



Synergy of success

Gazprom Annual Report 2021

Gazprom Annual Report 2021

This Annual Report has been prepared based on Resolution No. 1 of PJSC Gazprom's Management Committee On Organising Activities Related to Holding PJSC Gazprom's Annual General Shareholders Meeting dated 27 January 2022.

The terms "PJSC Gazprom" and the "Company" used in this Annual Report refer to the parent company of Gazprom Group, i.e. to Public Joint Stock Company Gazprom (before 17 July 2015 – Open Joint Stock Company Gazprom, JSC Gazprom). The terms "Gazprom Group", the "Group" or "Gazprom" mean an aggregate of entities which includes PJSC Gazprom and its subsidiaries and entities. For the purposes of this Annual Report, the lists of Gazprom Group subsidiaries and entities, associates and joint ventures, as well as entities in which Gazprom has investments classified as joint operations, were prepared based on the principles used in the preparation of PJSC Gazprom's IFRS consolidated financial statements.

Similarly, the terms "Gazprom Neft Group" and "Gazprom Neft" refer to PAO Gazprom Neft and its subsidiaries and entities; "Gazprom energoholding" refers to OOO Gazprom energoholding and its subsidiaries; and "Gazprom neftekhim Salavat" refers to OOO Gazprom neftekhim Salavat and its subsidiaries.

This Annual Report determines some operating and economic metrics in accordance with the IFRS principles for Gazprom Group companies included in the IFRS consolidated financial statements of PJSC Gazprom for the year ended 31 December 2021. Therefore, they may differ from similar metrics used in reports of PJSC Gazprom, which are prepared under Russian statutory requirements.

Moreover, some operating metrics of PJSC Gazprom, its subsidiaries, entities, associates, and joint ventures are determined in accordance with the principles underlying management reporting. Metrics calculated using these methods might be not comparable between each other due to differences in the methodologies used for preparing consolidated financial statements and for management reporting.

Analysis of financial results should be read in conjunction with the audited consolidated financial statements of PJSC Gazprom for the year ended 31 December 2021, prepared in accordance with IFRS.

Among other things, the Annual Report discloses information on the future production and economic activities of Gazprom Group, based on Gazprom management's forecasts and estimates considering the current situation. Actual results may differ from the said forecasts and estimates due to the effect of various objective factors.

Conventions used in the Annual Report

 External factors

 Results

 Goals and plans

 Resources and capital

 Human capital


 Governing bodies

 Risk factors

 Organisation of operations

 Documents

 Information

 Additional information sources

Letter to Shareholders by the Chairman of PJSC Gazprom's Board of Directors and the Chairman of PJSC Gazprom's Management Committee

Dear Shareholders,

For many years, as a global energy company, PJSC Gazprom has been consistently committed to its mission of reliably and effectively supplying consumers with energy. In the longer term, demand for affordable and clean energy will rise as the global economy grows. The use of gas unlocks multiple opportunities, and its role will only continue to grow.

Our natural gas business is a key part of PJSC Gazprom's operations. In 2021, the Company delivered record performance and strengthened its leadership in the global energy industry.

One of Gazprom's key competitive advantages is its ability to rapidly ramp up its production volumes. In 2021, gas production in Russia grew by more than 60 bcm to about 515 bcm, a record high in the past 13 years. Accordingly, the increase in Gazprom's gas output covered one third of the growth in global gas consumption in 2021. Considering the market environment, the Group has achieved the strongest financial performance in its history.

PJSC Gazprom highly values its reputation as a reliable supplier. In 2021, as always, the Company fully met all its obligations to customers. In particular, we ensured reliable gas supply to Gazprom's priority domestic market amid soaring demand.

The Company continues to unlock the potential of Russia's domestic market, consistently working on fully expanding the country's gas infrastructure as far as this is technically possible. Over the past year, 342 more communities in Russia were connected to gas infrastructure.

The Company's unrivalled expertise and capabilities, continuous development of the world's largest resource base, and its large scale of operations drive its success in addressing current and long-term strategic objectives. These tasks heavily rely on technological advancement and the deployment of knowledge-intensive domestic solutions, digitisation of business processes, and environmental stewardship.

All production plans for 2021 were met. For example, gas reserves discovered by the Company in 2021 have once again, for the seventeenth year running, exceeded gas production volumes. The increase came mostly from the fields of the Yamal gas production hub, a key source of gas for the country in the 21st century. Bovanenkovskoye, Gazprom's core field in Yamal, has passed an annual production milestone of 100 bcm of gas, in a first since commissioning. A number of fields, including Kharasaveyskoye, which is unique in terms of its reserves, are also scheduled for commissioning.

The Yamal hub is well positioned to handle gas flows going both westwards and eastwards. To leverage this advantage, Gazprom is working on the Power of Siberia 2 project.

Gazprom's strong commitment to developing eastern Russia provides an impetus for the full-scale use of natural gas in the Eastern Siberian and Far Eastern regions of the country. The Company has also been building a major export channel for its supplies targeting China as the most promising foreign market.

“ In 2021,
the Company delivered
record performance
and strengthened its
leadership in the global
energy industry ”

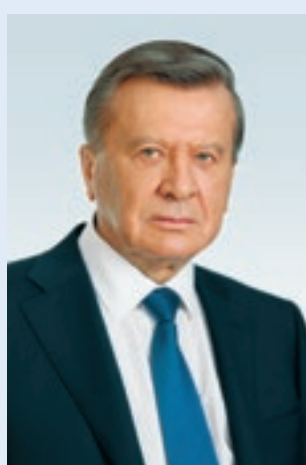
Letter to Shareholders
by the Chairman of PJSC Gazprom's
Board of Directors
and the Chairman of PJSC Gazprom's
Management Committee

In 2021, PJSC Gazprom took natural gas supplies to China via the eastern route, the Power of Siberia gas pipeline, to a new level – fully in line with the relevant bilateral long-term contract. The Company has proven to be a reliable supplier to its Chinese partners, especially during last autumn and winter, with another long-term contract signed in early February 2022 for exports via the Far Eastern route. The total annual amount of supplies is set to grow to 48 bcm. Considering Russia's Power of Siberia 2 gas pipeline and its extension that will run across Mongolia – the Soyuz Vostok gas pipeline, annual gas exports to China can be ramped up by another 50 bcm.

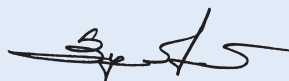
Another important segment of Gazprom's business is the conversion of natural gas components into valuable products that are in high demand in the gas chemical and other industries. Our 2021 highlights included the commissioning of the Amur Gas Processing Plant and the launch of construction for the Ethane-Rich Gas Processing Complex project on the Baltic Sea coast. These facilities are among the world's largest projects, prioritised by the Company to drive its business diversification agenda.

Gazprom's oil and power generation businesses are also rapidly evolving. In a milestone for the Group, Gazprom Neft achieved its strategic target of over 100 mm tonnes of oil equivalent in annual hydrocarbon production in 2021. OOO Gazprom Energoholding also ramped up its electricity and heat generation, with its heat supply hitting a record in 2021.

PJSC Gazprom will continue to leverage all opportunities and competitive advantages to achieve its goals while maintaining its commitment to strong corporate social responsibility. Gazprom works to improve the well-being of society and the energy security of Russia.



Viktor Zubkov
Chairman of
the Board of Directors
PJSC Gazprom



Alexey Miller
Chairman of
the Management Committee
PJSC Gazprom



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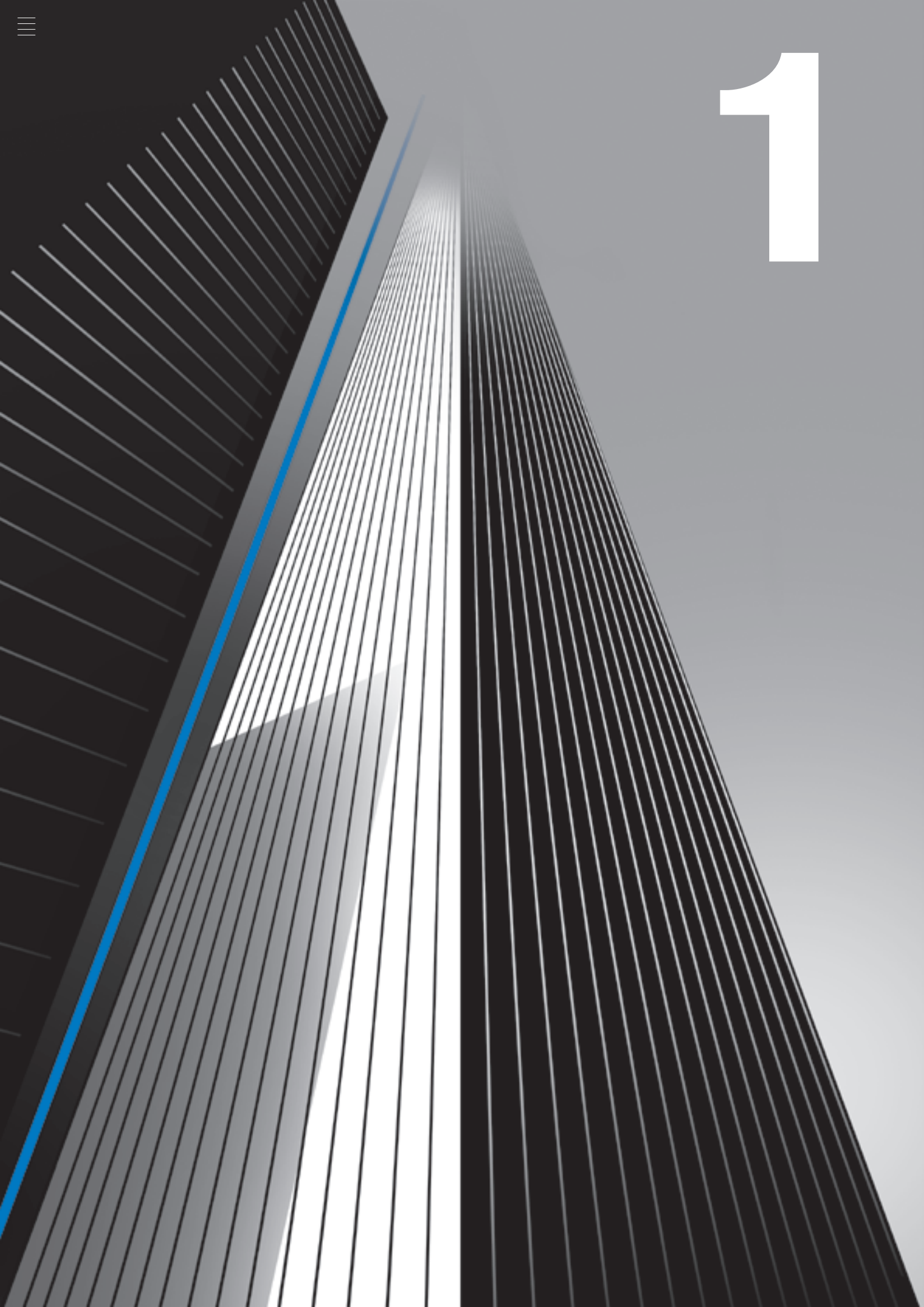
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Gazprom Group Today

Gazprom is one of the world's largest oil and gas companies in terms of reserves, production and market capitalisation.

Key figures for 2021

RUB **10,241.4** bn

Gazprom Group's net sales revenue

479.2 thousand people

Total headcount as at 31 December 2021

RUB **2,093.1** bn

Profit for the year attributable to the owners of PJSC Gazprom

0.7 %

the share of Gazprom Group personnel in the total number of employed Russian citizens

RUB **1,937.6** bn

Capital expenditures

30,226.9 bcm

Natural gas reserves in Russia as at 31 December 2021 *

5.0 %

Cost of debt as at 31 December 2021

515.6 bcm

Natural and associated gas production in Russia**

Mission

Reliable, efficient and balanced supply of natural gas, other energy resources and their derivatives to consumers.

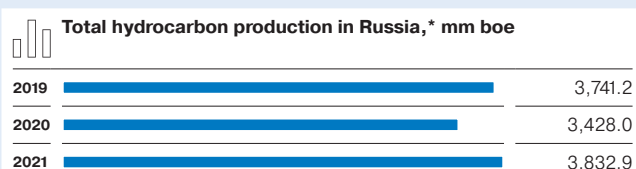
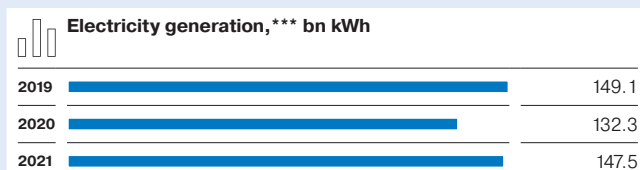
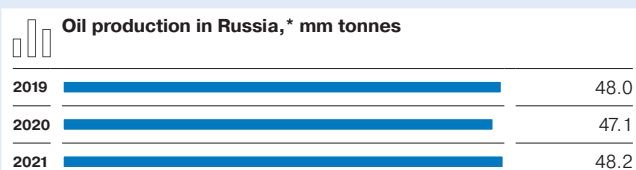
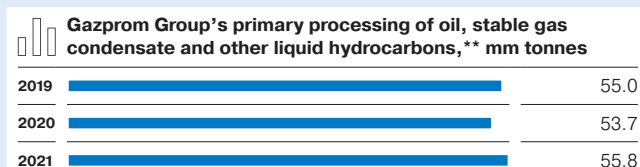
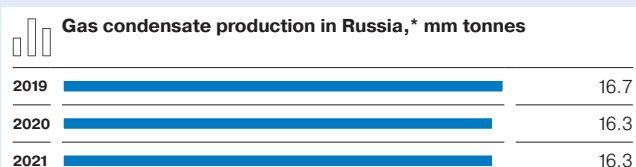
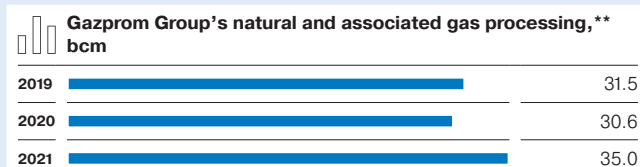
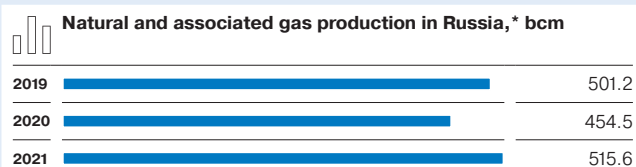
Strategic goal

Strengthening Gazprom's leadership among global energy companies by diversifying sales markets, maintaining energy security and sustainability, driving operational efficiencies and leveraging R&D capabilities.

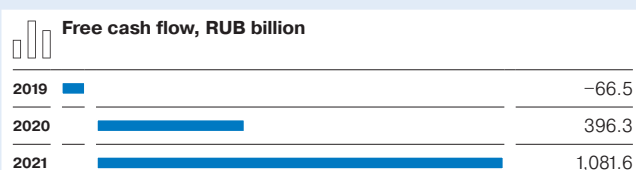
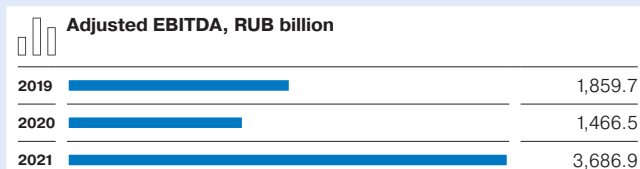
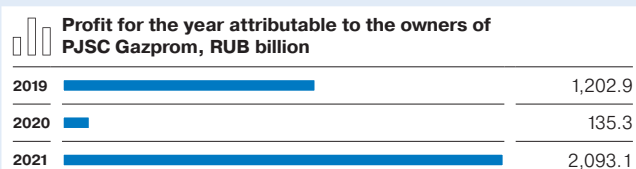
* Russian classification of reserves. A+B₁+C₁ gas reserves, including reserves of entities in which the Group has investments classified as joint operations.

** Including the Group's share in the production volumes of entities in which Gazprom has investments classified as joint operations.

Operating highlights



Financial highlights



* Including the Group's share in the production volumes of entities in which Gazprom has investments classified as joint operations.

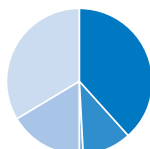
** Excluding tolling arrangements.

*** Starting from 2021, the volumes of electricity generation by Gazprom Group include AO Gazprom teploenergo's subsidiaries. For comparability, the data for 2019–2020 also include these entities.

Share and debt capital

PJSC Gazprom's shareholding structure
as at 31 December 2021, %

■ The Russian Federation represented by the Federal Agency for State Property Management*	38.37
■ AO ROSNEFTEGAZ*	10.97
■ AO Rosgazifikatsiya*	0.89
■ ADR holders**	16.16
■ Other registered holders	33.61



Credit ratings of PJSC Gazprom

Rating agency	Long-term credit rating
Dagong	AAA (stable outlook)
ACRA	AAA (stable outlook)

Total debt, RUB billion

2019	3,863.9
2020	4,907.6
2021	4,883.7

Net debt, RUB billion

2019	3,167.8
2020	3,872.7
2021	2,869.8

Net debt/adjusted EBITDA

2019	1.7
2020	2.6
2021	0.8

Note. Calculated as the ratio of net debt to adjusted EBITDA denominated in Russian roubles.

Sustainable development

PJSC Gazprom and its subsidiaries and entities maintain a relentless focus on sustainable development. The primary document regulating Gazprom Group's sustainability efforts is the Sustainable Development Policy of Gazprom Group approved by the Company's Board of Directors in 2021. The document aims to present (publicly state) Gazprom Group's position on sustainable development and attitude towards relevant international and Russian standards and practices, and formalise Group-wide sustainable development principles and approaches.

As part of the continuous process of improving the sustainability management system in the reporting year, the Board of Directors resolved to set up the Sustainable Development Committee of the Board of Directors and approved the relevant regulations on the Committee.

The Committee preliminarily reviews matters related to sustainable development and issues recommendations to inform decision making by the Board of Directors.

For information on 2021 sustainability highlights, see the Company's History section.

* The cumulative share in PJSC Gazprom controlled directly or indirectly by the Russian Federation and calculated by direct addition totals 50.23% and is owned through the full ownership of AO ROSNEFTEGAZ, which also holds a 74.55% stake in AO Rosgazifikatsiya.

** The Bank of New York Mellon issued ADRs on PJSC Gazprom shares.

Sustainable Development Policy of Gazprom Group

The sustainable development mission of Gazprom Group is to make a positive contribution to the social and economic development of Russia and other regions of the Group's operation in line with environmental and social responsibility standards, so as to preserve and enhance the opportunities for future generations while meeting the needs of today.

**Areas of Gazprom Group's sustainable development**

- Developing the economic potential
- Improving corporate governance
- Protecting the environment
- Respecting human rights
- Contributing to the social and economic development of Russian regions

**Gazprom Group's sustainable development goals and commitments**

Gazprom's sustainable development goals and commitments are embedded in its strategic, medium-term and short-term planning systems and are implemented across the Group's operations.

To measure Gazprom Group's progress on sustainability, key performance indicators (KPIs) are used when planning PJSC Gazprom's operations or to evaluate the performance of managers of PJSC Gazprom, its subsidiaries and entities. The KPIs are detailed in PJSC Gazprom's internal documents and local regulations and are aligned with the Company's sustainable development goals as set out in its Sustainable Development Policy.

**Indicators used to measure Gazprom Group's progress on sustainability**

Innovation:

- Integrated innovation key performance indicator

Enhancing the corporate governance system:

- Total shareholder return
- Customer satisfaction index across Russia (gas business, power generation business, NGV fuel sales segment)

Human rights:

- The average hours spent by employees on all types of training throughout the year
- The share of employees (blue collars) who underwent vocational training, retraining and advanced training

Environmental protection:

- Reduction of GHG emission intensity expressed as CO₂ equivalent, including for methane
- Specific consumption of fuel and energy for own operational needs and losses in gas transportation

Occupational safety:

- Work-related injury rate reduction
- Industrial accident rate reduction

**International sustainability initiatives Gazprom Group has committed to**

- The Universal Declaration of Human Rights (UDHR), adopted by the UN General Assembly on 10 December 1948
- The International Bill of Human Rights
- The UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- The UN Convention against Corruption
- Transforming Our World: the 2030 Agenda for Sustainable Development, the Resolution adopted by the UN General Assembly on 25 September 2015
- Principle 15 (precautionary approach) of the Rio Declaration on Environment and Development adopted by the United Nations Conference on Environment and Development in Rio de Janeiro, 3–14 June 1992
- The climate and water security programmes under the Carbon Disclosure Project (CDP), an international platform for companies to disclose their environmental impacts
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Environmental responsibility

PJSC Gazprom complies with environmental legislation, enhances the energy efficiency and safety of its production processes, and uses innovative technologies to prevent environmental damage.

