the milestone landing of the first Boeing 737 flight took place in December 2014.

Yamal LNG is the operator of the project, the license holder and owner of all the assets.

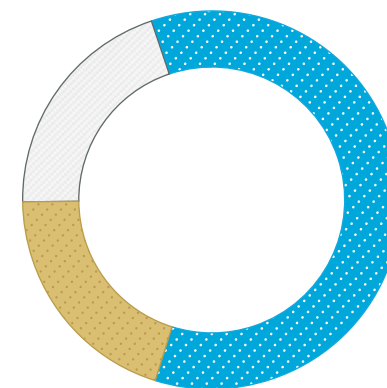
Hydrocarbon Production

In 2014, NOVATEK carried out commercial hydrocarbon production* at 10 fields. Marketable production from all fields (including the Company's share in production of joint ventures) amounted to 456.7 mboe, representing an increase of 4.0% over the prior year.

Total marketable production of natural gas including the Company's share in production of joint ventures amounted to 62.13 bcm, representing 89% of our total hydrocarbon output. Marketable production of natural gas increased by 1.5% or by 0.9 bcm, as compared to 2013 volumes**.

Marketable production of liquid hydrocarbons including the Company's share in production of joint ventures totaled 6,036 thousand tons, of which 81% was unstable de-ethanized gas condensate and the remaining 19% consisted of crude oil. Marketable production of liquids increased by 27.0% or 1,285 thousand tons as compared with 2013.

Shareholders of Yamal LNG



	NOVATEK	60%
	CNPC	20%
	Total	20%

We continued to achieve some of the lowest lifting costs in the industry (expenses directly related to the extraction and processing of natural gas, gas condensate and crude oil from the reservoir). The Company's lifting costs were RR 18.9 (USD 0.49) per boe in 2014.

* «Gross production» term was used in the 2013 Report. See Glossary.

** Natural gas production was affected by the disposal of the Company's equity share in Sibneftegas at the end of 2013. Excluding the natural gas produced by Sibneftegas, NOVATEK's natural gas production increased by 11.3% or by 6.3 bcm.

Hydrocarbon Processing

Purovsky Plant

The Purovsky Plant is the central element in the production value chain of the Company. The Plant produces stable gas condensate, and light hydrocarbons.

In early 2014 we completed the project for expanding the processing capacity of the Purovsky plant from five (5) to eleven (11) million tons. As a result, we have achieved a balance between our gas condensate production potential and processing capacity.

As a result of increasing wet gas production at our fields, the de-ethanized gas condensate processing volumes at the Purovsky Plant increased by 35.7% to 6.60 mmt in 2014. The corresponding output structure included 5,049 thousand tons of stable gas condensate, 1,032 thousand tons of light hydrocarbons, 339 thousand tons of LPG and 14 thousand tons of regenerated methanol. By the end of 2014, the capacity utilization rate at the Purovsky Plant reached 85%.

Ust-Luga Stable Gas Condensate Fractionation and Transshipment Complex

The Stable Gas Condensate Fractionation and Transshipment Complex located at the all-season port of Ust-Luga on the Baltic Sea was launched in 2013.

The Ust-Luga Complex expands our vertically integrated chain and increases sales of higher value added products as well as diversifying the geographical markets and expanding the customer base for our products. The successful implementation of the project also allowed us to improve logistics and reduce transportation costs due to a more favorable geographical location of Ust-Luga as compared to the port of Vitino, which was previously used for gas condensate exports.

The main product of the Complex is naphtha which is mainly used in the petrochemical industry. Apart from that, the Complex produces jet fuel, fuel oil and gasoil. The Ust-Luga Complex also provides transshipment

capacities to ship the stable gas condensate to global markets. The overall gas condensate processing capacity at the Ust-Luga Complex is six (6) million tons per annum.

In 2014, the Ust-Luga Complex processed 4,706 thousand tons of stable gas condensate into 4,624

thousand tons of end products, including 3,431 thousand tons of light and heavy naphtha, 472 thousand tons of jet fuel and 721 thousand tons of fuel oil and gasoil.

Key operating indicators of NOVATEK Group in 2013-2014

	Units	2013	2014	Change
Marketable hydrocarbon production (including share in production by joint ventures)				
Total production	mmboe	439.0	456.7	4.0%
Including:				
Gas	mmboe	400.4	406.3	1.5%
	mmcm	61,216	62,129	1.5%
Liquid hydrocarbons	mmboe	38.6	50.4	(30.6)%
	th. tons	4,751	6,036	27.0%
Throughput and product output of the Purovsky Plant				
Processing of de-ethanized condensate	th. tons	4,862	6,600	35.7%
Output:				
Stable gas condensate	th. tons	3,712	5,049	36.0%
Light hydrocarbons	th. tons	-	1,032	n/a
Marketable LPG	th. tons	1,088	339	(68.8)%
Methanol	th. tons	16	14	(12.5)%
Throughput and product output of the Ust-Luga Complex				
Stable gas condensate processing	th. tons	1,873	4,706	151.3%
Output:				
Light naphtha	th. tons	686	1,425	107.7%
Heavy naphtha	th. tons	836	2,006	140.0%
Jet fuel	th. tons	190	472	148.4%
Gasoil	th. tons	25	179	616.0%
Fuel oil	th. tons	94	542	476.6%

Product Sales

Natural Gas Sales

During 2014, NOVATEK supplied natural gas to 30 regions of the Russian Federation. Our customers were located primarily in the following regions (with gas sales of more than one (1) bcm per annum per region): Chelyabinsk, Perm, Stavropol, Moscow, Kostroma, Orenburg, Vologda, Sverdlovsk and Tyumen regions, Khanty-Mansiysk and Yamal-Nenets Autonomous Regions, and the cities of Moscow and St-Petersburg. The above-mentioned regions accounted for 96% of our total gas sales.

NOVATEK's 2014 natural gas sales volumes totaled 67.2 bcm, representing an increase of 4.8% compared to 2013. The growth in sales volumes was due to an increase in natural gas supplies to the Khanty-Mansiysk Autonomous Region and the Stavropol Region.

During 2014, our total revenues from natural gas sales increased to RR 230.4 billion or by 12.4%, as compared to 2013, due to an increase in year-average regulated gas prices in 2014 as compared to 2013, and the increase in the share of sales to end-customers. In the reporting year the share of end-customers in our overall gas sales volumes amounted to 94.1%.

Liquid Hydrocarbon Sales

Our total sales volumes of liquid hydrocarbons in 2014 aggregated 7,089 thousand tons, representing a 30.4% increase over 2013 volumes. The growth is attributed to higher processing volumes at the Purovsky Plant and Ust-Luga Complex, and to increased crude oil production. NOVATEK sells liquid hydrocarbons domestically and internationally. Our export deliveries in 2014 grew by 20.5% to 5,287 thousand tons.

Liquids sales revenues in 2014 increased to RR 125.2 billion, or by 35.3%, as compared to 2013. Revenue growth was mainly driven by the increase in sales volumes as well as the growth of the share of higher value added products.

Sales volumes of natural gas and liquid hydrocarbons in 2013-2014

	Units	2013	2014	Change
Natural gas sales				
Natural gas sales (including end-customers)	mmcm	64,152	67,231	4.8%
Liquid hydrocarbon sales				
Liquid hydrocarbon sales, total	th. tons	5,438	7,089	30.4%
Including:				
Petroleum products (Ust-Luga)	th. tons	1,606	4,438	176.3%
LPG	th. tons	1,078	930	(13.7)%
Crude oil	th. tons	627	903	44.0%
Light hydrocarbons	th. tons	0	504	n/a
Stable gas condensate	th. tons	2,117	303	(85.7)%
Other	th. tons	10	11	10.0%

Dividend Policy

In 2014 the Company approved the Regulations on Dividend Policy. The main change compared with the previous dividend policy is application of consolidated profit under IFRS (instead of unconsolidated profit under RAS) for calculation of the dividend size.

A decision to pay dividends as well as the size, payout time and form of the dividend is passed by the Annual General Meeting of Shareholders according to the recommendations of the Board of Directors. Dividends are paid twice a year.

In determining the recommended amount of dividend payments to be distributed the Board of Directors consider the current competitive and financial position of the Company, as well as its development prospects, including operating cash flow and capital expenditure forecasts, financing requirements, debt servicing and other such factors as it may deem relevant to maintaining financial stability and flexible capital structure of the Company.

NOVATEK is strongly committed to its dividend policy.

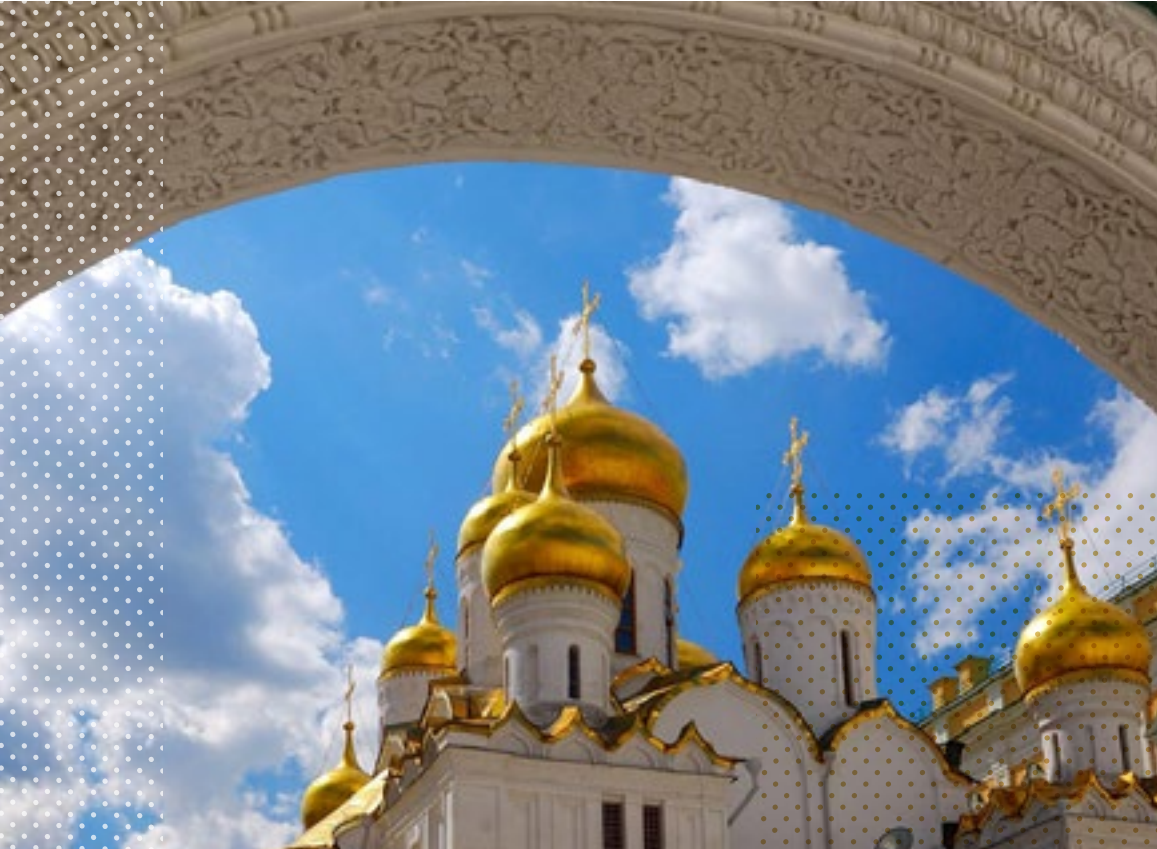
The Annual General Meeting of Shareholders of NOVATEK held on 24 April 2015 resolved to pay dividends for FY 2014 in the amount of RR 10.3 per ordinary share or RR 103.0 per one Global Depositary Receipt (GDR) (including interim dividends for the first half of RR 5.1 per ordinary share).

Accrued and paid dividends on NOVATEK shares for the period 2010 to 2014*

Dividend Accrual Period	Amount of dividends, RR per share	Total amount of dividends accrued, RR	Total amount of dividends paid, RR
2010	4.00	12,145,224,000	12,144,967,156
2011	6.00	18,217,836,000	18,217,663,073
2012	6.86	20,829,059,160	20,829,052,028
2013	7.89	23,956,454,340	23,956,348,044
2014	10.3	31,273,951,800	31,273,905,130

* The amount of paid dividends accrued for the years 2010 to 2014, is reported as of 31 December 2014.