In 2021, PJSC Gazprom initiated a research and development (R&D) project to identify possible scenarios of PJSC Gazprom's sustainable development until 2050 in the light of the global low-carbon economy transition. The most promising R&D solutions aimed at adapting PJSC Gazprom to the low-carbon economy transition were developed as part of these R&D efforts. PJSC Gazprom's 2050 Climate Strategy is expected to be finalised in 2023.

PJSC Gazprom's Environmental Policy

PJSC Gazprom's Environmental Policy reflects Gazprom Group's commitment to follow the principles of sustainable development and preserve a favourable environment for future generations.

Gazprom Group undertakes to prevent or mitigate its negative impact on the environment, take all possible measures to prevent climate change, preserve biodiversity and compensate for possible environmental damage, involve employees in activities aimed at enhancing the environmental management system and reducing environmental risks, and ensure the availability of information on Gazprom Group's environmental performance.



PJSC Gazprom's Environmental Management System (EMS)

- Focused on implementing the Environmental Policy, setting and achieving environmental targets, managing PJSC Gazprom's environmental aspects, and meeting commitments while taking into account risks and opportunities
- Covers business units of PJSC Gazprom's Administration, PJSC Gazprom's Environmental Inspection Service, OOO Gazprom VNIIGAZ's Corporate Research and Development Centre for Environmental Protection and Energy Performance, and 37 wholly-owned subsidiaries engaged in core gas business activities
- Certified to ISO 14001:2015 by Russian Register Certification Association, an internationally recognised Russian certification and expert organisation. The certificate is valid until December 2023

In 2021, all Corporate Environmental Targets were met



Achievement of PJSC Gazprom's Corporate Environmental Targets for 2020–2022 in 2021

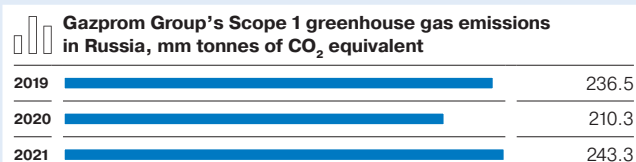
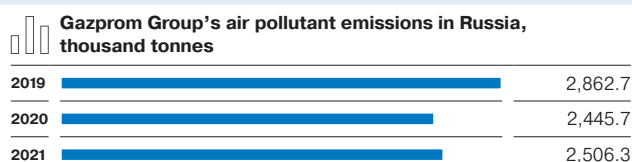
Corporate Environmental Target*	Progress against targets
Reduce GHG emissions from natural gas transportation	Reduced by 5.52%
Reduce nitrogen oxide emissions from natural gas transportation	Reduced by 3.78%
Reduce above-limit pollutant discharges into surface water bodies	Reduced by 5.17 p.p.
Reduce the landfill share in the Group's total waste	Reduced by 24.02 p.p.
Reduce the share of subsidiaries that exceed 5% of above-limit impact charges	Reduced by 21.49 p.p.

Those Gazprom Group companies that are not covered by PJSC Gazprom's EMS also have in place their own effective, business-specific environmental management systems.

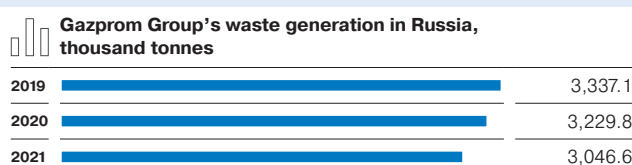
Corporate Environmental Targets for 2020–2022 are set for PJSC Gazprom and its subsidiaries within the EMS scope.

* From a baseline 2018.

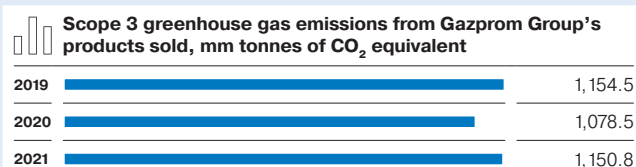
Key metrics for the environmental impact from Gazprom Group's operations



Information on the Company's GHG emissions is annually verified by an audit and consulting firm in line with international standards.

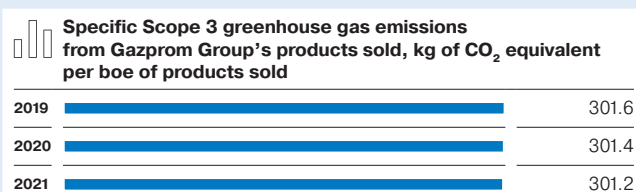


The consistent reduction of Gazprom Group's negative environmental impact is one of its key commitments to preserve the environment for future generations.



Gazprom Group's environmental protection costs in Russia, RUB billion

	2019	2020	2021
Current environmental protection costs	32.2	34.4	36.3
Capital expenditures for environmental protection and sustainable use of natural resources	20.4	14.0	60.5
Negative environmental impact charges	0.6	0.7	0.7
Total	53.2	49.1	97.5



Gazprom Group subsidiaries operating abroad are also committed to minimising their environmental footprint in strict compliance with both local regulations and PJSC Gazprom's Environmental Policy.

PJSC Gazprom's Energy Efficiency and Energy Saving Policy

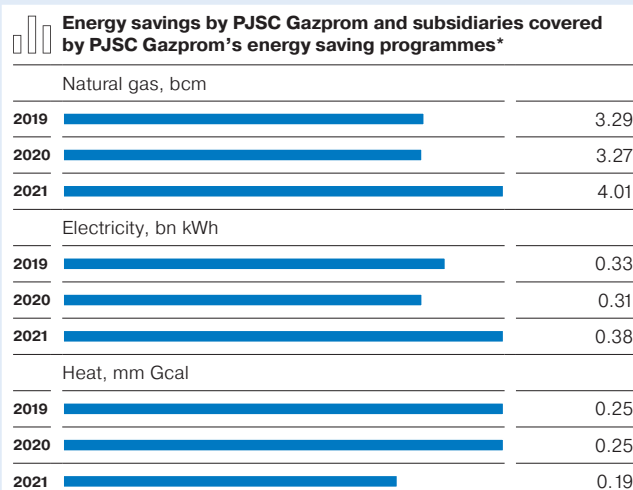
PJSC Gazprom's Energy Efficiency and Energy Saving Policy prioritises Gazprom Group's efforts to improve energy efficiency and use energy resources rationally. The Company consistently demonstrates its commitment to conserving energy resources, boosting its operational energy performance and further reducing greenhouse gas emissions from its production facilities, moving from isolated technical initiatives to systematic solutions, both in technology and management, which ultimately drives operational efficiency.

PJSC Gazprom's Energy Saving and Energy Efficiency Programme sets specific short-term objectives: to reduce natural gas and electricity consumption for natural gas compression and prevent natural gas venting during repairs at Unified Gas Supply System (UGSS) facilities.



PJSC Gazprom's Energy Management System

- Focuses on supporting the implementation of the Energy Efficiency and Energy Saving Policy, setting and achieving energy efficiency targets for production processes, and saving fuel and energy resources.
- Covers business units of PJSC Gazprom's Administration and PJSC Gazprom's 26 subsidiaries engaged in gas production, transportation and underground storage, as well as power and water supply and operation of power equipment at UGSS facilities.
- Is certified to ISO 50001:2018 by Bureau Veritas, an independent international certification body. The certificate is valid until June 2023.



Natural gas accounts for the bulk of Gazprom's energy savings.

A project to prevent natural gas venting during repairs on gas trunklines using mobile compressor stations proved has delivered the biggest impact. Extensive use of mobile compressor stations enabled Gazprom to save a record 744 mmcm of natural gas during repairs on gas trunklines while total savings over the period of the technology's active use (2020–2021) exceeded 1 bcm of gas.

Achieving carbon neutrality and reducing the carbon footprint

Gazprom Group's low-carbon growth path is based on the Strategy of Socio-Economic Development of the Russian Federation with a Low Level of Greenhouse Gas Emissions until 2050.

PJSC Gazprom's business model is largely adapted to the global transition to a low-carbon economy, as it is focused on the core activities comprising the production, transportation, storage, processing and use of natural gas, which has the lowest carbon intensity among available fossil fuels.

With natural gas accounting for the bulk of its product portfolio and measures taken to reduce greenhouse gas emissions, Gazprom Group's products have one of the lowest carbon footprints among the largest oil and gas companies.

Gazprom's energy products have the lowest carbon footprint among the world's largest oil and gas companies

* PJSC Gazprom achieves its energy saving and energy efficiency objectives through developing and implementing energy saving programmes across PJSC Gazprom. Gazprom Neft, Gazprom energoholding and Gazprom neftekhim Salavat are not covered by PJSC Gazprom's energy saving programmes, as they have their own energy saving and energy efficiency programmes compliant with federal laws and corporate requirements of Gazprom Group.

GHG emission intensity, g of CO₂ equivalent per MJ of products sold

Gazprom	64.3
Eni	64.3
TotalEnergies	67.7
Equinor	68.0
Shell	69.1
Chevron	71.4
BP	73.2
PetroChina	73.6
ExxonMobil	73.6
ConocoPhillips	73.7

Source: TPI (Transition Pathway Initiative) data available at the time of writing this Annual Report.

Gazprom Group's activities are focused on:

- reducing greenhouse gas emissions
- enhancing energy efficiency throughout the natural gas lifecycle
- developing the NGV fuel market
- expanding gas Infrastructure in Russian regions
- developing and implementing innovative resource-saving low-carbon technologies.

Involvement in international projects

- CDP climate rating
- Guiding Principles on Reducing Methane Emissions across the Natural Gas Value Chain
- Reporting under the Oil and Gas Methane Partnership methodology within the UN Environment Programme

The Company is identifying scenarios of sustainable development until 2050 in the light of the global low-carbon economy transition.

GHG emission intensity reduction targets (from a 2018 baseline)

Gas business by 2032	12.1%
Power generation by 2032	9.9%

Decarbonisation-related risks and opportunities for Gazprom Group in major sales markets

In response to the risks of potential changes in regulatory environment outside Russia, the Company:

- provides reliable information on natural gas' potential to combat climate change to the general public and authorities in the European Union
- works to reduce the carbon intensity of natural gas supplies by cutting greenhouse gas emissions through energy-saving measures and deploying innovations, as well as building new natural gas supply routes
- implements projects to develop innovative technologies for CO₂ emission-free production of hydrogen from natural gas through methane pyrolysis, as well as a project to produce methane-hydrogen mixtures and use them for own energy needs.

Carbon footprint from transporting Russian gas to consumers in the European Union

Gas transportation route	Carbon footprint from transportation, g of CO ₂ per MJ
Nord Stream	6.3
TurkStream	7.3
Ukrainian route	10.6

Source: Thinkstep



For more details on Gazprom Group's Corporate Environmental Targets, environmental performance and environmental protection costs, as well as key energy saving and energy efficiency initiatives, see PJSC Gazprom Environmental Report 2021.
→ www.gazprom.com



Social responsibility

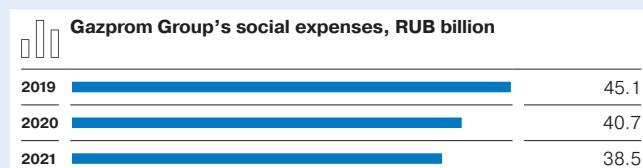
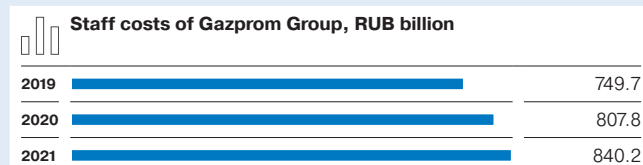
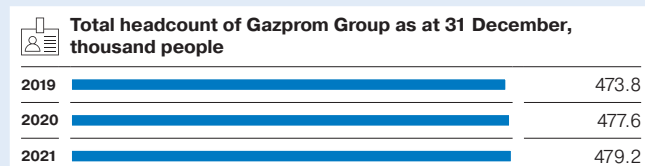
One of Gazprom's key defining features is its high social responsibility. The Group prioritises balanced social and economic development of its operating regions.

Gazprom invests in expanding transport infrastructure, creating a comfortable urban environment and upgrading social infrastructure facilities. Gazprom actively supports a number of projects to promote sports and arts, and preserve cultural and historical heritage.

Employees

The Human Resources Management Policy of PJSC Gazprom, Its Subsidiaries and Entities, the Comprehensive Programme for Improvement of HR Management at PJSC Gazprom, Its Subsidiaries and Entities, the General Collective Bargaining Agreement of PJSC Gazprom and Its Subsidiaries, and the Code of Corporate Ethics of PJSC Gazprom fully define the role and importance of Gazprom Group employees as a strategic resource, key approaches to protecting employee labour rights, providing them with comprehensive social support and creating conditions for continuous professional and personal growth.

The above documents guarantee employees protection against any form of discrimination under applicable Russian laws. Ongoing employee training and development are outlined as a prerequisite to ensure that the professional level of employees meets Gazprom Group's requirements and that employees are ready to meet its operational and management challenges.



The private pension arrangement is part of the employee long-term incentive scheme and provides for post-employment social benefits.



6.4%

Employee turnover rate across Gazprom Group in 2021

Process safety

The Occupational, Industrial, Fire and Road Safety Policy of PJSC Gazprom and PJSC Gazprom's Occupational Health and Safety Management System Development Strategy for 2021–2030 prioritise the health and safety of Gazprom Group employees. The practical implementation of these documents is aimed at continuously improving working conditions for Gazprom Group employees, reducing the number of work-related injuries, occupational diseases, accidents and fires.



Unified Occupational Health and Safety Management System (UOHSMS)

- Covers PJSC Gazprom, its major gas and gas condensate exploration, production, processing, transportation and underground storage subsidiaries, as well as subsidiaries and entities supporting the operation of the Russian UGSS.
In 2021, the list of organisations covered by the UOHSMS included the Administration of PJSC Gazprom and 95 subsidiaries, entities and branches of PJSC Gazprom. The UOHSMS covered a total of 315 thousand employees
- In 2020, PJSC Gazprom's UOHSMS was certified to ISO 45001:2018 Occupational health and safety management systems – Requirements with guidance for use. In 2021, a certification body ran a surveillance audit and found that the UOHSMS was operating and evolving in line with the principle of continuous improvement, and complied with ISO 45001:2018



For more details on employees and industrial safety across Gazprom Group, see Gazprom Group Sustainability Report 2021.
→ www.gazprom.com



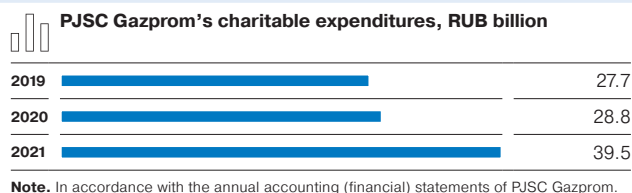
Charitable activities, sponsorship projects and other significant engagements with local communities

Regulations on Sponsorship and Charitable Activities of PJSC Gazprom define the key goals, objectives, principles and areas of sponsorship and charitable activities.

Gazprom Group's objectives in this area include supporting the implementation of the government's social policy to ensure sustainable social and economic development of Russian regions, and helping to address certain social problems.

Every year, the Group supports numerous charitable and sponsorship projects in culture, arts, education, healthcare and sports.

In 2021, Gazprom Group financed a total of over 3,500 social projects. A significant growth in the number of charitable and sponsorship initiatives was due to the lifting of COVID-19 restrictions on public events.





Key charity efforts of PJSC Gazprom and its subsidiaries and entities in 2021

The Gazprom for Children Programme

Contributing to area improvements across the Company's footprint	<p>The Company supports infrastructure projects in a number of Russia's regions, most prominently in the Yamalo-Nenets Autonomous Area; Krasnodar Territory; Amur, Arkhangelsk, Astrakhan, Vologda, Irkutsk, Nizhny Novgorod, Orenburg and other Regions; the Komi Republic; and Saint Petersburg.</p> <p>PJSC Gazprom runs an ambitious programme to support the development of Saint Petersburg as a host city for the Company's headquarters. This programme envisages, among other things, the renovation of the historic city centre, the implementation of major restoration projects and assistance to cultural and sports institutions</p>
Supporting the beautification and restoration of War Memorials in Russia and Former Soviet Union (FSU) countries and preserving the historical memory of the Great Patriotic War	<p>Financing gas supply, maintenance, beautification, gas infrastructure expansion and restoration operations for Eternal Flame memorials</p> <p>Arranging for renovation of war grave sites in Russia and Latvia</p> <p>Organising concerts and commemorative events, such as the Memory Garden international initiative and others</p>
Supporting healthcare	<p>Assisting local communities across the Group's footprint in fighting the COVID-19 pandemic and addressing its impacts</p> <p>Providing charitable support for healthcare facilities to purchase medicines, medical equipment and medical consumables</p> <p>Supporting construction and renovations of medical facilities</p> <p>Supporting research to develop effective methods of diagnosing and treating serious diseases (e.g., cooperation with the Dmitry Rogachev National Medical Research Centre of Paediatric Haematology, Oncology and Immunology)</p>
Supporting vulnerable groups	<p>Supporting the elderly, including veterans of the Great Patriotic War, and facilitating their social integration</p> <p>Financing treatment courses for people with disabilities and for seriously ill children</p> <p>Financing projects aimed at providing comprehensive support to people with disabilities, including those related to creating the environment for their social and cultural rehabilitation and unlocking their creative potential</p>
Supporting the preservation of cultural and historical heritage and the revival of cultural and spiritual values	<p>Facilitating restoration projects in the Tsarskoye Selo State Museum-Preserve and the Oranienbaum palaces and gardens as part of the Peterhof State Museum Reserve</p> <p>Supporting church construction and renovation, restoration of religious sites and church complexes, and providing charitable support to religious organisations</p> <p>Supporting exhibition projects aimed at the preservation of cultural and historical heritage</p> <p>Supporting historically significant research (e.g. initiatives of the National Underwater Research Centre)</p>
Supporting culture and arts	<p>Providing financial support for theatres, museums and musical groups, theatre and film festivals</p> <p>Supporting initiatives aimed at preserving national and cultural traditions</p>
Supporting indigenous minorities	<p>Implementing measures to support indigenous peoples of the North and promote traditional trades; supporting agricultural and fishing enterprises</p> <p>Providing social assistance and enabling rehabilitation for people with reduced mobility in the Far North; arranging for healthcare and diagnostics for seriously ill children and children with disabilities, and providing them medical treatment and rehabilitation</p> <p>Providing social support for indigenous communities through equipment purchases, medical care and welfare initiatives</p> <p>Educational initiatives: individual scholarships for students, financing the participation of gifted children in international competitions and festivals</p> <p>Initiatives to preserve the traditional way of life of indigenous minorities: maintaining reindeer herding practices by organising the crossing of field infrastructure by reindeer herds, organising traditional festivals (the Reindeer Herder's Day, the Fisherman's Day) and supporting projects to preserve indigenous cultures and crafts</p>


Key charity efforts of PJSC Gazprom and its subsidiaries and entities in 2021 (continued)

Supporting education	Cooperation, including scientific and technical, with supporting higher education institutions and specialised departments
	Running the Gazprom Classes project
	Financial support for educational institutions (renovation projects, provision of equipment and creation of dedicated classrooms)
	Support for awareness-raising projects
Supporting organisations whose projects focus on environmental protection and population growth of rare animal species	Supporting the Amur Tiger Centre
	Supporting the Eurasian Centre of Saving Far Eastern Leopards


Key sponsorship efforts of PJSC Gazprom and its subsidiaries and entities in 2021

Supporting sports	Partnerships with UEFA
	Sponsoring the Russian Olympic Committee and Russian national teams in competition preparation and participation
	Sponsoring sports federations and sports clubs
	Sponsoring competitions and sports events
	Sponsoring the Energy of Victories national sports journalism festival contest
Supporting cultural and art projects	Sponsoring theatres
	Sponsoring exhibition projects



For more details on Gazprom Group's charitable activities and sponsorship projects, see Gazprom Group Sustainability Report 2021.
→ www.gazprom.com



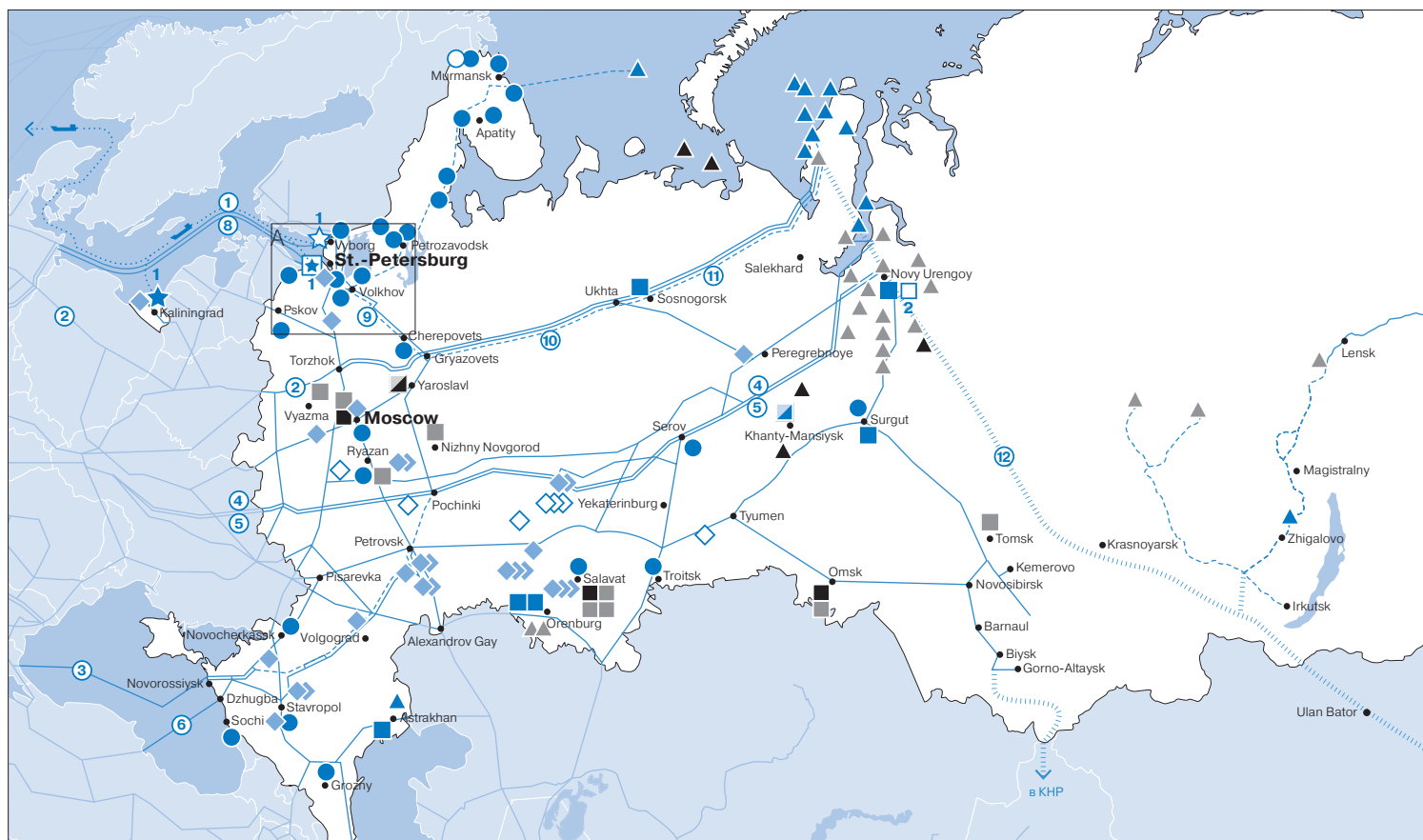
Geography of Operations

(for 2021 or as at 31 December 2021)




Gazprom's core production assets are located in the Russian Federation. Gazprom Group also operates in a number of FSU and far abroad countries.

Gazprom's products are supplied to the markets of more than 100 countries.




 **Gazprom Group's core production assets and projects in Russia**










Largest fields

-  Gas and condensate fields
-  Oil fields
-  Oil and gas, oil and gas condensate fields






Major gas trunklines

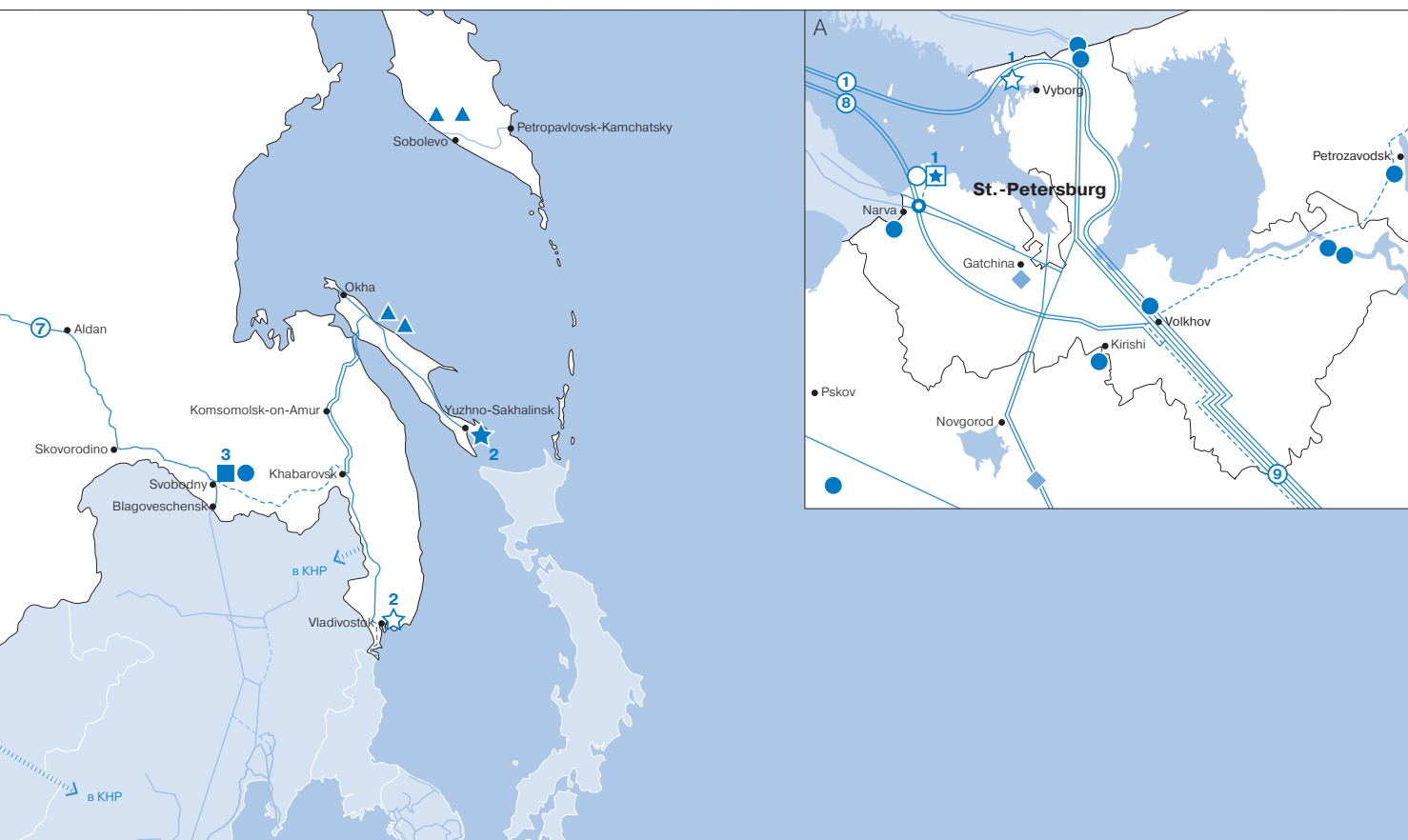
-  Constructed and active gas pipelines
-  Gas pipelines under construction and projected gas pipelines
-  Projected supply routes

Key gas export routes

-  Nord Stream gas pipeline
-  Yamal–Europe gas pipeline
-  TurkStream gas pipeline
-  Progress gas pipeline
-  Urengoy–Uzhgorod gas pipeline
-  Blue Stream gas pipeline
-  Power of Siberia gas pipeline

Gas transportation projects

-  Nord Stream 2 gas pipeline
-  GTS revamp projects to supply ethane-rich gas from the Nadym–Pur-Taz region's fields to the Baltic Sea coast
-  Ukhta–Torzhok 3 gas pipeline
-  Bovanenkovo–Ukhta 3 gas pipeline
-  Power of Siberia 2 gas pipeline



Existing refining/processing, gas chemical and petrochemical assets

- GPPs
- Refineries
- Gas chemical and petrochemical facilities
- ▤ Gazprom Group's access to GPP capacity
- ▤ Gazprom Group's access to refinery capacity

Refining/processing, gas chemical and petrochemical projects

- ★1 Integrated complex for gas processing and liquefaction near the seaport of Ust-Luga
- ★2 Novy Urengoy Gas Chemical Complex
- ★3 Amur GPP

Underground gas storage facilities

- ◆ Active UGSFs
- ◇ UGSFs under construction and projected UGSFs

Power generation facilities

- Existing facilities
- Facilities under construction and projected facilities

LNG production and regasification assets

- ★1 Kaliningrad regasification terminal
- ★2 LNG plant, Sakhalin

LNG production projects

- ★1 LNG production, storage and shipping complex near the Portovaya compressor station
- ★2 LNG plant near Vladivostok

Gazprom Group's Position in the Global and Russian Energy Industry

(in 2021 or as at 31 December 2021)

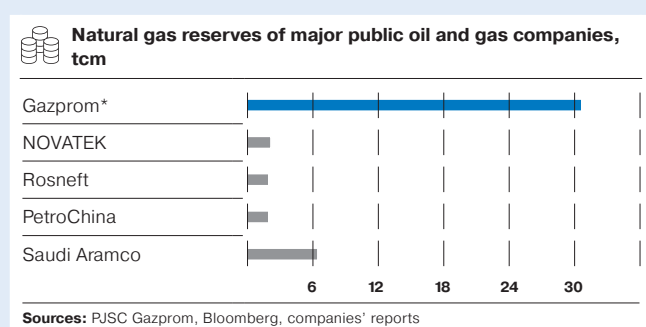
Natural gas

Gazprom is the global leader by natural gas reserves and gas production, ahead of major global public oil and gas companies.

PJSC Gazprom is the biggest supplier of natural gas to European far abroad countries. Gazprom Group is the absolute leader by gas sales in the Russian market.

Reserves

No. 1 globally by natural gas reserves



15%

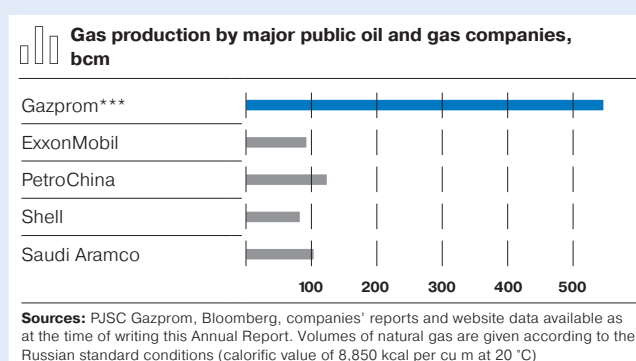
of global natural gas reserves**

68%

of Russia's natural gas reserves**

Production

No. 1 globally by gas production



12%

of global natural gas production**

68%

of Russia's natural gas production**

* Gazprom Group's measured natural gas reserves under the Russian classification, including the share in the reserves of entities in which Gazprom has investments classified as joint operations and the share in the reserves of associates and joint ventures. Data on proven gas reserves for other major public oil and gas companies include the share in the reserves of associates and joint ventures.

** Including the Group's share in the reserves and production volumes of entities in which Gazprom has investments classified as joint operations.

*** Natural and associated gas production of Gazprom Group in Russia including the share in the production volumes of entities in which Gazprom has investments classified as joint operations, and including the share in the production volumes of associates and joint ventures for data comparability with major public oil and gas companies.

Gazprom Group’s Position
in the Global and Russian Energy Industry

Natural gas

Transportation

No. 1 globally by total length of the gas transportation system (GTS)

178.2 thousand km
total length of the GTS in Russia

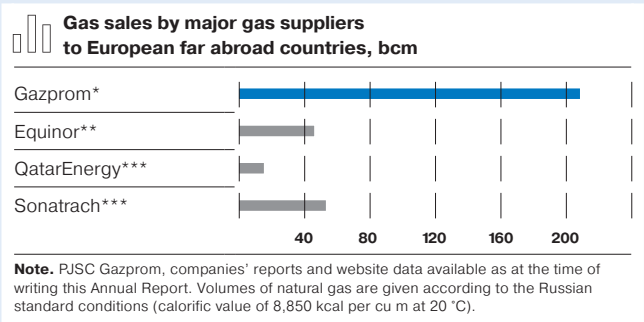
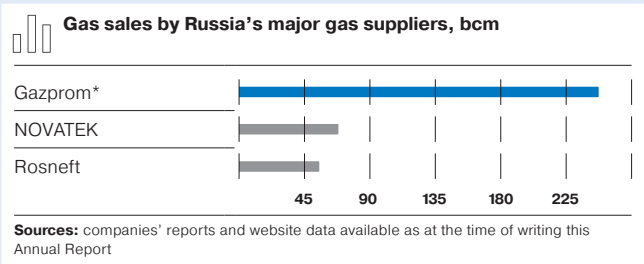
Processing/refining

No. 1 in Russia by gas processing volumes

More than 50%
of Russia’s total gas processing volumes

Marketing

No. 1 globally by gas sales, including exports



30%
share of PJSC Gazprom’s gas sales under
OOO Gazprom export’s contracts in the total gas
consumption in European far abroad countries

Climate rating

Gazprom’s climate action rated high

Climate change disclosure score

Company	Rating
BP	A–
Eni	A–
Equinor	A–
TotalEnergies	A–
Gazprom	B
Rosneft	B
ConocoPhillips	B
Shell	B
Chevron	F
ExxonMobil	F

Source: CDP (Carbon Disclosure Project) data based on an analysis of the environmental disclosure score available as at the time of writing this Annual Report

PJSC Gazprom’s score by category among oil and gas companies

	Reduction of Scope 1 and 2 emissions	Actions to reduce emissions	Governance
Gazprom	A	A	A
Average score in the oil and gas sector	B	C	C

Source: the CDP Score Report on PJSC Gazprom’s climate change performance and benchmarking with peers in the oil and gas sector (CDP Score Report – Climate Change 2021 PJSC Gazprom)

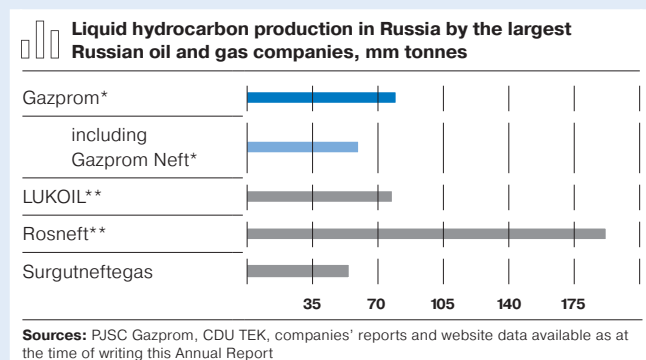
* PJSC Gazprom’s IFRS consolidated financial statements.
** Excluding volumes of gas sold from the SDFI portfolio.
*** Sales volumes of joint ventures are taken into account proportionally to the share of participation.

Oil and gas condensate

Gazprom Neft is one of Russia's leading oil companies in terms of production and processing of liquid hydrocarbons.

Production

No. 2 in Russia by oil and gas condensate production

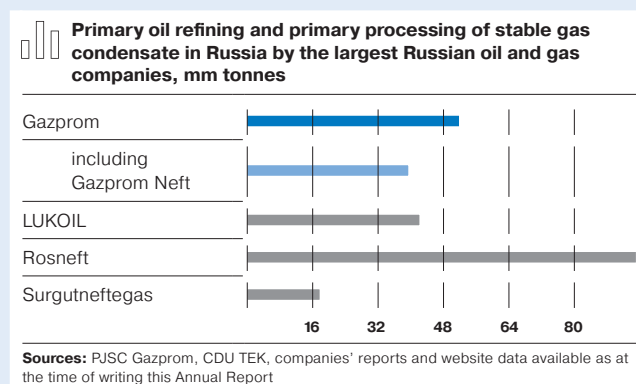


12%

of Russia's oil and gas condensate production***

Processing/refining

No. 2 in Russia by volumes of primary oil refining and primary processing of stable gas condensate



19%

of Russia's total oil refining and processing of stable gas condensate

* For data comparability with Russian oil and gas majors, Gazprom Group figures include the share in the liquid hydrocarbon production volumes of associates and joint ventures.

** Including the share in the production volumes of associates and joint ventures.

*** Including the Group's share in the production volumes of entities in which Gazprom has investments classified as joint operations.

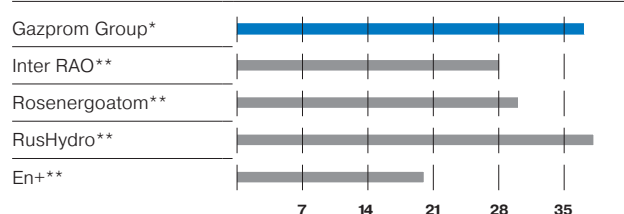
Electricity and heat generation

Gazprom Group includes one of Russia's largest power generation holding companies, a market leader by installed heat generation capacity and installed heat capacity.

Electricity generation


No. 2 in Russia by installed electrical capacity

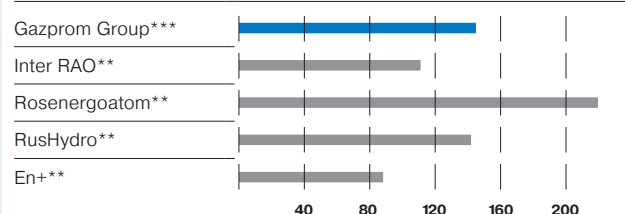
 Installed electrical capacity of the largest Russian generating companies in Russia, GW



Sources: PJSC Gazprom, companies' reports and website data available as at the time of writing this Annual Report

No. 2 in Russia by electricity generation

 Electricity generation in Russia by the largest Russian generating companies, bn kWh



Sources: PJSC Gazprom, companies' reports and website data available as at the time of writing this Annual Report

15%

of installed capacity in Russia's total power generation

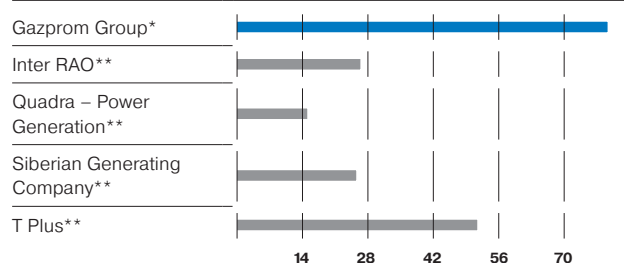
13%

of Russia's total electricity generation

Heat generation


No. 1 in Russia by installed heat capacity

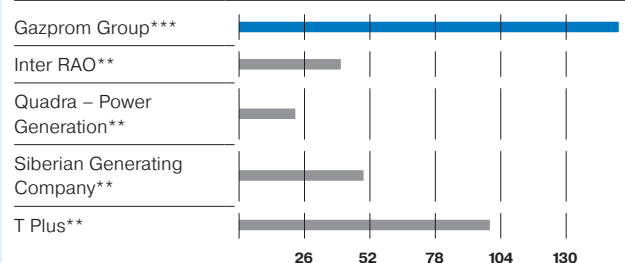
 Installed heat capacity of the largest Russian generating companies in Russia, thousand Gcal/h



Sources: PJSC Gazprom, companies' reports and website data available as at the time of writing this Annual Report

No. 1 in Russia by heat generation

 Heat generation in Russia by the largest Russian generating companies, mm Gcal



Sources: PJSC Gazprom, companies' reports and website data available as at the time of writing this Annual Report

* Installed electrical and heat capacity of Gazprom energoholding and other generating assets of Gazprom Group in Russia.