Partial payment of the accrued dividends was made due to provision by shareholders (nominee holders) of incorrect postal and/or banking details and insufficient information regarding banking or postal details of shareholders.



EXTERNAL SOCIAL POLICY



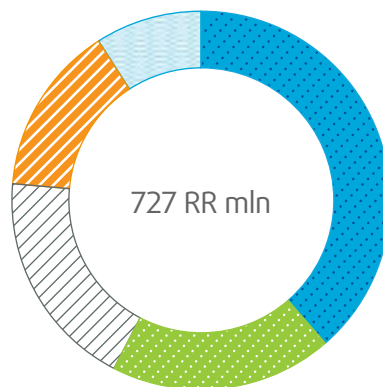
Company pays close attention to projects aimed at supporting indigenous peoples of the North, preserving and reviving Russian national values and cultural heritage, developing mass sports.

External Social Policy

NOVATEK places considerable emphasis on social policy and charity. The Company pays close attention to projects aimed at supporting culture, preserving and reviving Russian national values and cultural heritage, promoting and integrating Russian art into the world's culture, developing mass and high-level amateur sports. NOVATEK enters into agreements with regional governments across the Company's footprint and implements programs to improve living standards and preserve the distinctive cultural identity of the indigenous peoples of the Far North.

In 2014, the NOVATEK Group donated RR 727 mln in charity, cultural and educational projects and initiatives, and provided financial support to indigenous minorities of the North. Most of the funding (38.6%) was spent on supporting indigenous peoples of the North. Cultural, sports and educational sponsorship were equally funded, which is reflected in the social investment structure.

Social Investment Structure, %



	Support of indigenous peoples of the North	38.6%
	Educational programs	19.0%
	Cultural programs	18.8%
	Sports programs	14.5%
	Other	9.1%

Cooperation with the Regions

NOVATEK contributes significantly to the social and economic development of Russian regions as a major taxpayer, employer, and a partner of governmental authorities and local communities in addressing social and economic development matters.

The Company is involved in the development of the regions both on local and federal levels and treats its contribution as a social partnership which principles NOVATEK follows in its business operations.

The Company's social investments are aimed at improving living standards and establishing favorable social conditions across its footprint.

The Company works in cooperation with the YNAO government and municipal councils (Yamalsky, Tazovsky, Nadymsky, Purovsky, and Krasnoselkupsky Districts) and authorities of the Novokuybyshevsk, Chelyabinsk, Tyumen, and Leningrad Regions based on relevant agreements.

In the reporting year, the Company implemented educational and youth programs, provided support to low-income families, financed repair and upgrade of social facilities.

Support of Indigenous and Minorities of the North

The support of indigenous minorities of the North is mainly provided under agreements with the regions within the Company's footprint.

In the reporting year, we assisted the native population in purchasing fishing and reindeer herding equipment. NOVATEK financed fuel purchases for air delivery of the nomadic population and food to remote areas.

In 2014, the Company also provided the following sponsorship assistance:

- legal advice, training courses and workshops, printed media for the Russian Association of Indigenous Peoples of the North;
- hovercraft purchase to transport people across the Nadym river during transitional seasons, constructing a modular nursery school with a sandwich panel system for 50 children at the village of Nori (the Nadym District);
- funding for a 100-ton cold storage facility construction at the village of Gyda, for road construction to transport food from the cold storage facility to the bank of the Yuntose river (the Tazovsky District);
- dedicated financial support to distressed indigenous minority individuals (the Yamal District);
- support to the local indigenous peoples' rights movement, financing purchases of musical instruments and equipment for creative teams participating in various festivals and music contests (the Purovsky District);
- funding for traditional national and cultural events (Reindeer Herder's Day, Fisherman's Day, District Day) (the Krasnoselkupsky District).

In 2014, the Company was actively involved in the preparation for the Second International Congress on the World's Indigenous Peoples under the Russian Ministry of Regional Development. At the National Steering Committee meeting, NOVATEK's representative talked about NOVATEK's contribution to economic and social development of YNAO including indigenous minorities of the North.

Indigenous minorities of the North within YNAO

The Yamal-Nenets Autonomous Region is inhabited by various peoples, of which Nenets (30,000 people), Khanty (10,000 people), and Selkup (2,000 people) are native*. Almost 50% of those have primary and lower secondary education, 17% of them are completely illiterate. Their average life expectancy is 49 years.

The northern peoples lead a nomadic, semi-nomadic or settled lifestyle. They have a distinctive culture and a particular outlook on the world. Approximately 40% of the indigenous minority population lead a traditional way of life and actually live in a forest or tundra environment. They have considerable experience of survival, everyday living and working under extreme conditions. The main types of traditional economic activities are reindeer herding, hunting, fishing, gathering wild plants and traditional industries.

* The Russian census of 2010.

Educational Programs

For many years, NOVATEK Group has been developing a lifelong learning project intended to ensure an inflow of properly qualified young specialists from the regions where the Company operates. The project starts at schools, and is followed by specialized higher education, internship, and subsequent employment. This traditional staff training system is of great importance for the Company.

In 2014, the Company spent RR 49.5 mln on Gifted Children, Grants, and NOVATEK-VUZ educational programs.

The Gifted Children Program

The Gifted Children program is implemented at School No. 8 in Novokuybyshevsk, Samara Region, and School No. 2 in Tarko-Sale, Purovsky District, YNAO.

Under the program, specialized classes comprising the best talents of 10th and 11th grades are organized on a competitive basis. The standard learning program is extended to include courses in applied physics, mathematical methods of physics, advanced mathematical tasks, history of world culture, and economics.

In 2014, 58 school students were trained under this program.

The Grants Program

The Company runs two Grants programs.

The Grants Program for Schoolchildren

Under the program launched as early as 10 years ago, 5 through 11-grade students of the Purovsky District, YNAO, receive the Company's grants on a competitive basis. The program supports their intellectual and creative development, encouraging responsible and proactive attitude.

Since the program's start, the students have received 1,442 grants, including 56 grants in 2014.

The Grants Program for Teachers of the Purovsky District, YNAO

The Grants program for teachers is aimed at improving the attractiveness of the profession and establishing conditions for discovering new talents.

Since the program's launch, the teachers have received 61 grants, including 4 grants in 2014.

The NOVATEK-VUZ Program

The program focuses on dedicated high-quality undergraduates' training in key areas of the Company's operations to meet the Company's demand for young specialists. The Program covers the following universities:

- The National Mineral Resources University (Saint Petersburg),
- Gubkin Russian State University of Oil and Gas (Moscow), and
- The Tyumen Oil and Gas University (Tyumen).

The most motivated and talented graduates of the Gifted Children Program, the children of those employed by NOVATEK subsidiaries and joint ventures, and other gifted graduates of the Purovsky District schools are eligible for the NOVATEK-VUZ program.

As at 31 December 2014, 86 students were undergoing training under this program.

Students with good progress receive additional monthly payment apart from the state scholarship. Besides, each student receives commuter allowance. In the course of the training program, the students are offered paid

The 7th NOVATEK Student Forum

In May 2014, over 70 technical university students from Saint Petersburg, Moscow, Tyumen, Samara, and Kazan took part in the traditional student forum.

The forum was opened by What's NOVATEK? quiz comprising four contests: The Company's Creation and Development, The Company's Portrait, Technologies, and Audience Game. The forum saw the birth of a new tradition: the Company's CEO presented 12 students with certificates granting jobs at NOVATEK enterprises. During the forum, 18 freshmen participated in the traditional matriculation ceremony welcoming them to the NOVATEK-VUZ program.

internship within the Company. In 2014, 37 students of the NOVATEK-VUZ Program undertook an internship at the Company's subsidiaries.

Based on their academic and internship performance, the best NOVATEK-VUZ Program graduates are selected. In the reporting year, 9 graduates found jobs with the Company's subsidiaries. In total, 51 NOVATEK-VUZ graduates are employed by the NOVATEK Group.

Preserving Cultural Heritage

In 2014, NOVATEK continued cooperation with Russian leading cultural and educational institutions, charity funds, and creative teams. The Company traditionally lays great emphasis on cultural events and participation in cultural activities, and takes pride in being a partner of Russia's best museums.

In the reporting year:

- The Company was a partner of the Russian State Museum's Imperial Gardens of Russia Festival. Besides, the Russian State Museum held a solo exhibition of a famous Russian artist Alexander Samokhvalov dedicated to his 120th birthday anniversary and presenting more than 250 of his best works with the assistance of NOVATEK.
- The Company became a partner of the Manifesta 10 European Biennial of Contemporary Art jubilee edition hosted by the State Hermitage Museum in St. Petersburg.
- NOVATEK supported the Moscow Kremlin's exhibition Charles Rennie Mackintosh: Manifest of the New Style, devoted to the outstanding Scottish architect, artist, and designer.
- The Multimedia Art Museum hosted exhibitions 'Arkady Shaikhet, 1932–1941 Photography', 'The Arctic' (as part of the Arctic Days in Moscow festival), 'New Orleans in Photographs', and 'Vsevolod Tarasevich, Episode 2, Leningrad' with the assistance of NOVATEK.
- NOVATEK supported the Moscow Museum of Modern Art's 'Detective' exhibition of contemporary Russian artists' works.
- In 2014, the Company became a partner of a major cultural event, the MONUMENTA contemporary art exhibition at the Grand Palais in Paris, France, one

of Europe's leading cultural and exhibition centers, featuring the works of internationally celebrated Russian-born conceptual artists Ilya and Emilia Kabakov.

- Another 2014 landmark event was the 2.0 exhibition, a joint project of NOVATEK, the Multimedia Art Museum and the Moscow Museum of Modern Art dedicated to NOVATEK's 20th anniversary and featuring works of contemporary artists and photographers. The exhibition toured all regions of the Company's footprint, namely Novy Urengoy, Kostroma, Tyumen, Chelyabinsk, and Samara.
- NOVATEK supported Stanislavsky and Nemirovich-Danchenko Moscow Academic Music Theater's 'American Dance Week' project. During five evenings, dancing groups from the United States headed by Aszure Barton and Shen Wei were performing for Russian audience.
- NOVATEK also continued as a General Partner of the Moscow Soloists Chamber Orchestra led by Yuri Bashmet. NOVATEK supported the All-Russian Youth Symphony Orchestra touring Geneva, Brussels, and Paris. The Company arranged the Moscow Soloists Chamber Orchestra's concerts in Moscow, Kostroma, Chelyabinsk, and Novy Urengoy to celebrate its 20th anniversary.
- In 2014, NOVATEK became a partner of the Arctic Days in Moscow, a federal Arctic forum organized by the Russian Ministry of Natural Resources and Environment. The forum agenda included the Open Arctic International Research Conference, photo exhibition and International Festival of Non-Fiction Films. The Arctic photo exhibition was hosted by the Multimedia Art Museum (former Moscow House of Photography) with the assistance of NOVATEK

Sports

Mass and high-level amateur sport programs are of major importance for NOVATEK.

In 2014, the Company acted as General Partner of the Russian National Football Team and NOVA Volleyball Club from Novokuybyshevsk. It also promoted cooperation with Spartak Basketball Club (St. Petersburg), Tyumen Region Volleyball Federation and Amateur Sports Foundation. In 2014, NOVATEK-Chelyabinsk continued providing support to the Metallurg Hockey Club, and sponsored an indoor soccer match for schoolchildren.

In 2014, NOVATEK was also cooperating with the Russian Federation of Acrobatic Rock 'n' Roll, and supported the following tournaments:

- Acrobatic Rock'n'Roll & Boogie Woogie World Masters,
- Russian National Acrobatic Rock'n'Roll Games,
- North-Western Federal District Acrobatic Rock'n'Roll Championship and Games (St. Petersburg),
- Acrobatic Rock'n'Roll World Cup (Sochi),
- Acrobatic Rock'n'Roll Russian Cup (Kazan).

NOVATEK also provides assistance to the Student Basketball Association, an umbrella organization bringing together sports teams from nearly all Russian universities. In 2014 the Company sponsored various matches between over twenty student teams.