** Including subsidiaries.

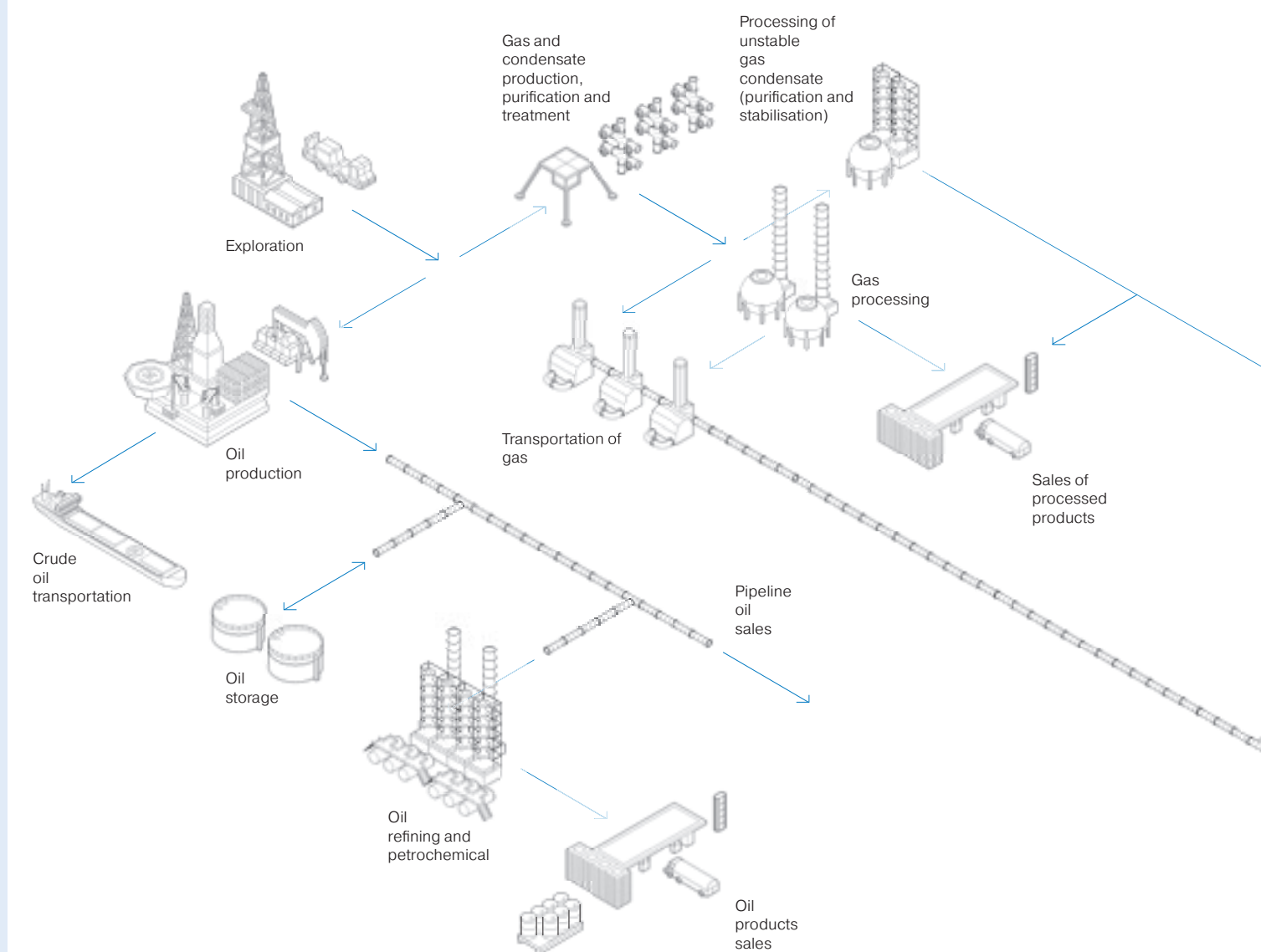
*** Electricity and heat generation by Gazprom energoholding and other generating assets of Gazprom Group.

Business Model

Gazprom Group encompasses all types of activities required to ensure uninterrupted supply of energy to consumers.

Its comprehensive vertically integrated business model is aligned with Gazprom's strategic goal, driving operational efficiencies, improving reliability of supplies and leveraging the existing production and R&D capabilities.

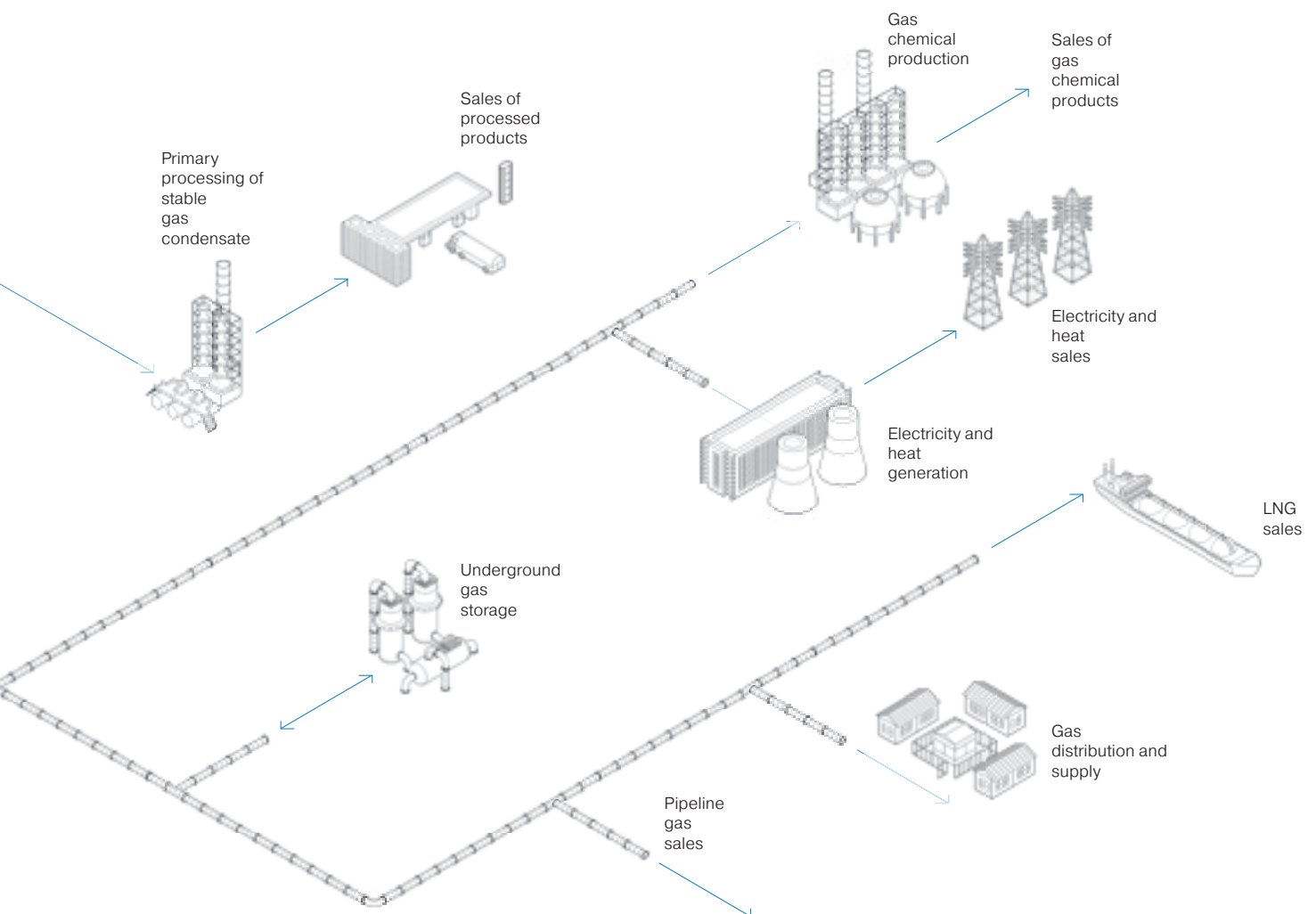
Production and marketing of Gazprom Group





Competitive advantages

The Company's extensive resource base and robust production infrastructure	Track record of cooperation with foreign partners and a strong reputation as a reliable supplier
Unique UGSS of Russia	An established portfolio of long-term contracts for gas supplies to European and Asian consumers
Vertical integration of the Company	Extensive production, research and design capabilities
Favourable geographical position between Europe and Asia	



Exploration and production



Resources and capital

30,226.9 bcm of natural gas reserves in Russia*,**

3,243.4 mm tonnes of oil and gas condensate reserves in Russia*,**

7,534 active gas production wells in Russia

8,809 active oil production wells in Russia



Results

515.6 bcm of natural and associated gas production in Russia**

64.5 mm tonnes of oil and gas condensate production in Russia**

1.03 – natural gas reserve replacement ratio**

Gas transportation and underground storage



Resources and capital

178.2 thousand km – total length of gas trunklines in Russia

27 underground gas storage facilities in Russia

72.638 bcm – working gas inventory in underground gas storage facilities in Russia as at the start of the 2021/2022 withdrawal season



Results

703.1 bcm of gas supplied into Gazprom's GTS in Russia

Processing/refining



Resources and capital

7 gas and condensate processing plants, including 4 gas processing plants, a helium plant, condensate pretransportation preparation plant and condensate stabilisation plant in Russia

5 refineries: 3 refineries in Russia and 2 refineries abroad

Gas chemical and petrochemical plants



Results

35.0 bcm treatment and processing of natural and associated gas at gas processing facilities***

55.8 mm tonnes primary oil refining and primary processing of gas condensate***

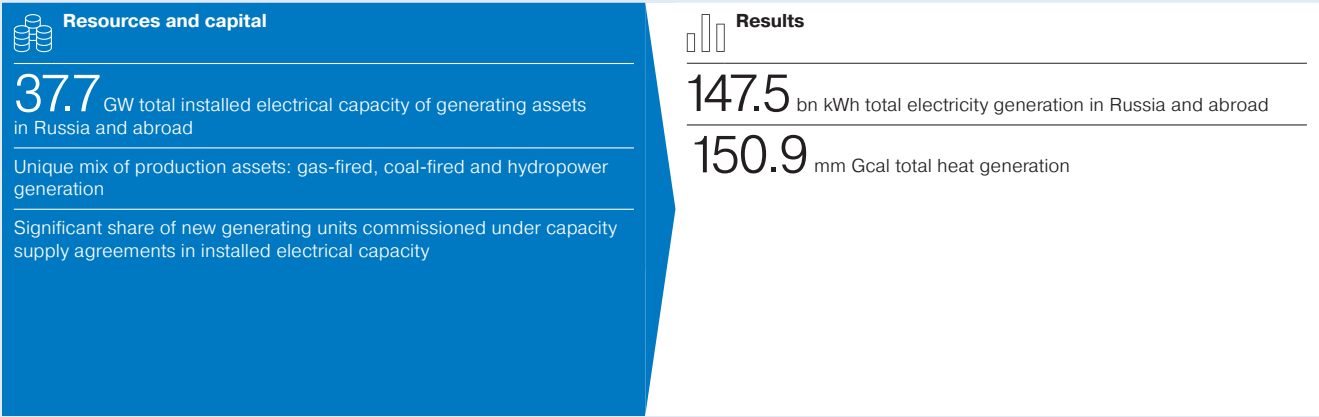
51.5 mm tonnes output of oil products***

4.3 mmcm helium production***

3.5 mm tonnes LPG production***

Business Model

Power generation



Marketing



For more details, see the Performance Results section.

* A+B₁+C₁ reserves under the Russian classification.
** Including the Group's share in the reserves and production volumes of entities in which Gazprom has investments classified as joint operations.
*** Excluding tolling arrangements.

Note. Data are for 2021 or as at 31 December 2021.

The Company's History

Over more than 25 years since it was founded in 1993, the Company has grown into one of the global energy market leaders. Gazprom has successfully diversified its core business. In addition to its gas business, the Group has been successfully operating in the oil and power markets, ranking among Russia's top oil companies and number one in Russia by installed heat generation capacity.

Gazprom has significantly expanded the geography of its operations: it entered the high-potential Asia Pacific market, launched operations in the Central Asia, Africa and Latin America, and is a player in the global LNG trade.

Gazprom pioneered the development of the Russian Arctic shelf, launched a fundamentally new gas production hub in the Yamal Peninsula and is building large-scale gas infrastructure in eastern Russia. Gazprom was the first in Russia to introduce underwater production technology enabling gas extraction without above-water structures and teamed up with its foreign partners to launch Russia's first large-scale LNG plant.

The Company's success was driven by its long-term strategy, well-defined vertical integration and competent management. All this will help Gazprom continue competing with global leaders on equal terms, implementing ambitious projects and achieving impressive results.

2021 in the Company's history

The number of countries receiving gas via the TurkStream pipeline reached nine	In addition to Turkey, Bulgaria, Greece, Northern Macedonia, and Romania, Gazprom started supplying gas via the new route to Serbia and Bosnia and Herzegovina from 1 January 2021, and to Hungary and Croatia from 1 October 2021.
Construction of the Nord Stream 2 gas pipeline was completed	The construction of the Nord Stream 2 gas pipeline, a new 55 bcm export trunkline linking Russia and Europe via the Baltic Sea was fully completed in September.
Gazprom continued developing the Yamal gas production hub, a key source of gas for the country in the 21st century	Field infrastructure development was continued at Gazprom's core field, Bovanenkovskoye, which passed an annual production milestone of 100 bcm of gas, in a first since commissioning. The projects underway included infrastructure development at Gazprom's second core field, Kharasaveyskoye, and expansion of the Northern Gas Transmission Corridor of the UGSS of Russia. In May, PJSC Gazprom, OOO Gazprom Nedra and AO RusGasDobycha signed a Master Agreement on the implementation of a joint project for the development of the Tameyskoye field, the largest field by reserves on the Yamal Peninsula. In November, OOO Gazprom Nedra and AO RusGasDobycha registered their joint venture, OOO Gazprom dobycha Tambey, to construct the infrastructure and develop the field.
The construction of production and gas transportation infrastructure was ongoing in the east of Russia	Gazprom continued to develop new production hubs and trunk lines in Eastern Siberia and the Russian Far East, in particular by constructing new field facilities and expanding the production well stock at the Chayandinskoye field, which is currently under development and is key for the Yakutia gas production hub, and by constructing compressor capacities for the Power of Siberia gas pipeline. Gazprom continues actively developing the infrastructure at the Kovyktinskoye field in the Irkutsk Region, with a section of the Power of Siberia gas trunkline connecting it to the Chayandinskoye field, currently under construction. An extension of the Sakhalin-Khabarovsk-Vladivostok gas pipeline from Komsomolsk-on-Amur to Khabarovsk was completed in December. The project's completion created the conditions for developing gas supply and ensuring gas infrastructure expansion in the Khabarovsk Territory.
Progress was made in building new major processing plants in the east and northwest of Russia	In June, the Amur Gas Processing Plant (GPP), an essential part of the process chain of natural gas supply to China via the Power of Siberia gas trunkline, came onstream in eastern Russia. Construction of the Ethane-Rich Gas Processing Complex (EGPC), a unique cluster that will combine gas processing, gas chemistry and natural gas liquefaction, was started in the Leningrad Region in May. The cluster will include an integrated natural gas processing and liquefaction complex (GPP EGPC), a joint project of PJSC Gazprom and AO RusGasDobycha. Both facilities will be among the world's largest by gas processing volumes. The Amur GPP will be the No. 1 helium producer in the world while GPP EGPC will be the leader in LNG production in Northwestern Europe.
A logistics strategy for liquid helium supplies from the Amur GPP was formulated	In September, the world's largest helium hub, the key element of the logistics scheme of commercial helium supplies from the Amur GPP to the global market, was commissioned in the Primorye Territory. The facility's commissioning was aligned with the launch of the first of the three helium extraction, liquefaction and loading units at the Amur GPP, with a capacity of 20 mmcm of helium per year.
Implemented a new project in the power generation industry	In April, the Svobodnenskaya TPP was commissioned in the Amur Region, designed primarily to supply heat (steam) and electricity to the Amur GPP. The TPP's total installed electrical capacity is 160 MW and total installed heat capacity is 434 Gcal/h. When building Svobodnenskaya TPP, Russian equipment was widely used, including core equipment: steam power boilers and power turbine units as well as a unified digital monitoring and control system.

The Company's History

Gazprom has accelerated gas infrastructure expansion across Russia	Large-scale projects to enhance gas supplies and expand the gas infrastructure in Russian regions in 2021–2025 are in full swing. In 2021, Gazprom Group laid more than 2.7 thousand km of inter-settlement gas pipelines enabling tens of thousands of new consumers in 342 communities to connect to the gas grid. The initial 2021 target for the construction of inter-settlement gas pipelines was exceeded. Gazprom also collects and processes applications for additional gas infrastructure expansion – connecting households to the existing gas grid in line with the relevant instruction of President Vladimir Putin.
PJSC Gazprom has been registered in Saint Petersburg	The state registration of amendments to PJSC Gazprom's Articles of Association was completed in August. The amendments include the change of place of business to Saint Petersburg. The new headquarters address of Gazprom Group's parent company, PJSC Gazprom, is 2/3 Lakhtinsky Avenue, Bld. 1, Saint Petersburg, 197229, Russian Federation (Lakhta Centre).
Important decisions were taken on sustainability management at Gazprom Group	In April, the Board of Directors approved its fundamental strategic document on sustainability – the Sustainable Development Policy of Gazprom Group. The implementation of the Policy is overseen by the Chairman of the Management Committee. Gazprom continued improving its corporate governance in sustainability by setting up the Sustainable Development Committee of PJSC Gazprom's Board of Directors and approving the relevant regulations on the Committee.
Development of PJSC Gazprom's (Gazprom Group's) Digital Transformation Strategy	PJSC Gazprom's (Gazprom Group's) Digital Transformation Strategy was finalised in 2021, covering the period from 2022 to 2024 and providing for a drastic improvement in production and management processes through the extensive use of digital technologies, as well as the creation of an environment for building new business segments.

Milestones

1990s

1993–1998	17 February 1993	According to a resolution of the Russian Government and an executive order of the Russian President, Gazprom State Gas Concern was reorganised into Gazprom Russian Joint Stock Company (RAO Gazprom).
	April 1994	Privatisation of the Company started in April 1994.
	31 May 1995	The first annual General Shareholders Meeting was held.
	26 June 1998	Pursuant to the resolution of the General Shareholders Meeting, RAO Gazprom was reorganised into Gazprom Open Joint Stock Company.
1999	November	Gas supply started via the Yamal–Europe gas pipeline, running across four countries: Russia, Belarus, Poland, and Germany.

2000s

2001	30 May	Alexey Miller was elected Chairman of the Company's Management Committee.
	31 October	Gas production started at the Zapolyarnoye field, one of the largest in the world.
2003	20 February	Commercial gas supplies started via Blue Stream, Russia's first gas offshore pipeline and one of the world's deepest undersea pipelines.
2005	2 September	Gazprom's first LNG shipment; the gas tanker arrived at a US LNG regasification terminal.
	21 October	Gazprom Group took control of 75.679% of OAO Sibneft, which provided a platform for further development of Gazprom's oil business.
	December	The law prohibited the State from holding less than 50% plus one share in the Company. Restrictions were lifted on the acquisition of shares in the Company by foreign investors.
2006	18 August	Gazprom's first LNG shipment to an Asian market, purchased by Japan.

2007	25 April	The Board of Directors approved JSC Gazprom's Power Generation Strategy, the implementation of which transformed the Company into one of Russia's largest electricity producers.
	18 December	The Yuzhno-Russkoye field came on stream, Russia's first international gas production project based on asset swap.
2009	18 February	Russia's first large-scale LNG plant was put into operation in Sakhalin.

2010s

2010	12 February	Russia's first coalbed methane project was launched in the Kemerovo Region.
	29 September	The Sobolevo–Petrovskoye–Kamchatsky gas trunkline was put into operation, bringing first natural gas supplies to the capital of the Kamchatka Territory.
2011	6 June	The Dzhubga–Lazarevskoye–Sochi, Russia's first offshore gas pipeline, was commissioned.
	8 September	The first section of the Sakhalin–Khabarovsk–Vladivostok gas transportation system, the Far East's first interregional GTS, was commissioned.
	8 November	Commercial gas supplies started via the first string of the Nord Stream pipeline, a fundamentally new Russian gas export supply route to Europe through the Baltic Sea.
	25 November	The Company closed the deal to acquire 100% of OAO Beltransgaz, becoming the owner of Belarus GTS.
2012	23 March	An 800 MW CCGT plant was launched at the Kirishskaya GRES. It was the largest heat generation plant commissioned in 30 years, and Russia's most powerful combined cycle gas turbine unit at the time.
	23 October	A new major gas production hub was launched in Russia, on the Yamal Peninsula. The Bovanenkovskoye field and the Bovanenkovskoye–Ukhta gas trunkline came on stream. The transportation corridor was expanded with the new Ukhta–Torzhok gas pipeline.
2013	23 October	Gazprom was the first in Russia to produce gas by using an underwater production system without recurring to above-water structures on the Kirinskoye field in the Sea of Okhotsk.
	20 December	Oil production started at the Prirazlomnoye field in the Pechora Sea. It is Russia's first ever Arctic shelf project.
2014	21 May	The Company and China's CNPC signed a contract for gas supplies – the 30-year gas supply contract for over 1 tcm is the largest of its kind in the entire history of the Russian gas industry.
2015	14 October	The Company launched the construction (laid the foundation stone) of the Amur GPP, Russia's largest gas processing facility, which will be an essential part of the process chain of natural gas supply to China via the Power of Siberia gas pipeline.
2016	25 May	The Arctic Gate ("Vorota Arktiki"), a unique oil loading terminal, was commissioned in the Ob Bay enabling, for the first time ever, year-round oil shipments from the Yamal Peninsula by sea.
	16 September	With Gazprom's involvement, commercial production was launched at the Incahuasi field, one of the largest gas condensate fields in Bolivia.
2017	18 January	Launch events were held for the commissioning of the Bovanenkovskoye–Ukhta 2 gas pipeline increasing the supplies of gas from the Yamal Peninsula to Russia's UGSS.