In the reporting year, NOVATEK extended financial assistance to the YNAO Olympic Training Center, Figure Skating and Ice Hockey Federations.

Volunteering

NOVATEK promotes and highly prizes employee contribution to support low-income social groups. Founded in 2008, the Company's All Together Volunteer Movement went on with its charitable work relying heavily on the enthusiasm of its most distinguished members who raise funds and stage charitable events. The volunteers primarily focus on assistance to orphaned children, children suffering from various illnesses, and elderly people.

In 2014, the volunteers went on regular visits to Orphanage No. 2 in Vyshny Volochok to socialize with the kids and arrange various festivals, tours, outings and sports events. They were also bringing to the orphans clothes, homeware and gifts donated by the Company's employees. In addition, the employees' donations were used to buy gifts for the Orphanage's graduates. On occasion of 1 September, the volunteers collect school supplies to take them to the Orphanage kids (the Back to School Initiative). In December, one of the Company's

offices organized the Tree of Wonders Event seeking to collect New Year gifts for children. Every employee would pick up a letter of wishes and provide a gift for the kid. The event also offered an opportunity to raise funds for children's needs.

On the occasion of the Donor Day Events (May and November 2014), the volunteers also raised funds to help treat children with severe diseases. The above events are held regularly in cooperation with the Gift of Life Foundation.

The volunteers also supported the Home of ROST Initiative (Ivanovo Region, Petrovsky Town) seeking to prepare orphaned children for life in adoptive families and provide comprehensive development opportunities for them.

The All Together Movement also aims to help the WW II veterans and elderly people from nursing homes.

NOVATEK-Veteran Program

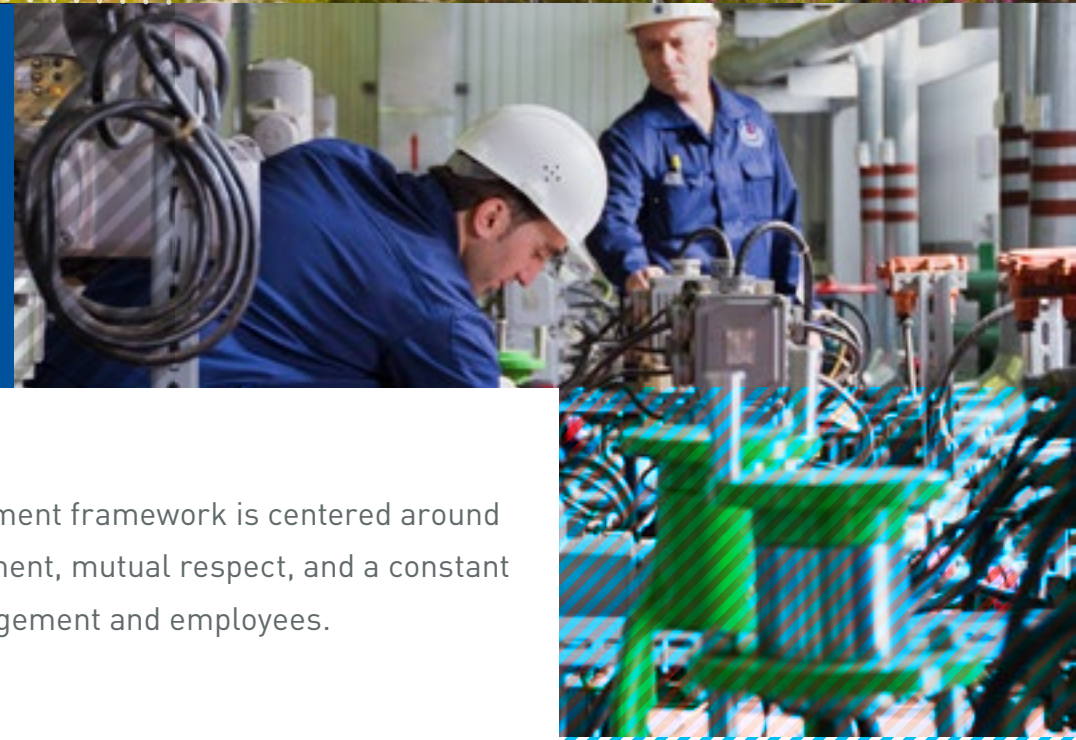
The NOVATEK-Veteran Social Protection Foundation was founded in 2005 to provide social assistance to ex-employees of the oil and gas sector with a considerable employment track record in the Russian Far North. Being the only NPO in the Purovsky District, YNAO, by the end of 2014, the Foundation provided support to 900 people. Its key focus area is financial and moral assistance to veterans.

Multiple cultural events were held for veterans in 2014 on occasion of holidays (including industry specific). In addition, veterans participation in third-party events, like concerts, festivals, etc. was organized. The Company also organized the traditional exposition of veterans' art works. In 2014, the exposition was dedicated to the 20th anniversary of NOVATEK. Cooperation with the youth council of NOVATEK-Tarkosaleneftegaz allowed retirees to take part in the Victory Parade Initiative. The Company also maintained cooperation with the Mercy Non-Profit Organization for Disabled People, which provides in-home care for disabled retirees.

In the reporting year, the quarterly financial assistance to veteran amounted to RR 3,660 per person. The assistance amount was increased by 6% on 1 January 2014. In 2014, the Company spent a total of RR 23.4 mln to fund the NOVATEK-Veteran Program.



EMPLOYMENT PRACTICES



NOVATEK's HR management framework is centered around fair and equitable treatment, mutual respect, and a constant dialogue between management and employees.

Employment Practices

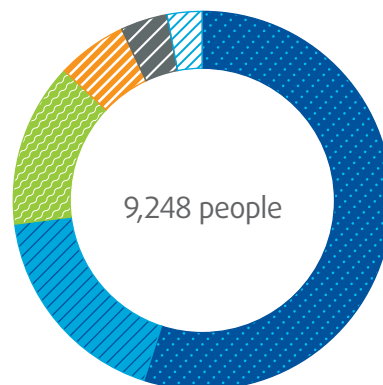
Personnel

NOVATEK emphasizes responsible and equitable treatment of employees as a key element of sustainable development. Our human resources is our vital asset ensuring growth and advancement of our competitive positions. The Company recognizes the immense contribution its staff make to the Company's current and future business through their intellectual, physical and creative effort.

NOVATEK's HR management framework is centered around fair and equitable treatment, mutual respect, and a constant dialogue between management and employees. We care about professional growth of our people, which is manifested by our effective training and development system.

As at the end of 2014, the headcount of NOVATEK, its subsidiaries and joint ventures amounted to 9,248 people*. A majority of our people are employed full-time, with NOVATEK as their primary employer. This Report does not include part-timers, as their share is marginal to the Company (below 0.5%). We source practically no services from freelancers, sole proprietors or practitioners.

Personnel Breakdown, including NOVATEK, its subsidiaries and joint ventures, at 31 December 2014, %



	Exploration and Production	55%
	Marketing and Sales	18%
	Processing	14%
	Administrative	6%
	Auxiliary production	4%
	Transportation	3%

Personnel breakdown by sex and region, at 31 December 2014

Location	Female	Male	Total
YNAO	907	4,772	5,679
City of Moscow	501	724	1,225
Moscow Region	2	4	6
St Petersburg	23	14	37
Leningrad Region	92	396	488
Volgograd Region	97	94	191
Astrakhan Region	10	10	20
Kostroma Region	105	78	183
Perm Territory	10	10	20
Tyumen Region	72	123	195
Samara Region	0	1	1
Stavropol Territory	1	7	8
Chelyabinsk Region	615	309	924
Rostov Region	69	111	180
Cyprus	3	0	3
Singapore	1	4	5
Poland	20	37	57
Switzerland	14	12	26
Group of Companies' total	2,542	6,706	9,248

* Hereinafter (in the text and calculations behind the figures reported), this number accounts for full-time employees, with NOVATEK, its subsidiaries or joint ventures as their primary employer.

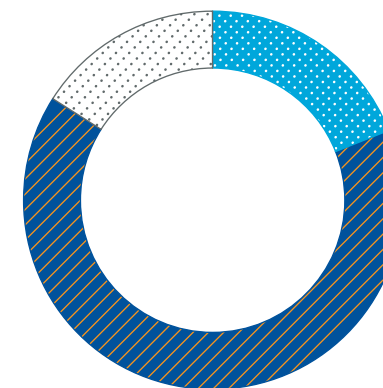
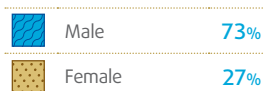
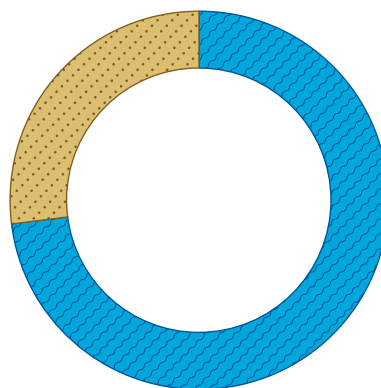
As at the end of the reporting year, over one half of the Company's staff (61%) were located in the Yamal-Nenets Autonomous Region (YNAO), with Moscow-based subsidiaries and joint ventures accounting for approximately 13% of the staff. NOVATEK's global subsidiaries employed some 100 people.

A majority of the staff are male (73%) due to the specific nature of our core business. That said, male and female employees enjoy equitable treatment and equal opportunities.

Our team is mainly (65%) in the most active age of 30 to 50.

In 2014, we hired 2,208 new people. In the reporting year, 161 employees took their maternity and child care leaves.

Personnel Breakdown by Sex and Age including NOVATEK, its subsidiaries and joint ventures as at 31 December 2014, %



Management Breakdown by Sex and Age, at 31 December 2014, people

Top managers	Female	Male	Total
Up to 30	0	2	2
30-50	25	99	124
Above 50	6	35	41
Total:	31	136	167

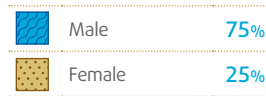
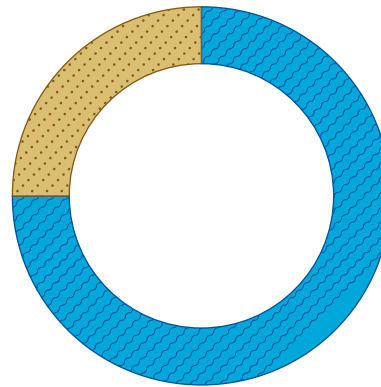
Most of our staff (92%) are hired based on open-term employment contracts and are male.

People employed based on open-term contracts are approximately equally split between males and females.

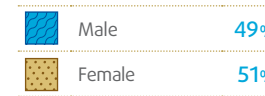
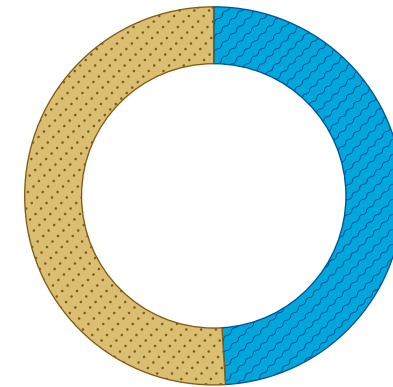
In 2014, NOVATEK personnel's minimum compensation in the key regions of operation (Moscow and YNAO) was almost twice as high as the local official minimum wages.

Minimum Wage, RR		
	City of Moscow	YNAO
NOVATEK Personnel's Minimum Compensation in 2014	26,600	20,500
Official Minimum Wage as at 1 January 2014	12,600	11,171
Official Minimum Wage as at 1 July 2014	12,850	12,431

Open-Term Contract Personnel Breakdown by Sex, at 31 December 2014, %



Fixed-Term Contract Personnel Breakdown (740 people, 8% of total) by Sex, at 31 December 2014, %



Corporate Technical Competency Assessment System

In 2011, OAO NOVATEK and its core subsidiaries introduced the Corporate Technical Competency Assessment System designed for testing professional potential of their engineers and technical specialists. The system helps monitor the growth of employees' technical competencies and assess them when employing people or promoting them to higher positions.

In addition, 2014 saw over 100 qualification lists developed for production positions at Arcticgas. In late 2014, 112 Arcticgas employees were tested, with testing to be continued in 2015.

A total of 343 people were tested under the system during the year, including 39 people engaged to fill vacant positions and 104 employees promoted to higher jobs.

Personnel Training and Development

Personnel training and development programs are key to enhancing our performance and fostering operational excellence, particularly amid the rapid expansion of technology and management systems.

In 2014, 9,000 employees of the NOVATEK Group were trained in a variety of programs embracing almost 128,000 hours in total.

The gender structure of employees trained is generally on par with the overall gender composition of our team. Training for blue-collar workers took twice as much time as that for others on average.

The Successor Program

Ten executives continued their participation in training activities aimed at developing a common understanding of the goals and strategy of NOVATEK in order to prepare for higher level positions within the Company. During 2014, the Higher School of Management (at Higher School of Economics in Moscow) trained our executive staff in a dedicated program with a focus on structuring the knowledge of corporate governance principles as applied to an oil and gas business. The trainees took part in courses like Personal Effectiveness and HR, Project Management, Principles of Financial Management, Decision Making and Management of Oil and Gas Resources: International and Russian Practices. To complete their training, NOVATEK executives defended individual projects.

Average Training Time by Sex, in 2014

	Male	Female
People	6,501	2,412
Total training hours	105,725	22,077
Average training hours per person	16.26	9.15

Average Training Time by Title, in 2014

Average training hours per person	
Top managers	25.93
Middle managers	32.05
White-collar workers	28.95
Blue-collar workers	65.74

The Technical Training Program

Specialized training courses for employees of production subdivisions under the Technical Training Program were conducted at Gubkin State University, the Petroleum Learning Center at Tomsk Polytechnic University, St Petersburg Energy Institute of Professional Development, NExT Schlumberger educational center and other establishments. In 2014, 183 employees underwent training under the program.

The Steps in Discovering Talents Program

In 2014, we had our second class of graduates of the Steps in Discovering Talents program, with 20 young specialists taking part in the onboarding sessions and on-the-job training. By autumn 2014, 50 new young specialists had joined the program.

In 2014, young specialists participated in the Mentoring Culture training courses together with their mentors for the first time. In total, 24 mentors attended the training.

Research-to-Practice Conference for Young Specialists

The 9th Interregional Research-to-Practice Conference for the Company's young specialists attended by 67 employees was held in Moscow in September 2014. All the competition winners received cash prizes, while 16 prize-winners, including those nominated in the Best Implemented Project category, were offered education at international oil and gas training centers in the UAE and Qatar.

Trade Union Relations

Nearly half of NOVATEK's workforce (49.6% of employees) are trade union members. The constructive dialogue between the Company's management and trade unions helps defuse social tensions related to labor disputes. Regular talks with trade unions have contributed to the establishment of an effective workforce feedback, which allows the Company to identify potentially challenging issues and respond to them at short notice. The long-standing application of this policy has ensured that the Company has never seen a single case of stoppages or strikes due to labor disputes between the workforce and management.

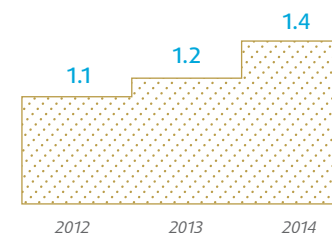
All the critical issues, including occupational health and safety, are covered by official agreements with trade unions. Trade unions also directly participated in the development of dedicated social programs.

In 2014, the Company spent a total of RR 4.7 mln to support trade unions.

Social Policy

NOVATEK's social policy is being implemented in line with the Concept adopted in 2006, which provide for a comprehensive and coherent approach to addressing social challenges.

NOVATEK Group's Total spendings on Internal Social Dedicated Programs, RR bln



Targeted Compensation and Socially Important Payments Program (RR 526 mln spent in 2014)

This program provides targeted free support to the Company's employees in specific life circumstances, including childbirth, death of a family member, retirement, etc.

In 2014, NOVATEK was seeking to create jobs for disabled people in Tarko-Sale, Novy Urengoy, Tyumen and Sabetta. 39 disabled people received monthly financial assistance from the Company, with NOVATEK allocating a total of RR 9 mln for these purposes.

**State Guarantees Support Program
(RR 58 mln spent in 2014)**

The program covers employees working in the Far North and equal-status localities, providing compensation for vacation travel expenses (including luggage transportation to/from the respective vacation destinations) for the employees and unemployed members of their families. A total of 2,732 people received the compensation benefits in 2014.

**Workforce Voluntary Medical Insurance
(RR 87 mln spent in 2014)**

As an addition to the compulsory health insurance, this program provides full outpatient care, dental care, emergency and scheduled hospitalization.

To mitigate the risk of occupational diseases in the Company's Far North facilities, the employees undergo comprehensive medical exams every two years.

**Health Resort Treatment
and Rehabilitation Program
(RR 89 mln spent in 2014)**

Employees and their families can purchase health resort vouchers at a discount.

In 2014, a total of 2,417 people purchased vouchers under this program to spend their vacations in 45 health resorts located in Russia's most picturesque settings.

Pension Program

In 2014, the Company transferred RR 1.4 bln of mandatory contributions to the Russian Pension Fund in line with the applicable labour laws.

NOVATEK also undertook to pay supplementary benefits to the retired employees in line with the 2007 Regulations

on Social Benefits for Retired NOVATEK Group Employees. Employees with an employment track record of at least five years who leave work at a full retirement age are entitled to monthly benefit payments from the Company (suspendable in case of the retiree's employment). The benefit amount is subject to the employee's average salary, employment track record and geographical location. In 2014, the Company spent a total of RR 30.6 mln to pay out the supplementary benefits.

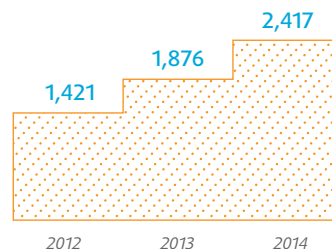
The program is an unsecured pension scheme with fixed benefit amounts calculated on the basis of inflation forecasts, pay raise rate analysis, the Company's remuneration policy and demographic assumptions. In the Consolidated Statement of Financial Position, the current value of fixed pension liabilities is recognized as «Other long-term liabilities» and stands at RR 1.2 bln as at 31 December 2014.

The 2014 average monthly benefit amount (following a 6% annual increase on 1 January 2014) was as follows:

- RR 5,889 in Moscow, Far North and equal-status localities;
- RR 2,032 in Perm and other cities.

As at 31 December 2014, a total of 559 people participated in the program.

Number of People, who Purchased Health Resort Vouchers under NOVATEK's Program



Repayable Financial Aid Program (RR 528 mln spent in 2014)

The program has two focus areas:

- short-term special-purpose loans intended for employees who experience economic hardship.

A total of 184 employees applied for loans under this program in 2014.

- special-purpose interest-free home loans to employees residing in Tarko-Sale, Novy Urengoy, Moscow, and Tyumen.

In 2014, a total of 46 families took out special-purpose interest-free home loans under the program. In 2014 the Company also continued construction of 156 new apartments in the town of Tarko-Sale.

Corporate Awards Program (RR 11 mln spent in 2014)

NOVATEK's top-performing employees are entitled to government, industry and corporate awards, and distinctions from the Company's subsidiaries.

The Company's corporate awards include Honoured Employee of NOVATEK, NOVATEK Certificate of Merit and NOVATEK Letter of Gratitude. The Honoured Employee of NOVATEK is the highest corporate distinction that can be conferred on a maximum of five employees each year.

Corporate Cultural and Sporting Events Program (RR 106 mln spent in 2014)

The program is an essential element of the Company's corporate culture.

Sports

NOVATEK has traditionally laid great emphasis on regular physical exercises. For that purpose, the Company rents gyms, swimming pools and playgrounds, and offers its employees partial reimbursement of gym membership fees.

Number of employees who received awards in 2014

Award	Number of recipients
Government awards	5
Medal of the II Degree Order for Merits and Dedicated Service to the Country	2
Distinguished Employee of the Russian Oil and Gas Industry	3
Industry awards	31
Certificate of Merit from the Russian Ministry of Energy	15
Letter of Acknowledgement from the Russian Ministry of Energy	16
Corporate awards	267
Honoured Employee of NOVATEK	5
NOVATEK Certificate of Merit	119
NOVATEK Letter of Gratitude	143
Subsidiary awards	199
Subsidiary Certificate of Merit	199
Total:	502

In addition, the Company frequently holds corporate sports competitions, including annual indoor soccer matches, volleyball and swimming competitions. 2014 also saw the first edition of the Great Race sporting event. NOVATEK is committed to traditional values and sees sports and physical culture as a unifying phenomenon that fosters friendship and understanding among employees and their families

Corporate Cultural Events

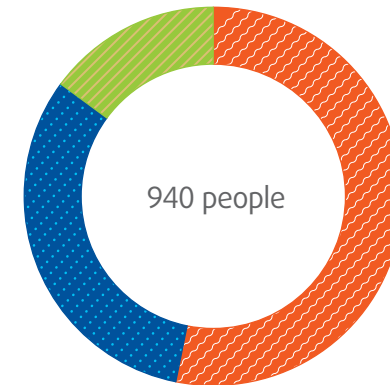
NOVATEK has a special focus on corporate culture and communal leisure activities, as they contribute to a favourable working environment within the Company. NOVATEK’s subsidiaries stage festive events to mark the International Women’s Day, Defender of the Fatherland Day, Oil and Gas Industry Employee’s Day, and New Year.




In 2014, the Company organized multiple events for employees and their families to celebrate NOVATEK’s 20th anniversary. Those included a wide range of corporate festivities, parties, concerts, theatre shows and contests. In September 2014, for the first time ever, employees from the Moscow Office got together at a corporate event in Sochi.

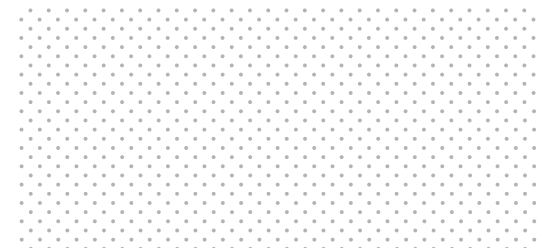
In December, the Company’s partners, employees and their families enjoyed the devoted performance of Yuri Bashmet.

NOVATEK has gone into partnerships with the Tretyakov Gallery, Moscow Kremlin Museum, and Multimedia Art Museum to enable its employees, their families and friends to admire the masterpieces of Russian and world art. A total of 940 people enjoyed the benefits offered by this program in 2014.

Museum Admissions under NOVATEK’s Corporate Program, in 2014



	Moscow Kremlin	500
	Multimedia Art Museum	300
	Tretyakov Gallery	140





PROCUREMENT PRACTICES



The Company treats all prospective suppliers equally.

Key Approaches

NOVATEK adheres to principles of fair competition and carries out corporate procurement on a tender basis.

The Company's procurement is in line with its internal policies and regulations. The main document governing the NOVATEK Group's procurement is Regulations on the Organization of Competitive Tendering.

NOVATEK has a decentralized supply structure. The tenders are mostly organized by subsidiaries and joint ventures of the Company, while NOVATEK controls the procurement process. This approach increases responsibility of subsidiaries and joint ventures for the outcome.

Capital intensive purchases (e.g. oil and gas equipment) are made through public tenders allowing the Company to diversify its suppliers and ensure best conditions.

The Company treats all prospective suppliers equally. Any company may take part in a tender, as long as it is eligible and has filed a duly completed application form. Counterparties are selected primarily on the basis of their pricing, delivery terms, quality of their products or services, financial stability and business reputation. The Company also takes into account the weighted average cost of equipment ownership. An important factor is the supplier's production and technical capabilities and the relevant business focus. A successful track record of operating the supplier's equipment in the Far North is preferred. All things being equal, preference is given to Russian suppliers.

Supply Chain Management

If the supplied complex equipment's operational quality and reliability are affected materially by its components, the supply chain management approach is used.

In most cases, this approach is required when modular equipment is supplied by providers of shut-off and control valves and automation and control equipment. In that case, NOVATEK, its subsidiaries and joint ventures select the sub-suppliers in accordance with the competitive procedure. The principal supplier under the relevant contract is then informed of the results.