The Company's History

2018	5 September	Work started to install the deep-water section of the Nord Stream 2 gas pipeline.
	5 December	The third and final gas production site was commissioned at the Bovanenkovskoye field. Gazprom commissioned the Ukhta–Torzhok 2 gas trunkline within the Northern Gas Transmission Corridor of Russia's UGSS to supply additional gas to northwestern Russia, expand the gas infrastructure and gas supplies to domestic consumers and support export supplies via Nord Stream 2.
2019	8 January	A commissioning ceremony was held in the Kaliningrad Region for an offshore gas receiving terminal and a floating storage and regasification unit, Marshal Vasilevskiy. The alternative, independent offshore route for gas supplies brought the region's energy security to a fundamentally new level.
	20 March	The Group commenced the full-scale development of the Kharasaveyskoye field, Gazprom's second core asset on the Yamal Peninsula.
	2 December	An official ceremony was held to celebrate the start of the first-ever Russian pipeline gas supplies to China via the Power of Siberia gas pipeline.

2020s

2020	8 January	An official ceremony was held to celebrate the start of TurkStream pipeline gas supplies to Turkey and the European market.
2021	21 May	Construction of the EGPC, a unique cluster that will combine gas processing, gas chemistry and natural gas liquefaction to be formed with Gazprom's participation, was started in the Leningrad Region near Ust-Luga.
	9 June	The Amur GPP was put into operation.
	August	PJSC Gazprom moved its place of business to Saint Petersburg. The Company's headquarters will be located in the Lakhta Centre, the tallest building in Europe.
	3 September	The world's largest helium hub was commissioned to supply liquid helium from the Amur GPP to the global market.
	10 September	Construction of the Nord Stream 2 gas pipeline was completed.

2



Strategy

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Trends and Developments in Global Energy Markets

The economic recovery and rising energy consumption significantly boosted gas demand and prices, including in Gazprom's key markets. By increasing its production, the Group captured much of this growth in global gas consumption in 2021.

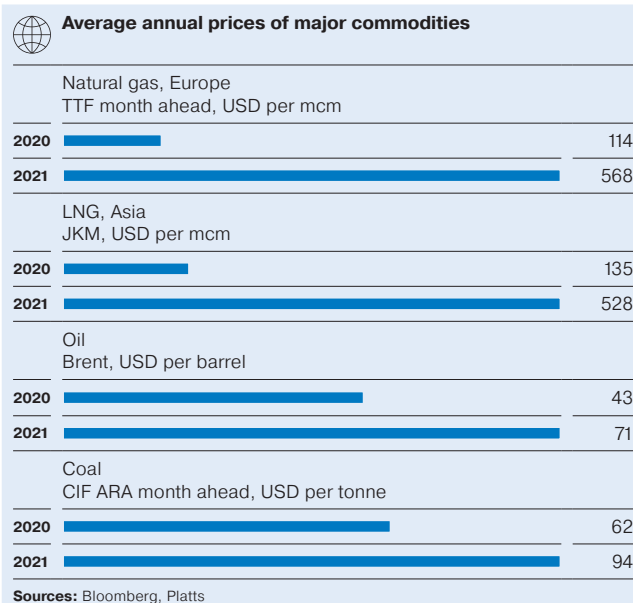
Global Economy and Gas Market Development in 2021

Global economic recovery

2021 saw a global economic recovery, with GDP in most countries back to pre-pandemic levels. Global inflation has proven much higher than previously expected due to continuing COVID-19 outbreaks, mounting food and energy prices, and supply disruptions.

In 2021, commodity prices surged after a broad-based decline in 1H 2020, with prices for some commodities reaching all-time highs. This is in part reflected a strong recovery in demand after a global recession in 2020. Prices for energy and metals tend to follow global economic trends, the more so in the past decades.

The economic recovery, unstable supplies of renewable energy, and weather have all contributed to the growth in global gas consumption. In 2021, global gas consumption grew by almost 186 bcm (up 4.6%) year-on-year to 4.2 tcm. The largest increase in gas consumption globally in 2021 was recorded in Russia (up 55 bcm), ahead of China (up 52 bcm) and Europe (up 35 bcm).



Recovery in the European gas market


Price volatility

As the global economy was recovering in 2021, hydrocarbon prices started to rise, reaching multi-year highs by year end.

In 1H 2021, TTF prices for natural gas rose due to low temperatures in Europe at the start of the year and a substantial decline in gas reserves in European underground gas storage facilities (UGSFs), lower domestic gas production, as well as uncontracted LNG flows redirected to the premium Asian market.


A new round of price changes began in Q3 2021 driven by declines in underground gas storage levels to their five-year lows by the end of the quarter, hot weather in the region, which boosted electricity consumption, and competition for flexible LNG supplies with the Asia-Pacific and Latin America countries.

A new round of price changes began in Q3 2021 driven by declines in underground gas storage levels to their five-year lows by the end of the quarter, hot weather in the region, which boosted electricity consumption, and competition for flexible LNG supplies with the Asia-Pacific and Latin America countries. Q4 2021 saw another surge in gas prices at European hubs on heightened speculative sentiment and uncertainty around global market balancing amid the seasonal growth in demand.

 **TTF average month ahead prices for natural gas, 2016–2021, USD per mcm**

2016	160
2017	200
2018	270
2019	168
2020	114
2021	568

Source: Bloomberg

 **TTF month ahead price for natural gas, 2021, USD per mcm**



Source: Bloomberg

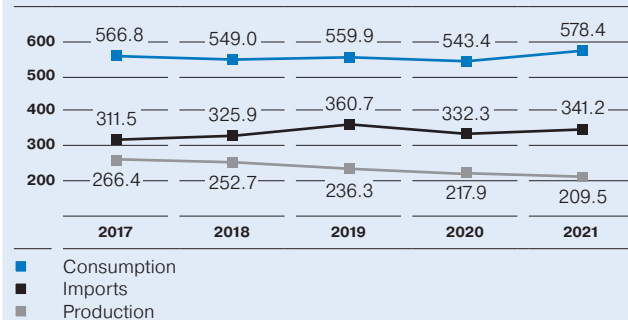
As a result, in 2021, average annual spot prices in the European gas markets grew almost fivefold year-on-year.

Consumption, domestic gas production, and imports

In 2021, natural gas consumption in European far abroad countries grew by 35 bcm, or 6.4% year-on-year, to 578 bcm (preliminary estimates). Weather (a cold and long winter and a hot summer) had a significant impact on demand. Industrial growth was largely driven by the economic recovery after the downturn in 2020. Record high prices were putting a brake on demand growth in 2H 2021, primarily in the power generation sector.

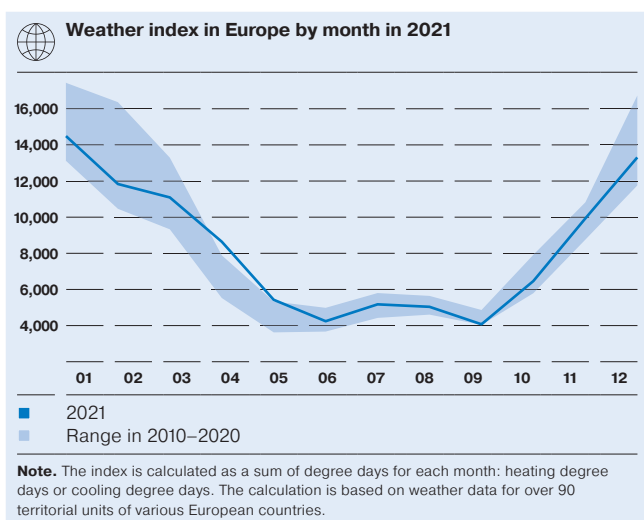
In 2021, the trend for lower domestic gas production continued, with the decrease coming in at 8.4 bcm for the full year (down 3.9% year-on-year). The UK posted the largest drop (down 6.8 bcm, or 16.0%).

 **Gas consumption, domestic production and imports in European far abroad countries, 2017–2021, bcm**



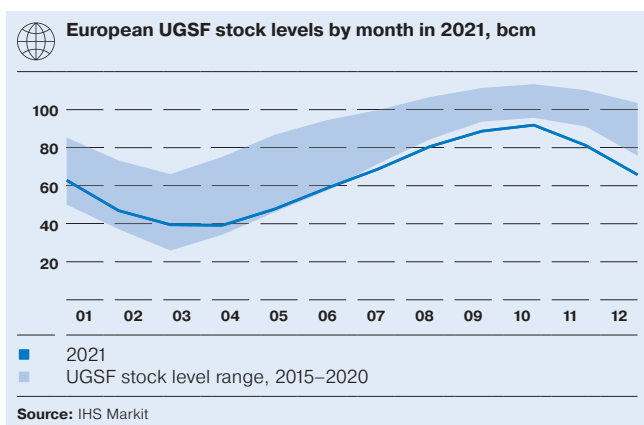
Note. PJSC Gazprom's estimates based on data from official statistical agencies of various countries as well as from international associations; data from gas transportation system operators; data on gas tanker traffic published by various companies; weather data published on Bloomberg's service; statements by officials and company representatives. Figures for 2020 and previous years may differ from the data in the Annual Report 2020 since international statistics may have been subsequently updated.

Weather



The 2021 weather index for Europe was generally near the climate normal, but higher than last year (101.1% vs 92.6% in 2020). Boosted by continuing low temperatures, the index significantly exceeded its average levels in Q2 2021 to reach new highs in April and May.

UGSF stock levels



Amid price volatility and increasing competition for natural gas, the corresponding increase in supply was primarily driven by accelerated withdrawals from UGSFs, which led to gas reserves in UGSFs falling below the historical stock level minimum.

Supply structure

The increase in gas imports to European far abroad countries was primarily driven by the recovery in pipeline gas flows from Algeria, which brought the market share of the country's combined network gas and LNG supplies to 9.2%.

The steady overall decline in Europe's LNG imports was due to LNG flows from Qatar and other producing countries partially shifting to the Asia-Pacific and South American countries, where gas demand grew substantially due to the economic recovery and weather, leading to an explosive growth in spot prices for uncontracted LNG.



Breakdown of gas supplies to European far abroad countries by supplier, 2017–2021, bcm

	2017	2018	2019	2020	2021
2017					
2018					
2019					
2020					
2021					
	2017	2018	2019	2020	2021
Supplies by major gas exporters					
■ PJSC Gazprom*	192.2	200.8	199.0**	174.9	174.3
■ Algeria (incl. LNG)	49.4	48.5	38.9	36.6	53.2
■ Qatar	24.1	23.3	32.1	30.6	22.9
■ Russia (LNG)	0.1	6.8	20.7	18.6	17.7
■ USA	2.6	3.7	18.3	25.8	29.8
■ Nigeria	12.6	13.0	16.0	14.8	13.2
■ Azerbaijan	6.8	7.8	9.9	11.9	9.1
Supplies by major European producers					
■ Norway	134.8	131.1	123.8	121.9	125.3
■ UK	45.0	43.6	43.3	42.7	35.9
■ Netherlands	41.7	35.0	30.1	21.6	19.5
■ Other supplies (excluding re-export)	57.5	35.4	27.8	44.0	77.5
Total	566.8	549.0	559.9	543.4	578.4

* PJSC Gazprom's gas sales under OOO Gazprom export's contracts excluding GAZPROM Schweiz AG's direct contracts.

** Including commodity (gas) repo agreements.

Note. PJSC Gazprom's estimates based on data from official statistical agencies of various countries as well as from international associations; data from gas transportation system operators; data on gas tanker traffic published by various companies; weather data published on Bloomberg's service; statements by officials and company representatives. Figures for 2020 and previous years may differ from the data in the Annual Report 2020 since international statistics may have been subsequently updated.



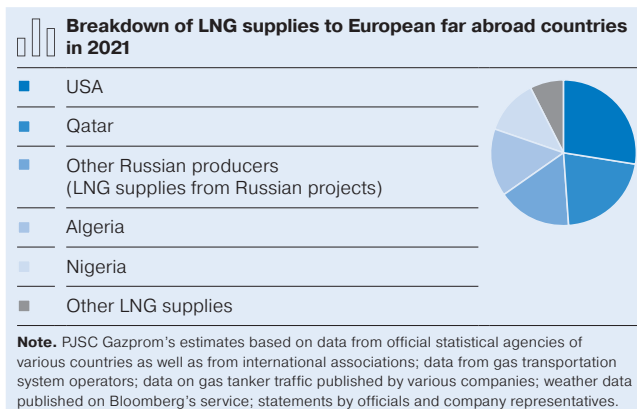
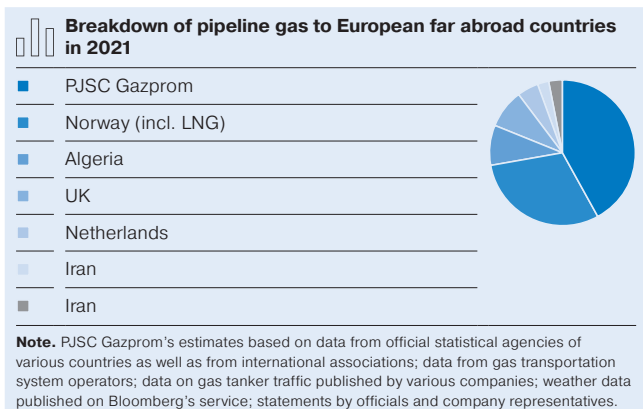
Breakdown of gas supplies to European far abroad countries by distribution method, bcm

	2017	2018	2019	2020	2021
2017					
2018					
2019					
2020					
2021					
	2017	2018	2019	2020	2021
■ PJSC Gazprom's pipeline supplies under contracts of OOO Gazprom export	34	37	36	32	30
■ Other pipeline supplies (domestic production and imports)	55	51	43	46	51
■ LNG imports	11	12	21	22	19

Source: IHS Markit



For more details on Gazprom Group's gas sales to European far abroad countries in 2021, see the Marketing section.

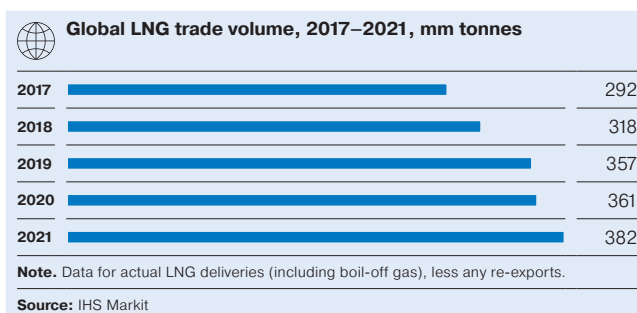


Global LNG trade and price growth

In 2021, total net LNG imports reached 382 mm tonnes, up 21 mm tonnes year-on-year, boosted mainly by demand from Asia and Latin America. The bulk of the increase in LNG supplies to these regions came predominantly from China, South Korea and Brazil. Europe's share of the global LNG market decreased from 23% to 20% over the year, while the Asia-Pacific region increased its share from 71% to 73%. The UK, Italy, Spain, and France were the major contributors to the decline in supplies to Europe in 2021.

On the supply side, the USA demonstrated the largest increase in LNG supplies (up 24 mm tonnes) due to a favourable pricing environment and the trains of the Cameron, Freeport, Corpus Christi, and Elba Island projects ramping up to design capacity in 2020. At the same time, global LNG capacity saw a lower overall utilisation rate due to technical and feedstock issues faced by certain major LNG producers.

Strong demand in Europe and Asia driven by weather as well as low UGSF reserves in Europe amid limited global LNG supplies led to higher prices across major LNG markets. The average monthly LNG spot prices in Asia (Platts JKM) jumped from USD 3.8 per mm BTU in 2020 to USD 15.0 per mm BTU (up 92.7%) in 2021, while in Northwestern Europe (Platts NWE) they surged from USD 3.0 per mm BTU to USD 12.3 per mm BTU (up 305.6%).

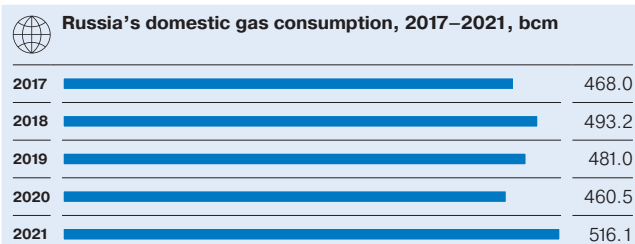


Increased gas consumption in Russia and domestic market development initiatives

In 2021, total gas consumption in Russia was 516.1 bcm, up 12% year-on-year. The growth in natural gas consumption was driven by the economic recovery and a surge in demand after lockdown restrictions eased, and was also due to weather. In particular, in February 2021, the average monthly temperatures in Russia were 2.7 °C below the climate normal. In September 2021, the heating season began on average two weeks earlier than usual due to lower temperatures.

Natural gas accounts for more than 50% in Russia's energy mix, remaining virtually flat over years.

The largest consumers of natural gas in Russia include electricity and heat generators (34%), household consumers (11%), the oil industry (10%), the housing and utilities sector (8%), the gas industry (6%), the agrochemical industry (6%), and metallurgy (5%).



63%

The share of gas produced by Gazprom Group in total gas supplies to Russian consumers via Gazprom's GTS

Gazprom's contribution to covering domestic gas consumption in Russia, 2017–2021, bcm

	2017	2018	2019	2020	2021
Domestic gas consumption in Russia	468.0	493.2	481.0	460.5	516.1
Supplies to Russian consumers via Gazprom's GTS*	351.3	361.7	353.9	338.8	376.8
incl. Gazprom Group via the GTS (with purchases from independents)	231.3	244.1	240.0	225.9	258.5
Supplies to Russian consumers via Gazprom's GTS from Gazprom Group's production*	216.3	224.9	221.2	208.4	238.1

* Excluding GTS process needs.

PJSC Gazprom's role in the Russian gas market development in 2021

Area of development	Initiatives
Improving the calculation of gas transportation tariffs	<ul style="list-style-type: none"> Proposals were submitted to the Russian Ministry of Economic Development for calculating tariffs for gas transportation by independent producers via gas trunklines using the ROIC method in the absence of a methodology for determining the amount of fixed assets and other tangible and financial assets used in regulated operations, as well as draft amendments to Russian Government Resolution No. 1021 dated 29 December 2000, providing for the application of the ROIC method until the methodology is developed. Coordination arranged with the Russian Federal Antimonopoly Service (FAS) on adjusting tariffs for gas pipeline transportation services provided by PJSC Gazprom using its own gas trunklines to independent companies within the UGSS.
Promoting exchange trade in the Russian market, including improvements to trading arrangements for month-ahead and day-ahead gas contracts	<ul style="list-style-type: none"> PJSC Gazprom participates in exchange-based gas trade at The Saint Petersburg International Mercantile Exchange (AO SPIMEX) depending on the market environment and economic viability. The maximum permissible amount of gas that can be sold by PJSC Gazprom on the exchange (25.0 bcm per year) was set by Resolution of the Russian Government No. 323 dated 16 April 2012 as amended by Resolution of the Russian Government No. 1063 dated 17 August 2019. In 2021, a total of 5.6 bcm of exchange-traded gas were supplied by PJSC Gazprom to 36 Russian regions (down 6.9 bcm year-on-year), including 0.9 bcm of gas supplied to regional gas sales companies. Going forward, PJSC Gazprom is expected to operate as a Balancing Buyer and purchase (at a discount) exchange-traded gas that was not resold, as part of a project for reselling gas unclaimed by buyers under exchange contracts, which was launched on 23 December 2020 on SPIMEX.

PJSC Gazprom's role in the Russian gas market development in 2021 (part 2)

Area of development	Initiatives
Developing market-based gas pricing approaches	<ul style="list-style-type: none"> Proposals were prepared and submitted to the relevant federal executive authorities regarding the transition to market-based gas pricing in the domestic market, including gradual expansion of the non-regulated market segment. Coordination with the FAS on addressing gas pricing issues, including elimination of cross-subsidies, indexing tariffs charged by gas distribution entities and payment for supply and sales services above the levels set out in the Forecast of Russia's Socio-Economic Development for 2022 and for the 2023 and 2024 planning period
Developing a common gas market of the Eurasian Economic Union	<ul style="list-style-type: none"> PJSC Gazprom, jointly with federal executive authorities, consistently works on drafting regulatory documents for the Eurasian Economic Union's emerging common gas market, proposing its key architecture principles such as taking into account national interests, market-based pricing and economically justified prices and tariffs, development of trading and transportation mechanisms and policies, as well as information sharing and disclosure.

Long-Term Outlook for the Global Energy Market

The reporting year saw positive changes in the global energy markets. Despite the remaining restrictions to curb the spread of the COVID-19 pandemic, global energy consumption is back on an upward trajectory. According to preliminary estimates, global energy consumption grew by more than 3.5% year-on-year in 2021, while global consumption of natural gas rose 4.5% in 2021.

Global energy consumption is expected to grow in the future, but the overall trend towards improved energy efficiency across industries will be putting a brake on energy consumption growth in the longer range.