The same procedure applies to the procurement of materials and equipment by contractors. In that case, the suppliers of expensive materials, namely shut-off valves, cables, cable support and cable heating systems, and pipe products are pre-selected based on the competitive procedure.

Import Substitution Policy

OAO NOVATEK pays great attention to import substitution and local manufacturing of core process equipment in Russia.

NOVATEK realizes the need for domestic products with the total cost of ownership being lower versus its foreign counterparts but with the same price-quality ratio. NOVATEK's experts are actively involved in oil and gas companies' meetings under the Russian Ministry of Industry and Trade. The Company cooperates closely with the leading Russian oil and gas equipment manufacturers, joining forces to identify foreign equipment to be primarily substituted with Russian counterparts.

In 2014, NOVATEK Group's procurement spending amounted to approximately RR 385 bln, of which Western Siberia suppliers accounted for approximately 17% with YNAO suppliers being one third of this amount.



OCCUPATIONAL HEALTH AND SAFETY



NOVATEK's Integrated Management System for Environmental Protection, Occupational Health and Safety (IMS) is the primary tool for implementing NOVATEK's HSE Policy.

Occupational Health and Safety

66

Occupational Health and Safety Goals and Objectives

NOVATEK's primary goal as regards occupational health and safety (OHS) is to protect human life and health, and we take every effort to become a responsibility leader in the field through compliance with the highest safety standards, monitoring, use of advanced technologies, and staff training.

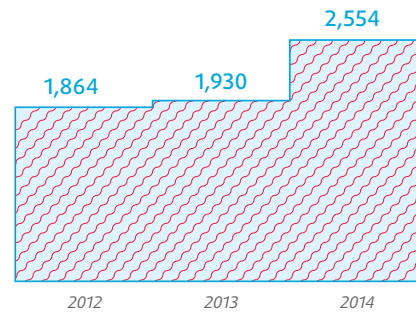
Since 2005, NOVATEK has implemented its Health, Safety and Environment (HSE) Policy. Since 2009, the Company has used the Integrated Management System for Environmental Protection, Occupational Health and Safety (IMS) compliant with ISO 14001:2004 and OHSAS 18001:2007. In 2014, NOVATEK successfully passed another IMS recertification audit.

OHS expenditures in 2014 amounted to RR 168 mln.

Special Assessment of Working Conditions

Special assessment of working conditions includes workplace certification to evaluate the impact of hazardous workplace factors. Based on certification results, measures to improve working conditions are developed and implemented. In the reporting year, 2,554 workplaces were certified, with no workplaces with unacceptable working conditions identified.

Numbers of Workplaces Certifications



Operational Control

Pursuant to the Federal Law On Industrial Safety of Hazardous Production Facilities and Rules on the Organization and Implementation of Industrial Controls over Compliance with Industrial Safety Requirements at Hazardous Production Facilities, all our subsidiaries have developed regulations on the organization and implementation of such industrial controls. We also established industrial control compliance commissions to run regular audits of OHS compliance.

In 2014, we kept running OHS due diligence checks on our subsidiaries and joint ventures to measure their compliance with occupational health, industrial, fire and environmental safety requirements. The Company has a three-step due diligence framework involving the occupational health engineer, management of subdivisions and plants, and NOVATEK's management and staff, to make sure that hazardous production facilities are compliant with federal OHS regulations, and workwear and other personal protection equipment is properly used.

OHS due diligence checks are done to mitigate the risk of accidents and incidents, and improve the Company's OHS control system.

In the reporting year, we conducted OHS due diligence checks on 11 subsidiaries and joint ventures. Based on their findings, relevant reports were produced, and remedial and preventive measures were developed.

In 2014, the Company's subsidiaries and joint ventures were also inspected by the NOVATEK commission. These inspections included HSE management system audits for compliance with OHSAS 18001:2007 and ISO 14001:2004 (pursuant to the company standard ISU-0-10/V2). Six inspections were carried out and reports produced with recommendations on remedial actions.

In addition to internal control, NOVATEK's facilities are regularly inspected by government authorities: Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor, Russian environmental body), Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor, Russian consumer protection body), and Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM). In the reporting year, 14 external inspections were conducted, with remedial actions taken based on their findings.

Fire Safety

Since the Company's operations may cause explosions and fires, fire safety is NOVATEK's priority. The Company's IMS includes a fire safety system compliant with the Federal Law On Fire Safety, and a fire safety policy. The policy's objective is to prevent fires and protect people and property in case of a fire.

In 2014, five NOVATEK's subsidiaries and joint ventures had licenses to service firefighting equipment and perform firefighting operations, and we also engaged contractors. Subsidiaries and joint ventures operating hazardous industrial facilities that produce, collect, process and manufacture explosives and flammable substances are protected by 13 private fire brigades. In addition, we have decided to build fire stations within prospective field development and construction projects.

In 2014, the total headcount of fire brigades serving the facilities on a 24-hour basis stood at 437 people. Twenty employees of the Company directly monitored and supervised the fire safety environment at our facilities, of which fourteen received special training (including courses and workshops) to upgrade their skills.

Fire safety training and emergency response drills are an important element of the fire safety policy. In 2014, we held induction briefings for 24,000 people. Basic fire safety training was provided to 3,000 people, with 526 people participating in evacuation drills and 645 people doing tactical fire exercises and attending fire control classes.

Inspections are regularly carried out at our subsidiary and JV facilities to check emergency response capability of the subdivisions and personnel, and assess the resources of in-house and external professional emergency response and rescue teams. In 2014, we made 10,000 patrols, tested 295 external water supply sources used for firefighting, and performed 22,000 control procedures as regards open-flame, fire- and gas-hazardous operations.

Late April 2014 saw a fire at the gas condensate de-ethanization unit of the Urengoyskoye field. During comprehensive testing of the condensate de-ethanization unit's train with the input of stable gas condensate, there was a condensate leakage, which subsequently ignited. No one was injured in the fire. We took a set of organizational, disciplinary and raising awareness measures to prevent such incidents in the future.

Accidents and Incidents

In 2014, NOVATEK's subsidiaries and joint ventures recorded 14 incidents related to partial shutdowns of core and auxiliary equipment, with no severe consequences for the Company and neither injuries nor environmental damage caused.

The Company's subsidiaries and joint ventures saw no accidents in the reporting year.

Contractor Engagement

Due to active contractor engagement, in 2014 we toughened our OHS requirements for contractors.

The work begins with selecting contractors through tender procedures, so, relevant criteria were added to the assessment sheets. Annexes containing OHS requirements constitute an integral part of contracts. In addition, we instruct our contractors on the Company's standards, conduct joint drilling and other activities.

Workplace Injury Rate

In 2014, the Company's subsidiaries and joint ventures recorded four minor workplace injuries. They were mainly caused by workplace discipline breaches and procedure violations, personal negligence of the injured, and unsatisfactory site conditions.

OHS Training

All NOVATEK's subsidiaries and joint ventures provide training on safe operating procedures, including briefings, personnel training and development, and regular qualifying tests, including those arranged at specialized training centers.

Pursuant to the amendments introduced to some of Russian laws and regulations, in 2014 we carried out ad hoc tests and around 5,000 OHS appraisals. In the reporting year, 7,595 people received OHS training with the total volume of 216,000 man-hours.

Additional training included the following courses:

- occupational health, industrial and fire safety management systems;
- transport safety;
- construction rules and procedures;
- risk assessment.

In some subsidiaries and joint ventures we have already launched regular preventive workshops and lessons learned discussions with both in-house staff and contractors. In addition to compulsory OHS training, the Company's subsidiaries and joint ventures held additional workshops on:

- safety measures for working near power lines;
- safe driving in adverse road and weather conditions.

NOVATEK regularly organizes Safety Days, The Best OHS Poster contests and other events, with their total number in the Company's subsidiaries and joint ventures during 2014 exceeding 150.



ENVIRONMENTAL PROTECTION



NOVATEK adheres to the principles of effective and responsible business and undertake a commitment to put considerable emphasis on environmental protection.

Environmental Vision

The Company is aware of its responsibility for environmental protection and sustainable use of natural resources. As with any industrial operations, production and processing of gas and liquid hydrocarbons at NOVATEK have certain environmental impact and make environmental protection one of our top priorities. Environmental considerations are central to any production-related decisions. NOVATEK is committed to the following environmental goals:

- reducing and preventing negative environmental footprint;
- complying with Russian environmental laws and international standards;
- ensuring sustainable management of natural resources and energy, rolling out modern non-waste and low-waste technologies and technologies for safe accumulation, storage and disposal of production and consumer waste;
- improving and enhancing our environmental performance, including the environmental management system;
- keeping up personnel's environmental awareness and responsibility;
- engaging all of the Company's personnel, suppliers and contractors in achieving its environmental policy objectives.

To achieve the objectives stated in the Health, Safety and Environment Policy, prior to any operations associated with potential environmental impact, NOVATEK conducts environmental impact assessments and informs the public and other stakeholders of their results via the mass media, public hearings and meetings held, community liaison offices set up and the Company's website updated.

In addition, the Company monitors the key environmental aspects of its production operations regularly. The monitoring results are documented and analyzed to be able to develop adequately funded dedicated initiatives and environmental action plans aiming to:

- reduce emissions and discharges of pollutants;
- control waste disposal and protection of water resources;
- ensure sustainable use of land and high-quality land reclamation.

NOVATEK follows the reasonable precautionary principle. The Company aims to timely identify sources of danger, assess inherent risks, and duly respond to environmental risks.

NOVATEK upgrades its core process equipment and technologies to stand to the latest environmental requirements and industrial safety rules and uses the most environmentally friendly materials. The Company smoothly switches to the pit-free, directional and horizontal drilling, injection of industrial and consumer water waste to the intake beds, closed technological cycle of water supply, recycling and other advanced environmentally friendly technologies.

The Company engages in extensive cooperation with scientific and non-governmental environmental organizations such as the World Wide Fund for Nature (WWF), Marine Mammal Council, and Vernadsky Non-Governmental Environmental Fund.

NOVATEK representatives are members of an advisory group for preservation and study of the Atlantic walrus in the south-eastern Barents Sea and adjacent waters, and a task force focusing on environmental aspects of the Sabetta seaport construction in the Gulf of Ob.

The Company regularly reports on greenhouse gas emissions and energy efficiency (Carbon disclosure project, CDP) and use of water resources (Water Disclosure, CDP).

Environmental protection initiatives, awareness and commitment at all corporate governance levels of Yamal LNG (NOVATEK's JV) were duly recognized by the Eighth International Conference Marine Mammals of the Holarctic held in St. Petersburg in September 2014, where the Company acted as the primary sponsor and active participant in all events.

Environmental Monitoring and Industrial Control

An annual environmental monitoring program is a key tool of environmental assessment at production sites, identifying challenges and adjusting environmental policy accordingly. The Company runs its annual environmental monitoring program across its production footprint. The monitoring is carried out by independent environmental auditors (hiring qualified experts) as per applicable programs and methodologies.

It involves examining the condition of environment components, taking soil, ground, water and seabed sediment samples, checking the condition of the local flora, animals and microorganisms, and estimating air pollution. The condition of fish population and nutritive base are studied in water areas, with hydrological and hydro-chemical properties analyzed as well. Samples are studied in certified laboratories to assess the condition of environmental components and their annual changes.

The monitoring also involves visual inspection and photographing of the areas along the cross-country vehicle and walking routes. To run the environmental monitoring in the tundra zone, we use transport with low-pressure tires to preserve the fragile topsoil.

In general, in 2014 the studies showed predominantly unharmed conditions of environmental components in the target areas. At all areas outside the production footprint, the environmental condition has been classified as stable and corresponding to the background level.

In 2014, the NOVATEK Group spent RR 54.9 million to arrange and run environmental monitoring in its license areas.

To reduce the negative impact on the environment, a multistage system of Environmental Monitoring and Industrial Control (EMIC) operates at the Company's enterprises. Every major production entity of NOVATEK has a chemical laboratory fully equipped for prompt operational analysis. The EMIC feeds data to analyze and streamline our core processes.