Global energy consumption growth

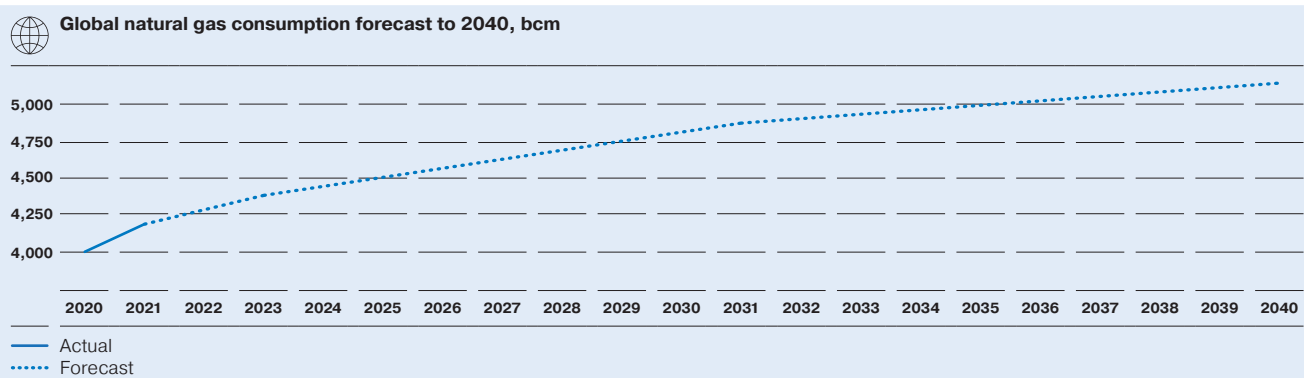
Global energy consumption is expected to steadily grow, increasing by 16% in 2040 compared to 2021. An increased focus on decarbonising major global industries will be a key driver shaping the world's energy mix.

This trend, particularly in the medium term, will result in stronger consumption of natural gas and renewable energy, which will be the main drivers behind the global increase in energy consumption

Long-term prospects of natural gas in the global and regional energy industry

The growing role of natural gas in the global energy mix has been a defining trend in the world's energy industry in recent years. Natural gas is the cleanest of fossil fuels.

As a clean energy carrier, natural gas is increasing its presence in the global market, actively replacing other fossil fuels – oil and especially coal.



Global demand for gas is expected to surge in the medium term, but initiatives supporting renewables and decarbonisation, including those announced in 2020 and 2021, may dampen gas consumption growth in the longer term. Nonetheless, despite ambitious goals, these initiatives will be hindered by lack of financing. Global gas consumption is expected to reach 5.1 tcm by 2040.

In 2021, gas consumption in Europe increased by more than 6% to 578 bcm. Key drivers behind the growing gas demand included weather (cold winter and hot summer), economic recovery after the lifting of lockdown restrictions, and the intermittency of renewables.

In the medium term, plans by various countries to phase out coal and nuclear generation, and transition to gas in the transport sector will bolster demand for gas in Europe. However, new decarbonisation and further renewable energy initiatives are expected to reduce gas consumption in the longer term. Long-term forecasts of natural gas consumption in Europe are associated with significant uncertainty. Gas consumption in the region may range between 450 bcm and 520 bcm in 2030, and between 400 bcm and 470 bcm in 2040.

The continued accelerated decline in domestic production (down 4% year-on-year) was an important highlight of 2021 in the European gas market. The year's results suggest that the declining trend in Europe's domestic gas production will continue under any development scenario in energy markets.

In China, gas consumption significantly increased in 2021 (up 16% year-on-year, to 378 bcm) on the back of economic recovery. Natural gas consumption in China will steadily grow, outpacing domestic gas production. Consumption is expected to reach approximately 550 bcm in 2030 and 700 bcm in 2040. The increases in domestic gas consumption will be matched by steadily growing imports.

Development Strategy by Business Type

PJSC Gazprom's (Gazprom Group's) strategic goal is to strengthen its leadership among global energy companies by diversifying sales markets, maintaining energy security and sustainability, driving operational efficiencies and leveraging R&D capabilities.

Strategic planning is the top tier of PJSC Gazprom planning framework, covering it gas, oil and power generation businesses, and aims to achieve Gazprom Group's strategic goal. Long-term planning is used to set targets to serve as benchmarks for budgeting and priority projects, laying the groundwork for PJSC Gazprom's investment planning process.



PJSC Gazprom's revised Investment Programme for 2021 was approved by the Board of Directors, Resolution No. 3660 dated 19 October 2021 (Minutes of the Board of Directors' meeting No. 1397 dated 19 October 2020). For more details on the goals and main projects, key areas and expected timelines, see the Gas Business subsection of the Development Strategy by Business Type section and the Capex Programmes section.

In order to quantify targets for achieving Gazprom Group's key objectives, the Company has introduced a planning system using Gazprom Group's strategic performance targets (SPTs) with the following objectives:

- Improve coordination between businesses and activities within businesses for their efficient and balanced development
- Establish a system of quantitative indicators defining the key parameters of Gazprom Group's activities
- Enable effective planning and control of operations, budgeting, cost management, staff motivation and other functional subsystems of planning and management
- Monitor the implementation of PJSC Gazprom's strategy by business type and the actual achievement of SPTs; establish the impact of changes in the external environment on strategy implementation
- Adapt PJSC Gazprom's activities to changing external and internal conditions and provide feedback between the strategic planning process and cost, investment and risk management and budgeting processes

The Company has created a list of SPTs for the gas, oil and power generation businesses to make sure all business segments of Gazprom Group are covered. Corporate SPTs reflecting the overall performance of Gazprom Group were developed to consolidate the targets across business segments. Tier 1 and Tier 2 SPTs give a quantitative detailed description of tasks contributing to Gazprom Group's strategic goals for each of its businesses.



Reference values of corporate SPTs for the end of the current 10-year period (approved by Resolution of PJSC Gazprom's Board of Directors No. 3523 dated 22 December 2020, Minutes No. 1343 dated 22 December 2020)

Metric	Reference value
Economic profit growth	Positive
Debt/equity ratio	Not more than 40%
Hydrocarbon refining volume	Not less than 150 mm t c.e.
Hydrocarbon reserve replacement ratio	Not less than 1
Total installed capacity	Not less than 100 GW
Peak UGSS autumn and winter capacity	Not less than 2,550 mmcm per day

Key risks to the strategic goals of PJSC Gazprom (Gazprom Group) include macroeconomic, political, legislative, sanction, reputational and market risks, as well as risks related to renewable energy development. The Long-Term Development Programme of PJSC Gazprom (Gazprom Group) reflects an assessment of risks affecting the achievement of strategic goals by type of PJSC Gazprom (Gazprom Group) businesses. A response method and risk management measures have been identified for each of these risks to minimise the impact of risk occurrence on PJSC Gazprom (Gazprom Group).



Relations between planning processes at PJSC Gazprom

Strategic planning

Corporate SPTs

Tier 1 SPTs

Gas business

Oil business

Power generation business

PJSC Gazprom's Long-Term Development Programme Tier 2 SPTs

Gas business

Oil business

Power generation business

List of priority projects

Programme indicators

Medium-term planning

Investment Programme

Gas business

Oil business

Power generation business

Budget

Gas business

Oil business

Power generation business

Short-term planning

Investment Programme

Gas business

Oil business

Power generation business

Budget

Gas business

Oil business

Power generation business

Key performance indicators (KPI) system

Gas business

Oil business

Power generation business

Monitoring

Monitoring of short-, medium- and long-term planning

SPTs

KPIs

Gas Business

The strategic goal of Gazprom Group in the gas business is to maintain its leadership among global oil and gas companies by diversifying natural gas and refined products sales markets and forms of distribution, ensuring reliable gas supplies to consumers, driving efficiency and scale of operations, and developing the Company's capabilities in R&D, technology and human resources.

 Key strategic tasks of Gazprom Group's gas business	
1	Ensuring efficiency of the gas business
2	Realising the potential of existing fields and building new gas production hubs
3	Ensuring the reliability of gas supplies to consumers
4	Ensuring the operation and development of UGSS and other gas pipeline systems with provisions for peak consumption of natural gas
5	Driving market diversification
6	Expanding LNG production, transportation and sales (including small-scale LNG)
7	Driving leadership in the modernisation and operational efficiency of downstream assets
8	Boosting high value added product sales
9	Developing NGV fuel production and sales (including abroad)
10	Developing gas business on foreign markets
11	Driving innovative development, enhancing own technology capabilities, including through import substitution policy

1 2 3 11

Key strategic tasks of Gazprom Group's gas business

Strategic priorities	Medium-term priority development focus areas
<ul style="list-style-type: none"> Building gas production hubs in eastern Russia Bringing into development the Yamal Peninsula's unique, large fields Bringing online new fields in the Nadym-Pur-Taz region Further exploration of deep-lying Achimov and Jurassic sediments and above the Cenomanian sediments in the fields under development in the Yamal-Nenets Autonomous Area Bringing into development continental shelf fields in Russian northern seas 	<ul style="list-style-type: none"> Ensuring increased reserve replacement rates Further building of new gas production hubs in Russia Revamps and retrofits of existing gas production facilities to maintain target gas production levels

1 3 4 5 10 11

Gas transportation

Strategic priorities	Medium-term priority development focus areas
<ul style="list-style-type: none"> Synchronised commissioning of gas production, transportation and storage facilities Diversification of gas export routes Construction of new gas transportation capacity Revamps and retrofits of existing gas transportation facilities 	<ul style="list-style-type: none"> Construction of gas transportation capacity to ensure diversification of gas export routes Construction of new gas transportation capacity in Russia to ensure gas supplies to the domestic market and meet obligations under export contracts Implementation of comprehensive programmes for revamping and retrofitting existing gas transportation facilities Decommissioning of excess gas transportation system (GTS) capacity

1 3 4 10 11

Underground gas storage

Strategic priorities	Medium-term priority development focus areas
<ul style="list-style-type: none"> – Maintaining UGSF capacity through revamps and replacement of worn-out and obsolete fixed assets, as well as debottlenecking of UGSFs and the GTS – Increasing the flexibility of Russia's UGSF system by: <ul style="list-style-type: none"> – constructing small peak-shaving gas storage facilities in salt caverns to maintain deliverability rates during increased gas withdrawal periods through to 1 February – introducing compressor withdrawal at operating storage facilities and multi-cycle operation of storage facilities – Providing UGSF capacity to regions where such capacity is in short supply – Increasing daily deliverability and working gas inventory of active UGSFs to satisfy current and projected gas demand 	<ul style="list-style-type: none"> – Revamps and replacement of worn-out and obsolete fixed assets at existing UGSFs, including the Elshano-Kurdyumskoye, Stepanovskoye and Peschano-Umetskoye UGSFs – Construction and expansion of the peak-shaving Kaliningradskoye and Volgogradskoye UGSFs, as well as the Udmurtsky Reserving Complex – Providing UGSF capacity to regions where such capacity is in short supply. Russia's Northwestern, Siberian, Urals, and Far Eastern Federal Districts are high-potential areas for the construction of new UGSFs

1 3 6 7 8 11

Processing/refining

Strategic priorities	Medium-term priority development focus areas
<ul style="list-style-type: none"> – Construction of new gas processing facilities to support hydrocarbon developments in Eastern Siberia and the Far East – Processing and transportation of projected volumes of liquid hydrocarbons produced at fields in Western Siberia, the Yamal Peninsula and the adjacent continental shelf of the Kara Sea – Processing of ethane-rich gas from fields in Western Siberia – Increasing LNG production 	<ul style="list-style-type: none"> – Construction of new gas processing facilities to support hydrocarbon developments in Eastern Siberia and the Far East as well as processing of the projected volumes of liquid hydrocarbons produced at fields in Western Siberia – Revamps of existing facilities – Implementation of LNG production projects in Russia

1 3 4 5 6 9 10 11

Gas distribution

Strategic priorities	Medium-term priority development focus areas
<ul style="list-style-type: none"> – Development of gas supply and gas infrastructure across Russia – Additional gas infrastructure expansion in Russian regions – Development of the NGV fuel market and gas filling infrastructure in Russia – Diversification of export destinations by supplying LNG to markets that are unable to import Russian pipeline gas – Higher gas supplies to international markets driven by the expansion of LNG production and trading 	<ul style="list-style-type: none"> – Implementation of programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025 – Development of the Russian NGV fuel market

Oil Business

The strategic goal of Gazprom Group in the oil business is to maintain its status as one of the largest international global oil and gas companies by driving effective asset portfolio management throughout the value chain and using cutting-edge technology while aiming to maximise financial performance and meeting the highest standards of social and environmental responsibility.



Key strategic tasks of Gazprom Group's oil business

- 1 Maximising return on investment in greenfield development
- 2 Effective development of existing fields
- 3 Driving leadership in the modernisation and operational efficiency of downstream assets
- 4 Maximising premium sales of own oil products, oil business development on foreign markets

1 2

Oil exploration and production

Strategic priorities

- Efficient development of mature assets
- Developing the resource base of the Yamal Peninsula
- Bringing into development and monetising the uniquely vast liquid hydrocarbon reserves in the Nadym-Pur-Taz region
- Building a hydrocarbon production hub on the Sea of Okhotsk continental shelf
- Developing technology for viable development of the Bazhenov formation, Domanic and Paleozoic deposits
- Bringing into development the remaining recoverable reserves that are currently uneconomic through deployment of new technologies
- Building up the resource base to support production beyond 2025

Medium-term priority development focus areas

- Driving mature asset performance and implementing the enhanced oil recovery programme
- Implementing initiatives to continue exploration of the Sea of Okhotsk continental shelf
- Bringing into development the previously untapped reserves in the oil rims and Achimov and Neocomian-Jurassic reservoirs of Gazprom Group fields
- Developing technology for viable development of hard-to-recover hydrocarbon reserves

3 4

Logistics, refining and marketing

Strategic priorities

- Increasing refining depth and light product yields
- Enhancing the efficiency of processing/refining and marketing
- Improving conventional business sustainability through developing petrochemical businesses
- Maintaining leadership and growing market shares in existing and new markets for Gazprom products

Medium-term priority development focus areas

- Continued refinery upgrade programmes and capacity development
- Further expansion of the product mix and marketing infrastructure development
- Catalyst plant construction

Power Generation Business

The strategic goal of Gazprom Group in the power generation business is to maintain its leadership in power and heat capacity installed in Russia by remaining a reliable supplier of heat and electricity for consumers and delivering sustainable profit growth while meeting the highest standards of social and environmental responsibility.

Key strategic tasks of Gazprom Group's power generation business

- 1 Effective implementation of new investment projects
- 2 Implementation of upgrade projects to improve energy efficiency of operations and cut costs through reduced fuel consumption
- 3 Improving operational efficiency of power generation assets; ensuring reliability of power and heat supply
- 4 Leveraging new technologies with priority given to Russian technologies
- 5 Capturing new sources of revenue through diversification and potential synergy within Gazprom Group
- 6 Power generation business development on foreign generation markets

1 2 3 4 5 6

Electricity and heat generation and sales

Strategic priorities

- Optimising the generation capacity mix
- Improving operational efficiency and optimising costs
- Constructing new and upgrading existing generating capacity, and decommissioning low-performing facilities
- Innovative development
- Diversifying the power generation business by entering promising markets in Russia and abroad

Medium-term priority development focus areas

- Generating capacity upgrades
- Decommissioning low-performing and idle capacity
- Implementation of operational efficiency and cost optimisation initiatives
- Participation in the selection of thermal power plants to be upgraded with innovative Russia-made gas turbines in 2027–2029

Capex Programmes

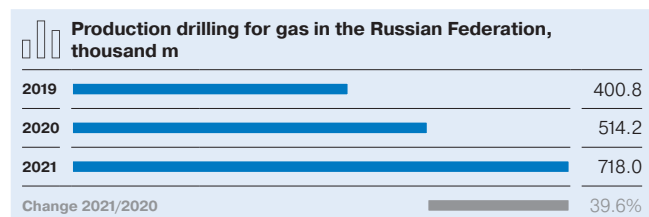
In 2021, on the back of favourable market conditions and improving financial performance, Gazprom Group boosted its capital investments to RUB 1,937.6 billion (RUB 1,494.2 billion in 2020), accelerating a number of projects in the gas and oil businesses.

An extension of the Sakhalin–Khabarovsk–Vladivostok gas trunkline from Komsomolsk-on-Amur to Khabarovsk was completed, laying the groundwork for developing gas supply and ensuring gas infrastructure expansion in the Khabarovsk Territory

Gazprom Group's 2021 capital expenditures were directed mostly towards a number of projects across its core business segments, as detailed below.

In gas production:

- Production drilling and field facility construction at the Kovyktinskoye, Chayandinskoye and Kharasaveyskoye fields
- Production drilling and infrastructure expansion at the Bovanenkovskoye field, the second pilot block of the Achimov deposits in the Urengoyskoye field, Pestsovaya area in the Urengoyskoye field, and Tab-Yakhinsky block of the Urengoyskaya area
- Infrastructure expansion at the Kirinskoye field

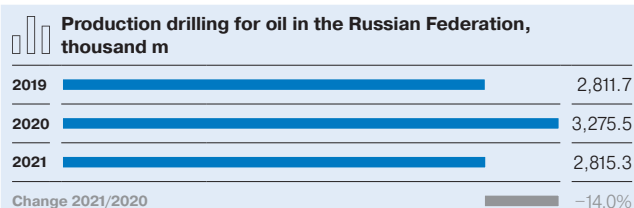


In oil and gas condensate production:

- Investment projects at the conventional assets of Gazprom Neft
- Oil-rim development at the Pestsovoye, Yen-Yakhinskoye and Chayandinskoye fields
- Development of the Tazovskoye field, the Novoportovskoye field and the Prirazlomnoye field

Commercial development started at the Tazovskoye field

Gazprom Neft commissioned a complete infrastructure complex at the oil rim of the Tazovskoye field in the Yamal-Nenets Autonomous Area. This is Russia's first oil and gas field where infrastructure was built under tight COVID-19 restrictions and includes oil and gas wells, a gas turbine power plant, oil and gas treatment units, oil and gas pipelines, custody transfer point, and accommodation facilities. The field is developed with multilateral wells with horizontal section lengths exceeding 2,000 metres, including fishbone wells. In terms of complexity and uniqueness, the Tazovskoye field wells are on a par with offshore wells and rank among the most complex wells globally. The field will eventually produce 1.7 mm tonnes of oil and 8 bcm of gas per year.



In gas transportation:

- The North-West region's UGSS transportation capacity expansion at the Gryazovets–Slavyanskaya CS section
- Construction of the Power of Siberia gas pipeline – the linear section from the Kovyktinskoye field to the Chayandinskoye field, and compressor stations at the Chayandinskoye field–Chinese border section
- Construction of linear sections of the Sakhalin–Khabarovsk–Vladivostok trunk gas pipeline
- Construction of the Nord Stream 2 gas pipeline
- Construction of compressor stations on the Ukhta–Torzhok 2 gas trunkline
- Construction of gas distribution stations and branch pipelines as part of gas supply and infrastructure expansion in Russian regions

The Nord Stream 2 project is technically ready to start commercial delivery as both pipeline strings have been completed and filled with technical gas

In gas storage:

- Revamps of facilities at the Peschano-Umetskoye, Elshano-Kurdyumskoye and Severo-Stavropolskoye UGSFs
- New construction at the Kaliningradskoye and Volgogradskoye UGSFs
- Retrofits of facilities at the Shchelkovskoye UGSF

In processing/refining:

- Construction of the Amur GPP
- Construction of the LNG production, storage and shipping complex near the Portovaya CS in the Leningrad Region
- Implementation of projects to enable liquid hydrocarbon transportation from the Nadym-Pur-Taz region: construction of a stabilisation unit for condensate produced from Achimov deposits in the Nadym-Pur-Taz region, and the Urengoy oil pumping station
- Implementation of projects at Gazprom neftekhim Salavat's refinery and Monomer plant
- Implementation of projects to increase refining depth at the Omsk and Moscow Refineries

The active phase of Gazprom Neft's major investment projects of the second stage of technological and environmental upgrades of its refineries is nearing completion

In gas supplies:

- Gas supply and gas infrastructure expansion in Russian regions

In electricity and heat generation and sales:

- Completion of the construction of the Svobodnenskaya TPP and Pančevo CHPP (Serbia)
- Construction of a captive start-up and heating boiler house at the Troitskaya GRES and replacement of gas turbine unit blades at PJSC OGK-2's power plants
- Equipment upgrades at Unit 9 of CHPP-22 of PJSC Mosenergo
- Upgrade of Verkhne-Tulomskaya HPP-12 and revamp of TGC-1's Avtovskaya CHPP-15

Verkhne-Tulomskaya HPP plays a key role in the Murmansk Region energy system, providing power to the Republic of Karelia and acting as a backup for the entire Northern energy district

Long-Term Development Programme

The Planning Procedure Based on Strategic Performance Targets of PJSC Gazprom (Gazprom Group) (approved and put into effect on 1 January 2021 by Resolution of PJSC Gazprom's Management Committee No. 42 dated 24 September 2020) sets forth the key principles of strategic (long-term) planning for Gazprom Group.

The Long-Term Development Programme of PJSC Gazprom (Gazprom Group) serves as a comprehensive integrated plan for the Company's development to drive the achievement of SPTs across all types of business and to maximise the systematic economic benefits from the Company's growth.

The key objectives of the Long-Term Development Programme of PJSC Gazprom (Gazprom Group) include:

- identifying priority growth areas for the Company based on insights into trends in the global and Russian energy markets and competition analysis
- defining development options for each business type and prioritising projects for PJSC Gazprom
- financial and economic evaluation of the Company's development options
- analysis of PJSC Gazprom's strategic risks
- preparing recommendations and developing action plans to achieve the Company's SPTs and support its sustainable growth.


The Long-Term Development Programme is developed annually in accordance with the Planning Procedure Based on the Strategic Performance Targets, and incorporating the Guidelines on Long-Term Development Programmes for Strategic Open Joint Stock Companies and Federal State Unitary Enterprises, and Open Joint Stock Companies in which the Aggregate Share of the Russian Federation Exceeds 50% (Instruction of the Government of the Russian Federation No. ISh-P13-2583 dated 15 April 2014). Once pre-approved by PJSC Gazprom's Management Committee, the Programme is submitted for approval to the Company's Board of Directors.

PJSC Gazprom's Long-Term Development Programme (2021–2030) was approved by its Board of Directors, Resolution No. 3483 dated 22 September 2020 (Minutes of the Board of Directors' meeting No. 1325 dated 22 September 2020).

The Long-Term Development Programme of PJSC Gazprom (Gazprom Group) (2022–2031), put together in 2021, was approved by PJSC Gazprom's Board of Directors, Resolution No. 3652 dated 28 September 2021 (Minutes of the Board of Directors' meeting No. 1392 dated 28 September 2021).

The Long-Term Development Programme was supplemented with new sections to incorporate the results of an SPT variance analysis, outlook for LNG production in Russia and worldwide, as well as alignment with governmental strategic planning documents

Russian Government Directive No. 4955p-P13 dated 17 July 2014 requires audits of progress on the Long-Term Development Programme.



Progress audit of the Long-Term Development Programme of PJSC Gazprom

In 2021, PJSC Gazprom's progress on its Long-Term Development Programme (2020–2029) over 2020 was audited by FBK.

The audit (Audit Report No. 3928, dated 3 December 2021) found that PJSC Gazprom's current internal performance monitoring and reporting system and the relevant document flow could be considered effective and enabling the provision of reliable information about the progress on the Long-Term Development Programme. Completed procedures and identified evidence did not provide any grounds to believe that the performance metrics of PJSC Gazprom's Long-Term Development Programme (2020–2029) for the year that ended on 31 December 2020 have any misrepresentations materially affecting the validity thereof.

3





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Operations and Marketing

Exploration and Production

Due to its environmental and technical advantages, natural gas is the energy carrier that ensures both energy security and sustainable development on a global scale. Gazprom is the absolute leader among public companies in terms of gas reserves and production. In 2021, gas production by the Group reached a 13-year high.

To ensure a reliable supply of hydrocarbons to customers in the long term, Gazprom Group is consistently developing its mineral resource base in Russia.

Developing, replacing, strengthening and building up Gazprom's resource base is a multifaceted task that requires different solutions depending on hydrocarbon production scenarios, geology, technical capabilities, transportation infrastructure, domestic and international market trends, environmental considerations, subsoil use legislation, strategic partnerships, and competition.

Mineral resource base

As at 31 December 2021, Gazprom Group's A+B₁+C₁ hydrocarbon reserves in Russia were 30,226.9 bcm of natural gas, 1,369.3 mm tonnes of gas condensate and 1,874.1 mm tonnes of oil, including a 49.8 mm tonne share in the oil reserves of entities in which it has investments classified as joint operations. Gazprom Group's A+B₁+C₁ hydrocarbon reserves total 221.11 bboe.

68%

Gazprom Group's share of total Russian explored reserves of natural gas

Subsoil licence portfolio in the Russian Federation as at 31 December 2021	
Gazprom Group	
322	licences for geological surveying, exploration and production of hydrocarbons
589.4 thousand square km	total area of licence blocks
Entities in which Gazprom has investments classified as joint operations	
6	licences for geological surveying, exploration and production of hydrocarbons
2.9 thousand square km	total area of licence blocks



Factors behind changes in Gazprom Group's A+B₁+C₁ hydrocarbon reserves in the Russian Federation in 2021

Natural gas, bcm

Natural gas reserves as at 31 December 2020		33,574.51
Exploration-based additions to reserves	→	+525.80
Re-estimation	←	-3,344.43
Production (including losses)*	←	-512.94
Other factors	←	-16.01
Natural gas reserves as at 31 December 2021		30,226.93

* Excluding dissolved gas.



Gas condensate, mm tonnes

Gas condensate reserves as at 31 December 2020		1,494.40
Exploration-based additions to reserves	→	+9.09
Re-estimation	←	-118.67
Production (including losses)*	←	-13.46
Other factors	←	-2.11
Gas condensate reserves as at 31 December 2021		1,369.25

* Any production-driven changes in gas condensate reserves are recognised in terms of stable gas condensate equivalent (C_{ge}). In 2021, Gazprom Group produced 16.32 mm tonnes of unstable gas condensate.



Oil, mm tonnes

Oil reserves as at 31 December 2020		2,023.75
Exploration-based additions to reserves	→	+43.51
Production (including losses)	←	-46.84
Reserves transferred to the books of other entities*	←	-132.95
Other factors	←	-13.35
Oil reserves as at 31 December 2021		1,874.12

* Mostly due to Q4 2021 change in the treatment of Gazprom Group's investment in AO TOMSKNEFT VNC to reflect its recognition as a joint venture due to change in relationships with its second shareholder. Previously, investments in AO TOMSKNEFT VNC were classified as investments in joint operations.

About half of Gazprom Group's explored reserves of natural gas are concentrated in the new rapidly developing gas production regions, as well as in stable production fields in the well-explored Nadym-Pur-Taz region and the European part of Russia.

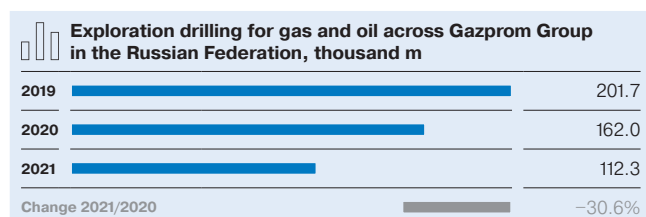
Gazprom leverages the high quality of its resource base to maintain low exploration costs. The cost of replacing explored reserves averages some RUB 25 per boe.

The Group's share in A+B₁+C₁ hydrocarbon reserves of associates and joint ventures in Russia as at 31 December 2021 stood at 1,079.3 bcm of natural gas, 122.0 mm tonnes of gas condensate and 726.5 mm tonnes of oil, totalling 13.33 bboe.

Exploration

To replace and expand its mineral resource base, Gazprom Group pursues an aggressive exploration programme employing advanced prospecting techniques on Gazprom Group's licence blocks in almost every oil and gas province onshore, on the Arctic shelf and in the Okhotsk oil and gas province. The Group regularly evaluates licence blocks put up for tenders and auctions for subsoil use.

In 2021, the Company acquired 1.8 thousand km of 2D seismic data and 7.8 thousand square km of 3D seismic data in Russia. Exploration drilling totalled 112.3 thousand m, with 31 oil and gas wells completed and 29 wells proving to be productive when tested.



In 2021, the Company used sidetracking in idle wells for further exploration of existing fields. Drilling meterage totalled 1.5 thousand m. One unproductive well was completed.

Gazprom Group allocated RUB 96.1 billion for its exploration programmes (inclusive of VAT).

In 2021, exploration-driven additions to A+B₁+C₁ hydrocarbon reserves in Russia totalled 525.80 bcm of natural gas, 9.09 mm tonnes of gas condensate and 43.51 mm tonnes of oil, including additions to the reserves of companies in which Gazprom has investments classified as joint operations – 0.12 bcm of natural gas and 2.17 mm tonnes of oil.

The most significant growth in natural gas reserves was achieved at the Leningradskoye field on the Russian continental shelf in the Kara Sea – 439.6 bcm. 2021 saw new field discoveries, such as the Zapadno-Varavenskoye field in the Krasnodar Territory and 29 new reservoirs in previously discovered fields on the Russian continental shelf in the Kara Sea, in the Yamal-Nenets Autonomous Area, Khanty-Mansi Autonomous Area – Yugra, and the Irkutsk, Tomsk and Orenburg Regions.

In addition, entities in which Gazprom has investments classified as joint operations acquired 0.3 thousand square km of 3D seismic data.

1.03

Gazprom Group's gas reserve replacement ratio

The exploration success rate in 2021 was 33.7 thousand boe per metre drilled (excluding entities in which Gazprom has investments classified as joint operations).

Re-estimation

Gazprom Group continued revising gas recovery factors (GRFs) under the new Russian Classification of Reserves and Resources of Oil and Flammable Gases. GRF is applied in line with the approved field development plan and, starting from 2019, when calculating reserves of explored fields as per the methodology developed by Gazprom and approved by the State Commission for Mineral Reserves.

In 2021, recoverable gas reserves decreased by 3.35 tcm as a result of GRF revision. As at 31 December 2021, Gazprom completed the GRF estimation for the fields containing 70% of Gazprom Group's total A+B₁+C₁ reserves. Revision of GRFs for Gazprom Group's other fields in the coming years will continue to have a significant impact on its recoverable gas reserves.

Field developments

Gazprom Group's priority in hydrocarbon production is the prudent management of its resource base with extensive use of state-of-the-art technologies and methods to enhance gas and oil recovery in order to maintain hydrocarbon production levels and maximise recovery.

Development of greenfield areas is an integral part of Gazprom's activities.

Gazprom Group's hydrocarbon production assets in the Russian Federation as at 31 December 2021

Gazprom Group	
147	fields in commercial development
7,534	producing gas wells
8,809	producing oil wells
Entities in which Gazprom has investments classified as joint operations	
3	fields in commercial development

In 2021, Gazprom Group produced 515.61 bcm of natural and associated gas in Russia. Maximum daily production of gas in the autumn and winter of 2020/2021 was reached on 17 February 2021 at 1,548.1 mmcm.

Maximum daily production of gas in the autumn and winter in the Russian Federation, mmcm

2018/2019	2019/2020	2020/2021
1,538.6	1,514.1	1,548.1

Gazprom Group's natural and associated gas production in the Russian Federation, bcm

Gazprom Group, including the share in the production volumes of entities in which Gazprom has investments classified as joint operations

2019	501.22
	1.08
2020	454.51
	0.97
2021	515.61
	0.82

■ Total
■ Including Gazprom Group's share in the production volumes of entities in which Gazprom has investments classified as joint operations

Change 2021/2020 13.4%

Gazprom Group's equity share of production from associates and joint ventures

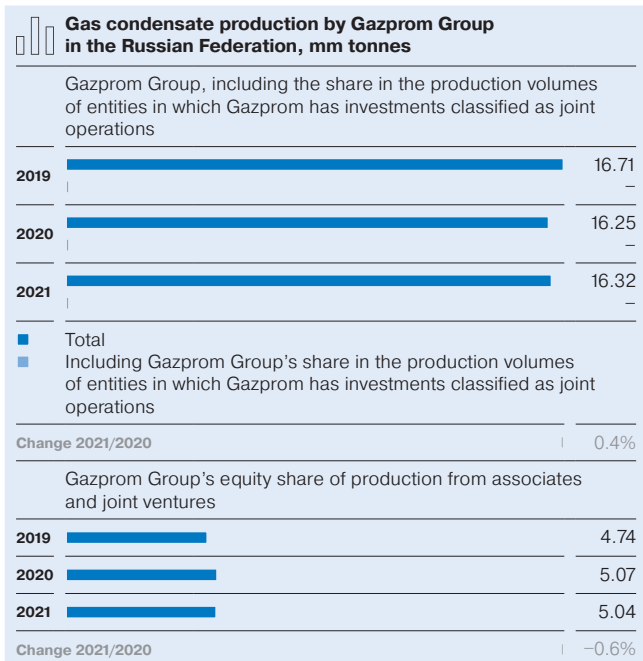
2019	26.86
2020	28.36
2021	27.41

Change 2021/2020 -3.3%

The key driver of Gazprom Group's gas production growth in 2021 was a significant rise in gas consumption in Russia due to economic recovery after COVID-19 lockdowns as well as weather conditions. In addition, gas supplies to China via the Power of Siberia gas pipeline were stepped up.

The decrease in gas production by associates and joint ventures was mainly due to production cuts at the fields of Gazprom's associate Sakhalin Energy to perform extended scheduled maintenance of all LNG production units under the Sakhalin-2 project. Production at the fields of joint ventures AO Arcticgas and ZAO Northgas also decreased, mainly as a result of natural declines in reservoir pressure in the current production intervals.

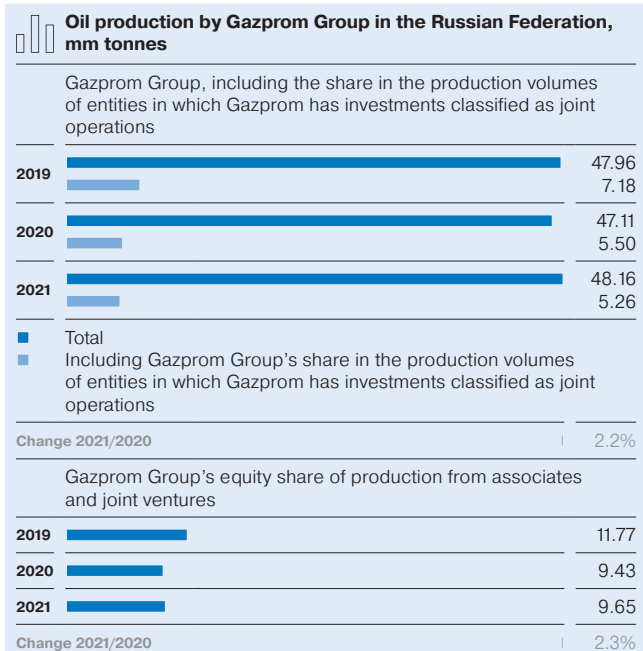
In 2021, production of gas condensate by Gazprom Group in the Russian Federation stood at 16.32 mm tonnes, with 5.04 mm tonnes produced by associated companies and joint ventures, almost flat year-on-year.



In 2021, Gazprom Group produced 48.16 mm tonnes of oil in Russia.

The increase in Gazprom Group's oil production was primarily driven by the commissioning of oil and gas infrastructure and a well intervention programme at the oil rims of fields of the Nadym-Pur-Taz region (Pestsovoye, Zapadno-Tarkosalinskoye, Yen-Yakhinskoye) and the Chayandinskoye field.

A positive trend in Gazprom Group's equity share of production from associates and joint ventures was mainly due to classifying Gazprom Group's investments in AO TOMSKNEFT VNC as a joint venture as from Q4 2021. Previously, investments in the company were classified as joint operations, and the production volumes of AO TOMSKNEFT VNC and its subsidiaries were included in Gazprom Group's production proportionally to the Group's share in the joint operation.



Transportation and Underground Storage

Gazprom creates high-tech gas transportation routes for the benefit of consumers. The routes ensure high reliability of gas supplies and reduce the product carbon footprint.

Transportation of gas

The UGSS of Russia is a centrally operated system of natural gas production, processing, treatment, transportation, and storage. The UGSS incorporates the world's longest network of high-pressure gas trunklines covering European Russia and Western Siberia. The Group also owns gas trunklines in the east of Russia: Power of Siberia, Sakhalin–Khabarovsk–Vladivostok and Sobolevo–Petropavlovsk–Kamchatsky. PJSC Gazprom's gas transportation subsidiaries also operate and maintain trunk gas pipelines (mainly branch pipelines) owned by organisations outside Gazprom Group.

The combined length of trunk and branch gas pipelines operated by the Gazprom Group's gas transportation subsidiaries in the Russian Federation as at 31 December, thousand km

2019	175.2
2020	176.8
2021	178.2
Change 2021/2020	0.8%

During 2021, a total 703.12 bcm of gas were supplied into Gazprom's GTS in Russia. The increase from the previous year was driven by the natural gas demand dynamics in Russia and abroad.

Gas supplies into Gazprom Group's GTS in the Russian Federation, bcm

2019	678.96
2020	625.02
2021	703.12
Change 2021/2020	12.5%

Gas transported through the Power of Siberia gas pipeline, bcm	
2019	0.33
2020	4.10
2021	10.39
Change 2021/2020	2.5 times

The Power of Siberia gas trunkline transports Russian gas to China. The pipeline is operated by OOO Gazprom transgaz Tomsk, a subsidiary of PJSC Gazprom. Starting from November 2021, daily gas supplies via the Power of Siberia pipeline were a third above PJSC Gazprom's contracted volumes due to weather conditions and increased demand in China's domestic gas market. As a result, total gas supplies to China were 0.39 bcm above the annual contracted volume in 2021.

Under applicable laws, as the owner of the Russian section of the GTS, PJSC Gazprom provides non-discriminatory access to its free gas pipeline capacity for independent companies outside Gazprom Group provided they have a gas production licence and a supply contract with the buyer of the supplied gas. Such third-party gas also needs to meet relevant technical standards.

Gazprom's GTS, which is unique in its size and quality parameters, ensures highly reliable gas supplies for consumers in Russia and abroad. To ensure reliable gas supply, Gazprom Group is focused on the continuous development of the GTS – building new, hi-tech gas pipelines and revamping, upgrading and retrofitting the existing pipeline capacity, as well as implementing a programme to decommission excess gas transportation capacity.

Underground gas storage

Russia has in place and consistently expands its network of UGSFs, which forms an integral part of the country's UGSS. The Russian UGSF network enables balanced and economic development of fields in the Russian Far North through streamlined operation and uniform utilisation of the GTS considering the substantial seasonal and peak irregularities in domestic and export gas supplies.



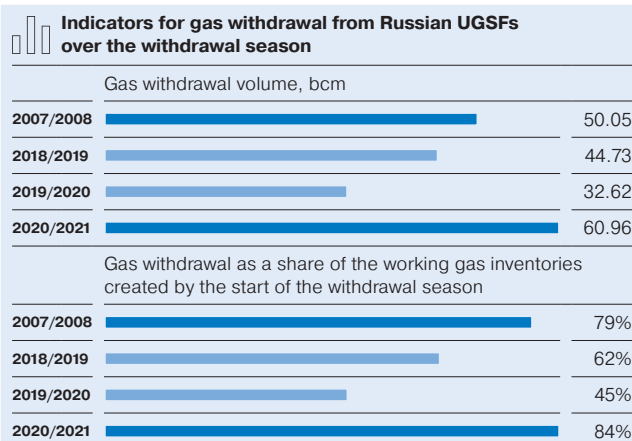
Functions of the Russian gas storage system

- Levelling seasonal irregularity of gas consumption in Russia
- Levelling seasonal irregularity of gas exports
- Maintaining gas inventories for use in case of UGSS emergencies or prolonged abnormally cold winters
- Maintaining long-term gas inventories for use in case of force majeure
- Covering domestic and export demand spikes along with PJSC Gazprom's production

In Russia, Gazprom Group operates 23 UGSFs in 27 geological structures: 17 in depleted gas reservoirs, 8 in aquifers, and 2 in salt caverns.

UGSFs are located in key gas consumption areas and provide up to 22% of domestic and export gas supplies during the heating season, and as much as 44% of total natural gas in the UGSS during cold spells. Their use provides the most effective and environmentally friendly way to streamline the operation of global gas supply system.

In the 2020/2021 season, a record 60.96 bcm or 84% of working gas inventories were withdrawn due to weather conditions. The previous gas withdrawal record from Russian underground gas storage facilities was set during the 2007/2008 withdrawal season.



At the start of the 2021/2022 withdrawal season, working gas inventories in Russian UGSFs totalled 72.638 bcm, up 0.316 bcm from a year ago.

The increase was due to the commissioning of assets at the Kaliningradskoye UGSF, adoption of a design solution for compressor gas withdrawal at the Sovkhoznoye, Kasimovskoye and Kanchurinskoye UGSFs, which enabled maximising the UGSFs' operating time, operation of the Kaluzhskoye UGSF in the multi-cycle mode, as well as the development of GTS sections adjacent to the Kanchurinsko-Musinsky UGS complex.

The multi-cycle mode of UGSF operation enables optimising the operation of gas transmission corridors and production facilities during periods of low gas consumption, making up working gas inventories depleted since the start of the autumn and winter period and restoring daily deliverability

Gas Distribution, Gas Infrastructure Expansion and NGV Fuel Markets

Development of gas supply and gas infrastructure expansion in Russian regions is Gazprom's main social project. Relevant programmes for 2021–2025 were signed with 68 Russian regions. In 2021, the Company exceeded its targets for laying gas distribution pipelines to settlements that had not been supplied with gas before. The Company also actively continued additional gas infrastructure expansion – connecting households to the existing gas grid in towns, villages and other settlements.