We have implemented extensive environmental monitoring during the construction and commissioning of our Stable Gas Condensate Fractionation and Transshipment Complex at Ust-Luga. The local environmental laboratory was successfully accredited. Special attention is paid to the condition of the Luga Bay of the Gulf of Finland and its water protection zone.

Environmental Protection – Government Control

In 2014, the Federal Service for Supervision over Natural Resource Management (Rosprirodnadzor), local branches of the Federal Fisheries Agency, municipal authorities and the Public Prosecution Office held scheduled field audits at major production entities of NOVATEK with respect to environment protection and sustainable management of natural resources. Thirty (30) audits were conducted at 8 entities of the Group.

Following the audits, measures were taken to eliminate the shortages identified.

Emissions and waste

Atmospheric emissions

Higher construction volumes and commissioning of new industrial facilities in 2014 created new sources of atmospheric emissions. The number of sources increased from 1,791 (as at the end of 2013) to 3,584 (as at the end of 2014). The intensity of atmospheric emissions grew by 75% over the previous reporting period and reached 51,479 tons. At the same time, the Company achieved visible progress in reducing its methane emissions for a third consecutive year.

In 2014, the rate of atmospheric emissions amounted to 1.04 kg/boe of produced hydrocarbons generated by production entities and 0.08 kg/ton of processed hydrocarbons generated by processing entities.

Atmospheric Emissions by NOVATEK Group, tons		
	2013	2014
Air pollutant emissions, total	29,434	51,479
including:		
solids	1,906	2,353
carbon oxide	18,168	32,858
nitrogen oxide (NO ₂)	2,892	6,663
sulphur dioxide	7.9	6.74
hydrocarbons (incl. methane)	3,136	2,900
VOCs	3,271	6,685

Greenhouse Gases

Given the overall output increase, greenhouse gas emissions in 2014 increased to 4.4 mln tons of CO₂ equivalent (the calculation includes CO₂, CH₄, NO₂). The increase was driven mainly by wider use of gas as a compressor station fuel and by the larger number of well pads and flare facilities.

Indirect emissions were calculated including motor fuel that are sold via the Company's network of gas filling stations and have an impact on the climate. However, the same factor contributed to a 61.7 thousand ton reduction in emissions in 2014 as this volume substituted gasoline used as a motor fuel.

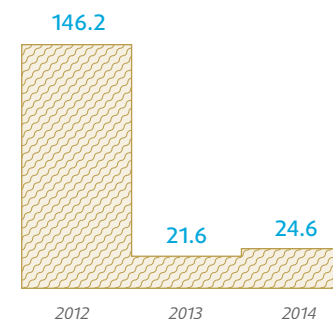
Total Greenhouse Gas Emissions in 2013–2014, th. tons of CO ₂		
	2013	2014
Direct emissions (fuel combustion and operation of production entities)	2,576	3,980
Indirect emissions (purchased energy for internal consumption)	90	116
Other indirect emissions	273	316
Total	2,942	4,413

Associated Petroleum Gas (APG)

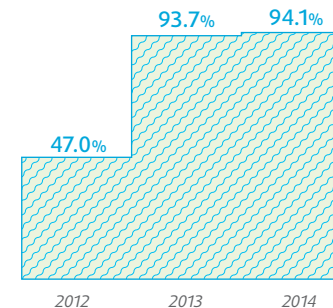
Greater utilization of APG is an important target for the Company.

Across NOVATEK Group, the level of APG utilization in the reporting year was 94.1%, which is 0.4 p.p. higher compared to 2013. APG utilization level at the East-Tarkosalinskoye field stood at 95%.

APG Flaring, mmcm



APG Utilization, %



Waste

In 2014, the overall amount of production and consumer waste generated by NOVATEK facilities was 40,560 tons, which is twice as much as in 2013. This considerable increase was caused by intensive drilling of production wells and associated drill mud. Drilling waste accounted for over 75% of the total waste volume.

Drill mud is classified as low-hazardous or virtually non-hazardous waste materials accounting for the bulk (approximately 99%) of the waste produced.

The share of class I and II hazardous waste (high-hazard) is insignificant and cumulatively comprise hundredths of a percent and are mainly found in mercury lamps and luminescent tubes containing mercury.

Production and consumption waste management is carried out in accordance with the approved guidelines. Environmental monitoring and industrial control is exercised at our waste disposal and temporary waste storage facilities. We employ innovative eco-efficient waste recycling and neutralization technologies.

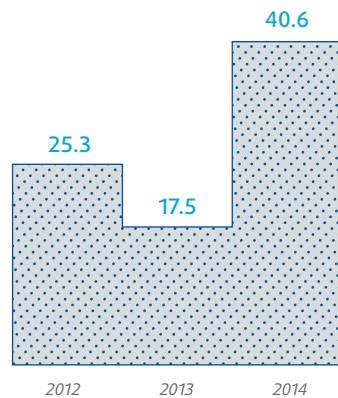
A part of waste is passed over for disposal by specialized contractors. The remaining waste, including water separated from crude oil during its treatment is used for our own needs and reinjected to maintain reservoir pressure.

In 2014, the largest part of drilling waste (24.6 thousand tons) was re-processed into gravilat and burolit

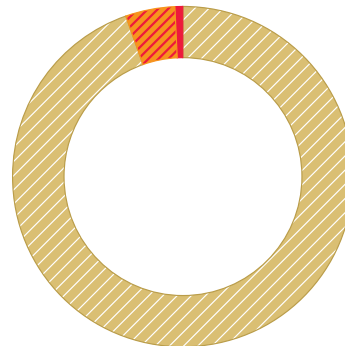
construction mix and then used to reinforce road slopes and well pads, and to restore artificial cavities. The work was carried out by specialized contractors using advanced technologies with all necessary approvals from the state environmental expert review. The quality of the materials so produced is confirmed by a certificate of compliance.

A drilling mud and cuttings thermal destruction plant has been in operation at the Yurkharovskoye oil and gas condensate field since 2008. The technology employed allows us to separate and reuse water and drilling mud. The drilling cuttings separated in the process are stored at a specialized landfill.

Production and Consumer Waste Generation, th. tons

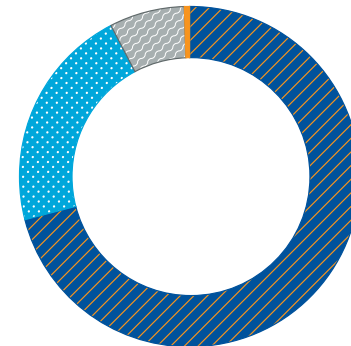


Waste Structure in 2014, %



	Class IV / low-hazardous waste	94%
	Class V / virtually non-hazardous waste	5%
	Class I,II,III / extremely hazardous waste/ highly/moderately	1%

Waste Management in 2014, %



	Used by the Company*	71%
	Placed at in-house storage facilities	21%
	Transferred to specialized contractors	7%
	Neutralized	1%

* for reinjection or restoration of artificial cavities.

Water Use and Wastewater

The Company is committed to sustainable water use and efficient wastewater treatment.

Consumption of water declined in 2014 by 5.5% YoY to 1,347 thousand cubic meters, including 1,095 thousand cubic meters for production needs and 252 thousand cubic meters for general and drinking needs. Both surface and ground water are used.

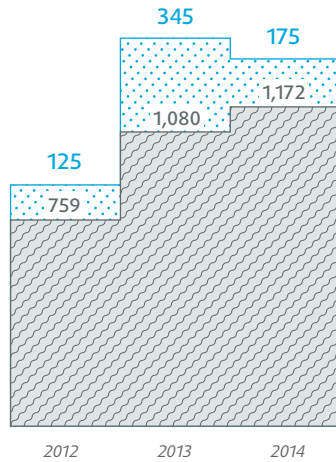
In 2014, the water consumption rate stood at 2.5 cubic meters / thousand boe for production entities and at 0.01 cubic meters / ton for processing entities.

The Company uses multiple wastewater disposal methods, including burning at horizontal gas flaring systems and injection into intake beds after preliminary purification at full-service treatment plants. After thorough treatment, wastewater is also channeled to surface

water bodies such as the Gulf of Ob in the Kara Sea and the Luga Bay in the Gulf of Finland.

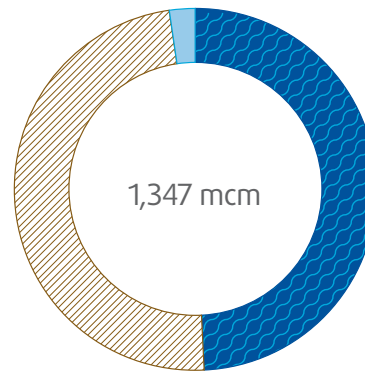
The quality of wastewater so channeled qualifies as treated to standard quality. No admissible discharge limits were exceeded over the reporting year. Analysis of samples shows that hydro-chemical parameters and concentrations of pollutants in the sea water fall within the limits for commercial fishing waters.

Water Consumption, mcm



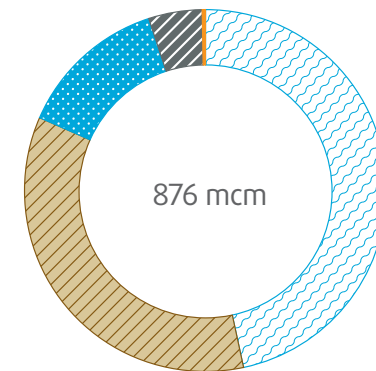
	Processing entities
	Production entities

Water Intake by Source Type in 2014, %



	Surface water	49%
	Groundwater	49%
	Municipal and other water supply systems	2%

Water Disposal Structure in 2014, %



	Gas flaring systems	47%
	Underground horizons	35%
	Surface water	13%
	Storage	5%
	Transferred to other organizations	<1%



The following water protection initiatives were implemented in 2014:

- The South-Tambeyskoye field: sewerage system was reconstructed and new treatment facilities commissioned as part of the South-Tambeyskoye gas and condensate field infrastructure project. Sabetta settlement: four sewage treatment facilities were installed to clean domestic and surface wastewater for its subsequent channeling to the Gulf of Ob and the Yavkhevo Lake. Part of equipment is in the process of being commissioned. Other treatment facilities are planned to be commissioned in 2015.
- The Termokarstovoye field: a biological treatment plant for domestic waste with a daily capacity of 60 cubic meters was under construction.

Energy Consumption and Efficiency Improvement

NOVATEK embraces a lean approach to consumption of heating energy and electricity. To ensure sustainable use of energy and fuel resources, the Company has developed the Energy Saving Program for 2013–2016 based on an energy audit. The Company employees annually update the program by introducing economically viable energy-saving arrangements. The program implies calculation of the per-unit resource consumption rates for major technological processes and auxiliary facilities.

A part of internally heating power and electricity is produced using hydrocarbons of own production. Also, a part of electricity was produced from the renewable sources of energy (solar and wind power generation). NOVATEK operates a total of 54 solar panel and wind generator sets installed on its feed pipelines as part of the automatic control and communication system.

In the reporting year, the overall reduction of energy consumption enabled by energy-saving and efficiency initiatives comprised: 666.7 thousand kWh of electricity, 3,050 Gcal of heating energy, 184.4 toe of fuel.

Energy Consumption by NOVATEK's Production Subsidiaries and Joint Ventures in 2014*		
Indicator	Units	
Total consumption of heating energy and electricity	th. Gj	3,060
Consumption from non-renewable sources (natural gas) to produce heating energy and electricity	th. Gj	4,332
Aggregate electricity consumption	mIn kWh	449
Aggregate heating energy consumption	th. Gj	1,442

* Energy consumption includes the following companies: NOVATEK-YURKHAROVNEFTEGAS, NOVATEK-TARKOSALENEFTEGAS, ARCTICGAS, NORTGAS, NOVATEK-PUROVSKY PLANT, NOVATEK-UST-LUGA, NOVATEK-TRANSERVICE.



Biodiversity Preservation

Industrial development in the Far North imposes on NOVATEK a great responsibility for ecosystem preservation. To minimize damage to unique natural resources and preserve biodiversity, the Company takes particular care in studying and preserving the northern flora and fauna.

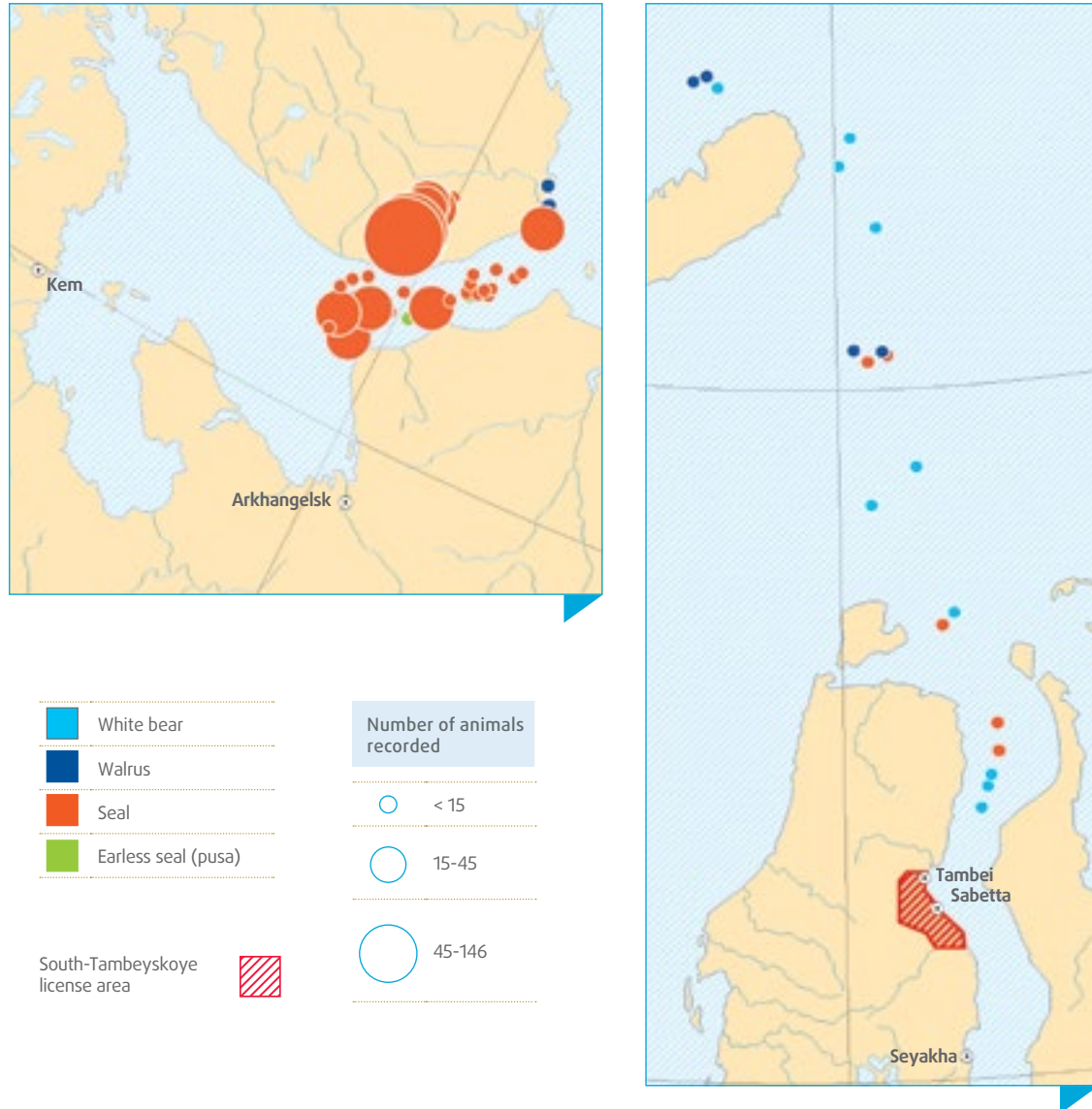
Atlantic Walrus Research

A research into the habitat of Atlantic walrus (*Odobenus rosmarus*) in the south-eastern Barents Sea and adjacent waters of the Kara Sea showed that the animals are quite rare in the area of Yamal LNG's operations at the South-Tambeyskoye field. There were only one-off instances of walruses appearing in the winter season. It was therefore concluded that NOVATEK operations do not have any direct adverse impact on these animals within the construction area.

The Company, however, uses the Northern Sea Route extensively for cargo transportation purposes and thus affects important habitat areas of these animals. According to some researchers, one of such areas is in the waters of the Pechora Sea (south-eastern Barents Sea), where a southern group of Atlantic walruses dwells all year round. The study was used to track movement pattern of ten animals that were tagged. It was discovered that the Atlantic walrus does not go outside its habitat in the Barents Sea area. Individual animals can migrate to the North end of the Novaya Zemlya island.

The research was used to provide recommendations for Yamal LNG on how to reduce adverse impact of walrus disturbance.

Places where marine and land mammals were identified along the cargo and hydrocarbons transportation routes



To receive up-to-date information, chartered vessels fix and communicate data on encounters with marine mammals providing details on where they were encountered, type and quantity of the mammals, and other reference information. This data is communicated to NOVATEK.

In 2014, ground and satellite studies were conducted on Atlantic walrus in the summer and autumn seasons.

Identification and Study of Valuable Habitats of Birds and Plant Communities

The reporting year saw the completion of the project aimed at identifying and studying valuable habitats of birds and plants communities within the South-Tambeyskoye license area. The study showed that the South-Tambeyskoye license area does not accommodate any critical habitats of birds or plants. The areas of tundra meadows identified on the slopes of river valleys are intrazonal natural sites widely spread in the Yamal Peninsula. The study did not reveal any breeding places of 21 bird species listed in the Red Book.

Environmental Damage Compensation

To compensate environmental damage caused by production facility construction, 225,000 juvenile muksun fish were grown and released into the rivers of the Ob-Irtysh basin, as agreed with a fish-breeding farm. Project costs totaled RR 1.4 mln.

To compensate damage at the Yarudeyskoye field, a contract was signed to grow 180,000 species of peled fish to be subsequently released into the waters. Project costs totaled RR 454 thousand.

Disturbed Area Reclamation

Since the 1970s, part of waste generated by exploration and drilling operations conducted in the South-Tambeyskoye field was stockpiled on the shore of the Gulf of Ob. This resulted in the accumulation of significant volumes of metal scrap, construction waste and unused drilling mud components. Yamal LNG, with its operations not linked to the waste accumulation, volunteered to clean the area. More than 10,000 tons of metal scrap and solid waste were collected at the field, approximately 7,000 tons of which were removed. 160 tons of chemical agents were sent to recycling.

The Bely Island clean-up expedition was initiated by the Administration of the Yamal-Nenets Autonomous Region and put on the federal special-purpose 2014–2025 *Environmental Remedial Action Plan*. The Bely Island is an environmental sore spot of the Arctic Region: since the 1930s, it was home to a polar weather station and a military unit. The island accommodates dilapidated buildings, machinery leftovers, fuel tanks, parts of meteorological rockets, etc. In the reporting year, Yamal LNG ensured transport service to the island using helicopters to deliver people. The Company's contribution was recognized by a letter of gratitude from the regional administration.

Environmental Protection Training

Consistent with the Company's environmental policy, we annually implement the program of employee training and development with further assessment of acquired knowledge in order to increase their EHS skills and responsibility. In 2014, 107 employees underwent training to improve their qualifications and skills, which is twice as much as in 2013.

Number of People Trained in Environmental Management		
Training programs	2013	2014
Environmental safety for managers and general business management personnel	12	20
Environment safety and hazardous waste treatment	6	28
Environment safety for managers and experts of environmental departments and environment control systems	3	10
Professional training of persons entitled to work with class I-IV hazardous waste	24	36
Other environmental programs	6	13
Total	51	107



Environmental Expenses

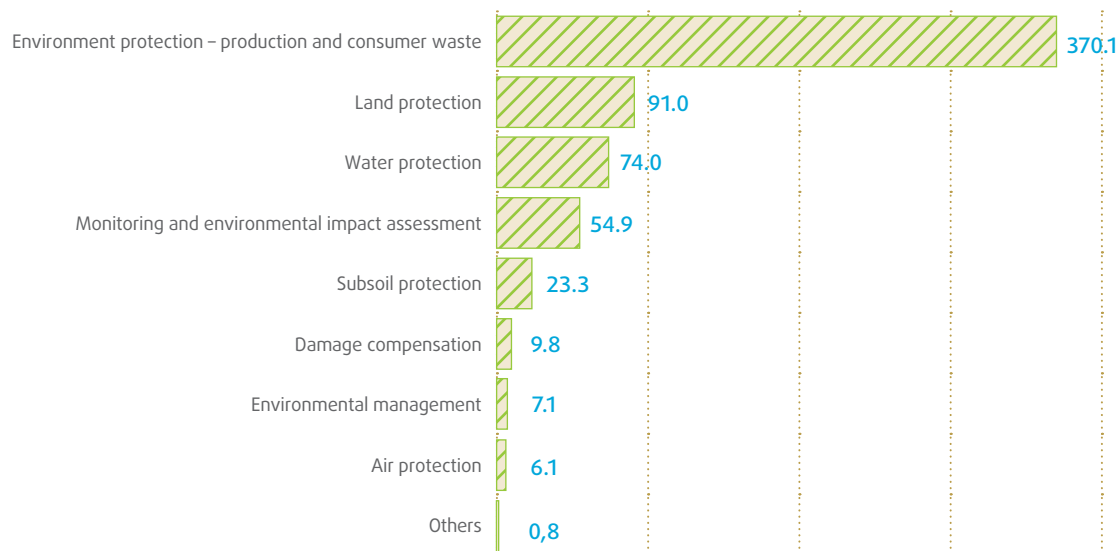
The overall environmental expenses of NOVATEK in 2014 almost doubled YoY and reached RR 637 mln.

Disposal of production waste, namely drilling mud and cuttings, accounted for the major part of the expenses (almost 60%) and totaled RR 370 mln, which is 3 times higher than in 2013. RR 91 mln was spent on land

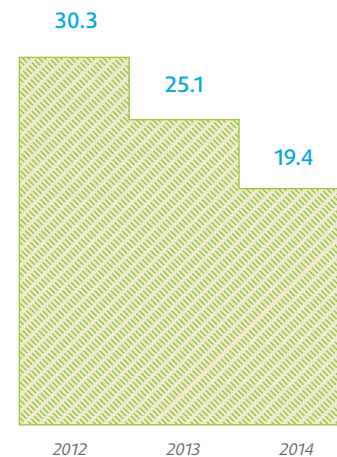
protection, covering mostly biological reclamation of open-pit mines. Considerable costs of RR 74 mln were associated with the protection and sustainable management of water resources. The biggest part of these costs was incurred in the construction of water treatment facilities at the South-Tambeyskoye field and intake wells to inject production and domestic wastewater to underground horizons at the Termokarstovoye field.

The Company clearly demonstrates a trend for lower charges for negative environmental impact. The reduction is driven by lower volumes of associated petroleum gas being burnt and reduction in drilling waste disposal. In 2014, the amount reduced by almost a quarter versus the previous year.

NOVATEK Group – 2014 Environmental Expenses, RR mln



Charges for Negative Environmental Impact, RR mln



GRI G4 Content Index

Level of disclosure External assurance

● Fully
 ◐ Partially
 ○ Not applicable

× none

Table of GRI G4 Guidelines Indicators and the Industry Protocol

Indicator Index	Section of the Report / Comments	Page of the Report	Level of reporting	External assurance
STANDARD DISCLOSURES STRATEGY AND ANALYSIS				
G 4-1	Letter from the Chief Executive Officer	3	●	×
G 4-2	Sustainability Strategy	18	●	×
ORGANIZATION PROFILE				
G 4-3	Company Profile	10	●	×
G 4-4	Company Profile	10	●	×
G 4-5	Company Profile	10	●	×
G 4-6	Company Profile, Report and Reporting Process	10, 6	●	×
G 4-7	Company Profile	10	●	×
G 4-8	Company Profile	10	●	×
G 4-9	Company Profile Employment Practices Economic Performance and Sustainability <i>At the beginning of the reporting period, NOVATEK Group included 40 entities (subsidiaries and joint ventures). At the end of the reporting period, the number of entities decreased to 38 (two companies were liquidated).</i>	10, 13, 15, 41, 55	●	×
G 4-10	Employment Practices	55	●	×
G 4-11	Employment Practices	58	●	×
G 4-12	Procurement Practices	64	◐	×
G 4-13	Report and Reporting Process	6	●	×
G 4-14	Environmental Protection	70	●	×
G 4-15	Environmental Protection	70	●	×
G 4-16	Company Profile	10	●	×
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G 4-17	Report and Reporting Process	6	●	×
G 4-18	Report and Reporting Process	6	●	×
G 4-19	Report and Reporting Process	6	●	×
G 4-20	Report and Reporting Process	6	●	×
G 4-21	Report and Reporting Process	6	●	×



Indicator Index ↓	Section of the Report / Comments ↓	Page of the Report ↓	Level of disclosure ↓	External assurance ↓
G 4-22	Economic Performance and Sustainability <i>In the Sustainability Report for 2013, terms «gross production» and «marketable production» were used. In the Sustainability Report for 2014 only «marketable production» is used to ensure a consistent system of production assessment.</i>	45	●	×
G 4-23	<i>In the reporting year, the aspects saw no material change to the scope and boundaries as compared to 2013</i>		●	×
STAKEHOLDER ENGAGEMENT				
G 4-24	Stakeholder Engagement	21	●	×
G 4-25	Stakeholder Engagement	21	●	×
G 4-26	Stakeholder Engagement Corporate Governance	23, 38	●	×
G 4-27	Stakeholder Engagement	23	●	×
REPORT PROFILE				
G 4-28	Report and Reporting Process <i>Reporting period: 1 January 2014 – 31 December 2014</i>	6	●	×
G 4-29	Report and Reporting Process	6	●	×
G 4-30	Report and Reporting Process	6	●	×
G 4-31	Contact Details	87	●	×
G 4-32	Report and Reporting Process. Table of GRI G4 Guidelines Indicators <i>There was no external assurance. Also, see comment to G4-33</i>	6, 79	●	×
G 4-33	<i>In the previous years of sustainability reporting establishment the Company used external assurance services. In 2014, the Company decided not to use third-party assurance and to carry out the Report's internal audit based on the Company's in-house capabilities and accumulated expertise</i>		●	×
CORPORATE GOVERNANCE				
G 4-34	Corporate Governance	29	●	×
G 4-38	Corporate Governance <i>Under the corporate governance structure, the General Meeting of Shareholders is the Company's supreme governance body. Details are provided on the Board of Directors acting on behalf of the shareholders</i>	29	●	×
G 4-39	Corporate Governance	29	●	×
G 4-40	Corporate Governance <i>Details are provided on the Board of Directors' members</i>	29	●	×
G 4-41	Corporate Governance	29	●	×
G 4-42	Corporate Governance	29	●	×

Indicator Index ↓	Section of the Report / Comments ↓	Page of the Report ↓	Level of disclosure ↓	External assurance ↓
G 4-48	<i>The Report is officially approved by Mark A. Gyetvay, Deputy CEO</i>		●	×
G 4-51	Corporate Governance	29	●	×
G 4-52	Corporate Governance	29	●	×
ETHICS AND INTEGRITY				
G 4-56	Corporate Governance	29	●	×
SPECIFIC STANDARD DISCLOSURES				
Category: Economic				
Aspect: Economic Performance				
G4-EC1	Economic Performance and Sustainability	41	●	×
G4-EC2	<i>Climate change is not materially affecting the Company's business operations.</i>		◐	×
G4-EC3	Employment Practices	55	◐	×
Aspect: Market Presence				
G4-EC5	Employment Practices Company Profile <i>There is no gender pay gap in the Company.</i>	55, 10	●	×
Aspect: Indirect Economic Impacts				
G4-EC7	Economic Performance and Sustainability External Social Policy	41, 49	●	×
Aspect: Procurement Practices				
G4-EC9	Procurement Practices	64	●	×
Category: Environmental				
Aspect: Energy				
G4-EN3	Environmental Protection <i>Resolution of the Russian Federal State Statistics Service No. 46 dated 23 June 1999 On Approval of Methodological Guidelines for Calculating Fuel and Energy Balance of the Russian Federation in Accordance with International Practices.</i>	75	●	×
G4-EN4	<i>All energy is consumed by NOVATEK entities internally.</i>		●	×
G4-EN6	Environmental Protection	75	◐	×
Aspect: Water				
G4-EN8	Environmental Protection <i>Actual water intake (according to flow meters)</i>	74	●	×

Indicator Index ↓	Section of the Report / Comments ↓	Page of the Report ↓	Level of disclosure ↓	External assurance ↓
Aspect: Biodiversity				
G4-EN11	<i>The Company does not operate within protected areas</i>		●	×
G4-EN12	Environmental Protection	76	●	×
G4-EN13	Environmental Protection	76, 77	●	×
Aspect: Emissions				
G4-EN15	Environmental Protection <i>Direct CO₂ emissions from biomass burning or decomposition amount to 1 mmt of CO₂ equivalent</i> <i>Please, see NOVATEK's annual disclosure report on greenhouse gas emissions and energy efficiency as part of the Carbon Disclosure Project at www.cdproject.net (The report is available for registered users).</i>	72	●	×
G4-EN16	Environmental Protection <i>Please, see NOVATEK's annual disclosure report on greenhouse gas emissions and energy efficiency as part of the Carbon Disclosure Project at www.cdproject.net</i>	72	●	×
G4-EN17	Environmental Protection <i>Indirect CO₂ emissions from biomass burning or decomposition amount to 279 tons of CO₂ equivalent.</i> <i>Please, see NOVATEK's annual disclosure report on greenhouse gas emissions and energy efficiency as part of the Carbon Disclosure Project at www.cdproject.net</i>	72	●	×
G4-EN18	<i>Please, see NOVATEK's annual disclosure report on greenhouse gas emissions and energy efficiency as part of the Carbon Disclosure Project at www.cdproject.net</i>		●	×
G4-EN19	<i>Greenhouse gas emissions decreased to 1 mmt of CO₂ equivalent.</i> <i>Please, see NOVATEK's annual disclosure report on greenhouse gas emissions and energy efficiency as part of the Carbon Disclosure Project at www.cdproject.net</i>		●	×
G4-EN21	Environmental Protection <i>Guidelines are stated in the letter of Russian Ministry of Natural Resources No. 05-12-47/4521 dated 29 March 2012.</i> <i>Guidelines for calculating pollutant concentrations in enterprises' emissions (All-Union Regulatory Document OND-86).</i> <i>Please, see NOVATEK's annual disclosure report on greenhouse gas emissions and energy efficiency as part of the Carbon Disclosure Project at www.cdproject.net</i>	72	●	×

Indicator Index ↓	Section of the Report / Comments ↓	Page of the Report ↓	Level of disclosure ↓	External assurance ↓
Aspect: Effluents and Waste				
G4-EN22	Environmental Protection <i>Actual waste water (according to flow meters)</i>	73	●	×
G4-EN23	Environmental Protection	72	●	×
G4-EN24	<i>The reporting year saw no significant spills</i>		●	×
G4-EN25	Environmental Protection <i>The Company does not transport hazardous waste.</i>	72	●	×
Aspect: Transport				
G4-EN30	Environmental Protection	73	●	×
Aspect: Overall				
G4-EN31	Environmental Protection	78	●	×
Labor Practices and Decent Work				
Aspect: Employment				
G4-LA1	Employment Practices	55	●	×
G4-LA2	Employment Practices	58	●	×
Aspect: Labor/ Management Relations				
G4-LA4	<i>Under the Russian law, the minimum notification period regarding the Company's significant operational changes is 8 weeks. Incorporated into the collective bargaining agreement</i>		●	×
Aspect: Occupational Health and Safety				
G4-LA5	<i>There are no joint health and safety committees with both managers and staff as members.</i>		●	×
G4-LA6	Occupational Health and Safety	68	●	×
G4-LA7	<i>There are no records of occupational illnesses. There are no employees with high injury rates</i>		●	×
G4-LA8	Occupational Health and Safety	58	●	×
Aspect: Training and Education				
G4-LA9	Employment Practices	59	●	×
G4-LA10	Employment Practices	59	●	×
G4-LA11	Employment Practices	59	●	×
Aspect: Diversity and Equal Opportunity				
G4-LA12	Employment Practices	55	●	×
Aspect: Equal Remuneration for Women and Men				
G4-LA13	<i>Wage rates for women and men are equal at NOVATEK</i>		●	×

Indicator Index ↓	Section of the Report / Comments ↓	Page of the Report ↓	Level of disclosure ↓	External assurance ↓
Aspect: Labour Practices Grievance Mechanisms				
G4-LA16	<i>There were no labour practices grievance</i>		●	×
Aspect: Non-Discrimination				
G4-HR3	<i>There are no records of incidents of discrimination</i>		●	×
Aspect: Freedom of Association and Collective Bargaining				
G4-HR4	<i>There are no records of subdivisions where the right to freedom of association and collective bargaining can be violated or put at significant risk</i>		●	×
Aspect: Child Labor				
G4-HR5	<i>The Company does not use child labour. There are no records of subdivisions at risk of child labour</i>		●	×
Aspect: Forced or Compulsory Labour				
G4-HR6	<i>There are no records of subdivisions at risk of forced or compulsory labour</i>		●	×
Aspect: Indigenous Rights				
G4-HR8	<i>There are no records of incidents of violations involving rights of indigenous peoples.</i>		●	×
Aspect: Human Rights Grievance Mechanisms				
G4-HR12	<i>There were no complaints regarding human rights violations</i>		●	×
Society				
Aspect: Local Communities				
G4-S01	External Social Policy Environmental Protection	49, 70	●	×
Aspect: Anti-Corruption				
G4-S03	<i>No assessment of corruption-related risks was carried out at the Company's subdivisions</i>		●	×
G4-S04	Corporate Governance	37	●	×
G4-S05	<i>There are no records of incidents of corruption</i>		●	×
Aspect: Public Policy				
G4-S06	<i>NOVATEK does not provide financial assistance for political activities</i>		●	×
OIL AND GAS-SPECIFIC DISCLOSURES (INDUSTRY PROTOCOL)				
OG1	Economic Performance and Sustainability	43	●	×
OG2	Environmental Protection <i>The Company did not invest in renewable energy</i>	75	●	×
OG3	Energy Consumption and Efficiency Improvement <i>There is no record of generated renewable energy</i>	75	●	×
OG4	Environmental Protection	71	●	×

Indicator Index ↓	Section of the Report / Comments ↓	Page of the Report ↓	Level of disclosure ↓	External assurance ↓
OG5	<i>Associated water production amounted to 68 thousand cubic meters</i>		●	×
OG6	Environmental Protection	72	●	×
OG7	Environmental Protection	72	●	×
OG8	Environmental Protection	75	●	×
OG9	External Social Policy	49	●	×
OG10	<i>There were no disputes with local communities</i>		●	×
OG11	<i>No sites are being decommissioned or have been decommissioned</i>		●	×
OG12	<i>The Company was not engaged in operations where involuntary resettlement took place</i>		●	×
OG13	Occupational Health and Safety Environmental Protection	68, 77	●	×
OG14	<i>The Company does not produce or purchase biofuels</i>		●	×

Abbreviations

AZK	fuel filling complex	Units of Measurement	
GDR	Global Depository Receipt	boe	barrels of oil equivalent
IMS	Integrated Management System for Environmental Protection, Occupational Health and Safety	Gj	gigajoule
VOC	volatile organic compounds	Gcal	gigacalorie
IFRS	International Financial Reporting Standards	kWh	kilowatt hour
EMERCOM	Ministry of Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters	cu. m	cubic meter(s)
APG	associated petroleum gas	mln	million
RAS	Russian Accounting Standards	bln	billion
SGC	stable gas condensate	t	ton(s)
LNG	liquified natural gas	toe	ton of oil equivalent
LPG	liquid petroleum gases	th.	thousand
YNAO	Yamal-Nenets Autonomous Region		
CDP	Carbon Disclosure Project		
GRI	Global Reporting Initiative		
ISO	International Organization for Standardization		
OHSAS	Occupational Health and Safety Management Systems		
PRMS	Petroleum Resources Management System		
SEC	US Securities and Exchange Commission		
WWF	World Wildlife Fund		



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