Gazprom Group operates Russia's gas distribution systems in a safe and reliable way while providing corporate control over compliance with industrial safety requirements. The Group's gas distribution networks are operated by AO Gazprom gazoraspredelenie, its subsidiaries and associates, and OOO Gazprom transgaz Kazan.

As at 31 December 2021, Gazprom Group's gas distribution subsidiaries and associates owned and operated a total of 831.8 thousand km of gas distribution networks in Russia.

In 2021, Gazprom's gas distribution subsidiaries and associates transported 249.6 bcm of natural gas via their gas distribution networks. Natural gas was supplied to:

- 28.4 million apartments and private households
- 33.8 thousand industrial facilities
- 9.5 thousand agricultural facilities
- 361.4 thousand utility facilities.

Expansion of gas infrastructure in Russian regions

Development of gas supply and gas infrastructure expansion in Russian regions is Gazprom Group's main social project. The governments and administrations of Russian regions are involved in gas infrastructure expansion alongside Group entities (PJSC Gazprom, OOO Gazprom mezhregiongaz, and gas transportation and distribution entities of Gazprom Group).

In 2021, fundamental changes were made to the gas infrastructure expansion model of the Russian Federation, with the most important being the introduction of a definition for a fuel and energy balance of a Russian region as a document providing a foundation for regional gas infrastructure expansion programmes, as well as the introduction of single and regional operators of gas infrastructure expansion.



New model for gas infrastructure expansion in Russian regions

Establish demand for gas

- Energy performance certificates of municipalities
- Fuel and energy balance of a Russian region, aligned with the region's social and economic development strategy and forecasting its population's demand for gas taking into account competition between different fuels*
- Gas supply master plan of a Russian region



Define a gas infrastructure expansion programme

- Regional gas supply and gas infrastructure expansion programmes defined by PJSC Gazprom
- Interregional and regional 10-year gas infrastructure expansion programmes for utilities, industrial and other organisations defining the following:
 - Expected performance of pipeline and alternative gas infrastructure expansion
 - Prioritisation of activities
 - Sources of funding
 - Plans for gas supply to settlements



Implement a gas infrastructure expansion programme

- Single Operator of Gas Infrastructure Expansion* – a centre responsible for gas infrastructure expansion in Russian regions, including the construction of branch pipelines, gas distribution stations, inter and intra-settlement gas pipelines and last-mile gas pipelines to consumers' land plot boundaries in 73 Russian regions and federal territories
- Regional Operator of Gas Infrastructure Expansion* – a centre responsible for the construction of branch pipelines, gas distribution stations, inter and intra-settlement gas pipelines and last-mile gas pipelines to consumers' land plot boundaries in Russian regions not assigned to the Single Operator of Gas Infrastructure Expansion

* New elements of the gas infrastructure expansion model.

The introduction of single and regional operators of gas infrastructure expansion will enable the synchronisation of activities to build all necessary gas infrastructure and the extension of gas pipelines directly to plot boundaries when pipelines are built to connect new settlements all while significantly reducing time to connect consumers to gas distribution networks.



Procedure for PJSC Gazprom's involvement in gas infrastructure expansion in Russian regions

- Lists of Instructions of President of the Russian Federation Vladimir Putin dated 31 May 2020 and 30 April 2021
- Federal Law No. 69-FZ On Gas Supply in the Russian Federation dated 31 March 1999
- Action plan (roadmap) for the implementation of a socially oriented and economically efficient system of gas infrastructure expansion and gas supply in Russian regions (approved by Decree of the Government of the Russian Federation No. 1152-r dated 30 April 2021).

Gas infrastructure expansion agreement

Provides a framework for interactions between PJSC Gazprom and the region's government bodies during the implementation of gas infrastructure expansion programmes in the region.

Gas supply and gas infrastructure expansion master plans

Determine key focus areas in gas supply expansion, including use of local resources and energy saving programmes.
[Gas supply and gas infrastructure expansion master plans have been developed for 81 out of 85 Russian regions at the expense of PJSC Gazprom.](#)

Interregional and regional 10-year gas infrastructure expansion programmes for utilities, industrial and other organisations

Developed in accordance with Resolution of the Government of the Russian Federation No. 903 dated 10 September 2016.
[Starting from the reporting year, new programmes should take into account projected energy consumption levels and options to use gas sources alternative to pipeline gas \(liquefied natural gas or liquefied petroleum gas\) or other fuels.](#)
[The programmes include summary and facility schedules for additional gas infrastructure expansion.](#)

5-year programmes for gas supply and gas infrastructure expansion in Russian regions

Developed in accordance with the Concept of the Company's Involvement in Gas Infrastructure Expansion in Russian Regions; define gas infrastructure expansion parameters agreed with regional administrations (timeframe, gas pipeline length, number of consumer connections), provide estimates of investment requirements and define sources of financing.
[Programmes for 2021–2025 have been approved for 68 Russian regions.](#)

Annual synchronisation schedules of programmes for gas infrastructure expansion in Russian regions

Synchronise PJSC Gazprom's construction with consumer preparations to receive gas.

Annual programmes for gas infrastructure expansion in Russian regions

Specify annual financing requirements which are subject to consumers meeting their gas connection readiness obligations and changes in the outstanding debt for delivered natural gas.

The Programme for Gas Infrastructure Expansion in Russian Regions for 2021 covers 68 regions, earmarking RUB 54.05 billion for this purpose. Also in 2021, OOO Gazprom capital issued two perpetual bonds totalling RUB 120 billion. The proceeds will be used to fund OOO Gazprom mezhtregiongaz programmes to expand gas supply and gas infrastructure in Russian regions.

2021 also saw the continued construction of branch pipelines and gas distribution stations under PJSC Gazprom's Investment Programme to ensure gas supply and gas infrastructure expansion in Russian regions. Capital investments for this purpose totalled RUB 11.99 billion including VAT in 2021.

In the same year, synchronisation schedules for regional gas infrastructure expansion programmes for 2022 were developed and approved for 68 Russian regions.



The Company's key focus areas in gas infrastructure expansion

- Development of gas supply and gas infrastructure expansion to achieve a technically feasible penetration rate of 100% for gas infrastructure in Russian regions. This ambition is delivered through the construction of branch pipelines, gas distribution stations and inter-settlement gas pipelines as well as by using LNG-based off-mains solutions.
- Additional gas infrastructure expansion to connect previously unconnected households to the existing gas grid at no cost to the homeowners (infill projects) – activities to provide the connection to gas appliances of individual homeowners (up to land plot boundaries) and households in allotment associations (up to the allotment boundaries) in communities where pipeline gas is already available in previously built gas distribution networks.

In 2021, construction of 163 inter-settlement gas pipelines with a total length of over 2.7 thousand km was completed in 42 Russian regions, enabling tens of thousands of new consumers in 342 communities to connect to the gas grid.

New gas distribution station construction was ongoing in seven Russian regions. The construction of five gas distribution stations in the Tomsk and Amur Regions, Primorsky Territory and the Komi Republic was completed in 2021. In particular, the construction of Gas Distribution Station 2 in Vorkuta was completed to enable the conversion of the city's CHPP-2 to use natural gas, with gas supply to its gas equipment started.

Overall gas penetration rate in Russia stood at 72.1% as at 31 December 2021.

A new focus area of the Company's gas infrastructure expansion effort since 2021 has been additional gas infrastructure expansion. A procedure for additional gas infrastructure expansion in Russian regions was defined by resolutions of the Government of the Russian Federation.

During 2021, the Company collected and fulfilled connection requests from consumers, concluding over 152 thousand gas connection contracts, with 72.1 thousand requests fulfilled by installing pipes to the boundaries of consumers' land plots, including 29.2 thousand requests with pipes from the meter to gas appliances provided.

Investments of OOO Gazprom mezhregiongaz in additional gas infrastructure expansion in 2021 are estimated at RUB 10.2 billion (VAT included). The Company is still accepting connection requests from consumers.

72.1%

overall gas penetration rate in Russia at year-end 2021



Progress in introducing the Single Operator of Gas Infrastructure Expansion in 2021

- **June.** Adoption of Federal Law No. 184-FZ "On Amending Federal Law No. 69-FZ On Gas Supply in the Russian Federation dated 31 March 1999" dated 11 June 2021 introducing the Single Operator of Gas Infrastructure Expansion.
- **July.** OOO Gazprom gazifikatsiya was established on 12 July 2021 to implement socially oriented and economically efficient gas infrastructure expansion system in Russia. Its founders were OOO Gazprom mezhregiongaz and AO Gazprom gazoraspredelenie. Decree of the Government of the Russian Federation No. 2000-r dated 20 July 2021 designated OOO Gazprom gazifikatsiya as the Single Operator of Gas Infrastructure Expansion. A list of 67 Russian regions (including the Sirius federal territory) where the Single Operator of Gas Infrastructure Expansion will operate was approved.
- **December.** Decree of the Government of the Russian Federation No. 3603-r dated 15 December 2021 approved a list of 73 Russian regions (including the Sirius federal territory), where OOO Gazprom gazifikatsiya operates as the Single Operator of Gas Infrastructure Expansion.

Use of natural gas as motor fuel

The production and sale of natural gas as motor fuel is one of Gazprom Group's strategic focus areas in Russia.

The Company actively develops a network of compressed natural gas (CNG) filling stations and consistently expands its own fleet of vehicles fuelled by natural gas.

OOO Gazprom gazomotornoye toplivo was designated as the single operator for the NGV fuel market development, including sales of natural gas as motor fuel and the expansion of a retail CNG filling station network in Russia. A PJSC Gazprom subsidiary and a company of Gazprombank Group participate in OOO Gazprom gazomotornoye toplivo on a parity basis.

Gazprom Group subsidiaries and OOO Gazprom gazomotornoye toplivo have 386 CNG filling stations on their books, with an annual capacity exceeding 2.85 bcm.



Key directions of the NGV fuel market development in Russia

- **NGV infrastructure expansion.**
OOO Gazprom gazomotornoye toplivo successfully completed 35 investment projects. In addition, PJSC Gazprom subsidiaries commissioned four captive NGV filling stations.
- **Cooperation with Russian automotive manufacturers and carriers.**
- **Government relations.**
Efforts in this area in 2021 included cooperation on various aspects of the NGV fuel market development with the Russian Ministry of Energy, Ministry of Industry and Trade and Ministry of Economic Development, as well as EMERCOM. In particular, PJSC Gazprom contributed to developing measures to streamline a procedure for vehicle conversion to NGV fuel, amending rules for subsidising CNG filling station projects, and efforts to expand the list of subsidised regions. The Company has partnered with Russian regions on passenger transport fleet conversion to CNG. PJSC Gazprom, together with OOO Gazprom gazomotornoye toplivo and OOO Gazprom LNG Technologies, cooperates with the Russian Ministry of Energy, the Russian Ministry of Transport, the Federal Road Agency and the Russian Highways State Company to synchronise NGV infrastructure development along federal highways.



CNG filling stations on the books of Gazprom Group and OOO Gazprom gazomotornoye toplivo in Russia as at 31 December, units

2019	318
2020	348
2021	386
Change 2021/2020	10.9%



CNG sales through CNG filling stations of Gazprom Group and OOO Gazprom gazomotornoye toplivo in Russia, mmcm

2019	779.2
2020	842.4
2021	947.8
Change 2021/2020	12.5%

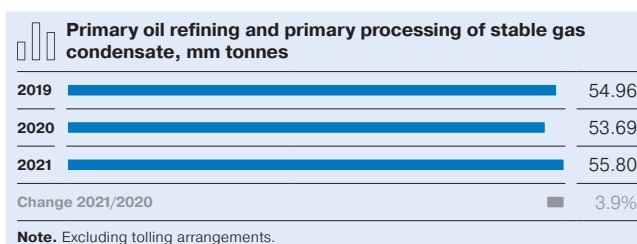
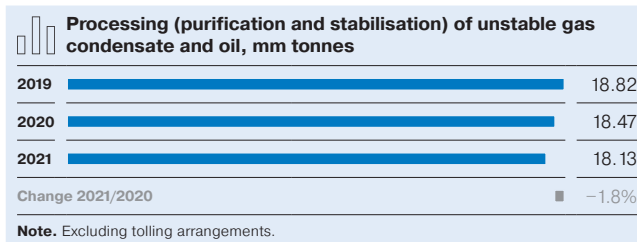
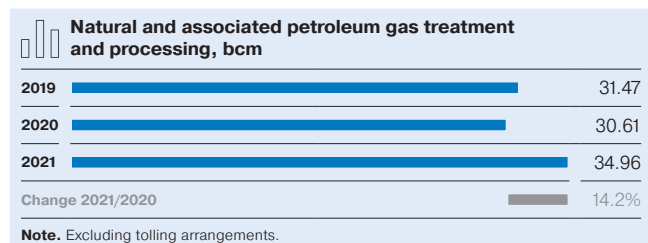
In 2021, CNG sales by Gazprom Group entities, OOO Gazprom gazomotornoye toplivo and its subsidiaries through their own network of CNG filling stations in Russia totalled 947.8 mmcm, or 71.5% of total CNG sales through CNG filling stations in Russia.

Wider usage of CNG as motor fuel in own fleets operated by Gazprom Group entities is driven by medium-term programmes. 712 NGVs and five mobile gas filling stations were purchased in 2021. As at 31 December 2021, taking into account purchases and retirements, the NGV fleet comprised 13,485 vehicles and 175 mobile gas filling stations. In 2021, natural gas (methane) consumption as motor fuel by own vehicles was 82.2 mmcm (73.2 mmcm in 2020). The use of more environmentally friendly motor fuel (methane) helped avoid 38.8 thousand tonnes of pollutant emissions (34.6 thousand tonnes in 2020). Savings from petroleum-based motor fuels replacement with natural gas totalled RUB 2.6 billion including VAT in 2021.

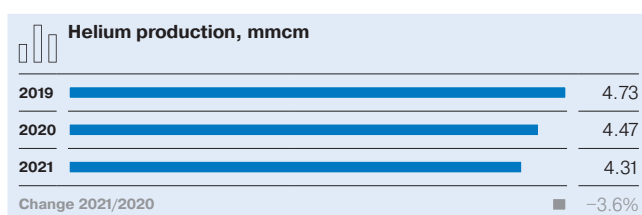
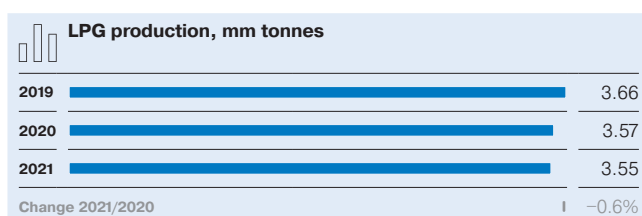
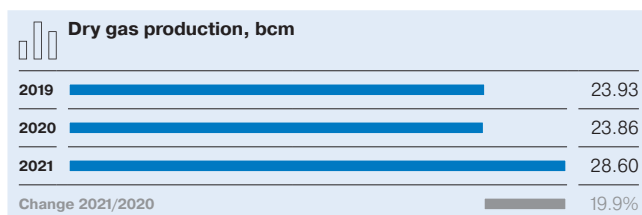
Hydrocarbon processing/refining

Gazprom is committed to maximising the effective use of hydrocarbons and significantly strengthening its refining business segment. Comprehensive efforts are being made to enhance existing capacities. Large-scale projects are ongoing to build new major production facilities in the east and west of Russia. These efforts will help optimise Gazprom's revenue mix and provide additional steady cash flow to further boost its gas business performance.

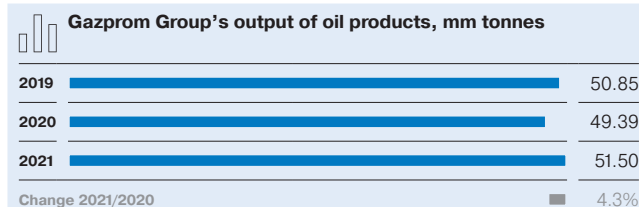
In 2021, Gazprom Group's downstream facilities treated and processed 34.96 bcm of natural and associated petroleum gas, as well as purified and stabilised 18.13 mm tonnes of unstable gas condensate and oil (excluding tolling arrangements).



Primary refining of oil and primary processing of stable gas condensate by Gazprom Group totalled 55.80 mm tonnes.



The increase in natural and associated petroleum gas treatment and processing was due to the launch of the Amur GPP as well as to the inclusion of natural gas volumes fed to the plant in data for Gazprom Group. Prolonged scheduled maintenance has reduced gas processing, unstable gas condensate processing and oil refining at the Astrakhan GPP and the Orenburg GPP. Lower supply of helium-bearing feedstock from the Orenburgskoye field reduced helium production at Orenburg Helium Plant.



The increase in the primary oil refining and stable gas condensate processing as well as in the output of oil products is attributable to the recovery of demand after the lifting of COVID-19 restrictions imposed in 2020. The commissioning of new and revamped process facilities in 2021 and previous years at Gazprom Neft Group's Moscow Refinery and Omsk Refinery as well as at Gazprom neftekhim Salavat's refinery was among the factors that boosted the production of higher-margin light products – motor gasolines, diesel fuel and jet fuel – in 2021.

Diesel fuel production at Gazprom neftekhim Salavat's refinery hit an all-time high

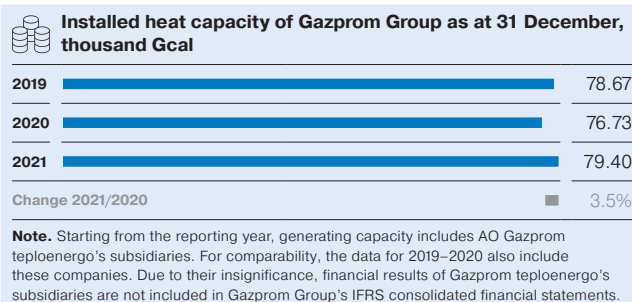
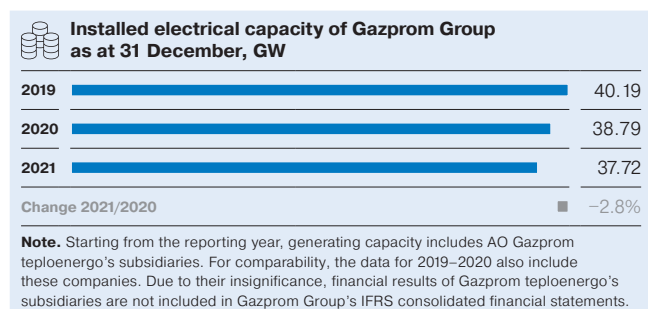
Every year, Gazprom Group refineries implement initiatives to improve product quality and launch new products.

Power Generation

Gazprom has continued to consolidate its position in the power industry, upgrading its existing capacities and constructing new state-of-the-art generation facilities. Commissioning of the Svobodnenskaya TPP in the Amur Region, built with a large amount of local content was among the highlights of 2021.

Gazprom energoholding, Russia's largest vertically integrated power generation holding company, has been established within Gazprom Group and has consolidated electricity and heat generating assets, heat transmission and distribution assets, as well as assets in related segments.

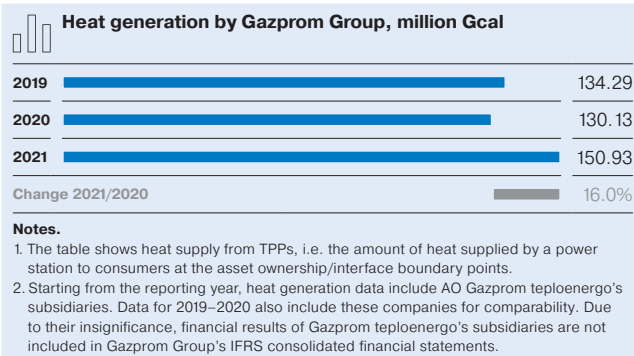
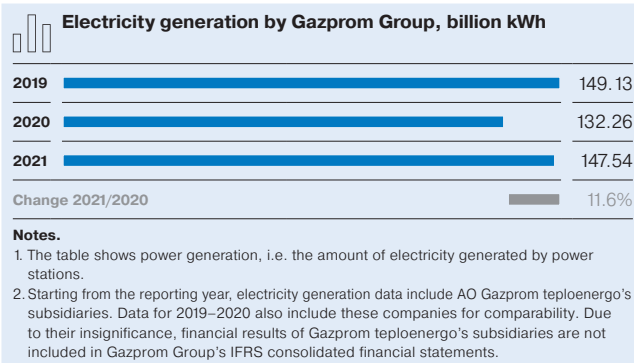
Additionally, a number of Group entities within the Company's gas and oil business generate and sell electricity and heat.



The year-on-year change in the installed electrical capacity in 2021 was mainly due to the decommissioning of obsolete and low-performing generating equipment (Avtovskaya CHPP-15, Troitskaya GRES, Cherepovetskaya GRES, and Novo-Salavatskaya CHPP), installed capacity upgrades (Verkhne-Tulomskaya HPP and Ryazanskaya GRES) as well as capacity additions (Svobodnenskaya TPP).

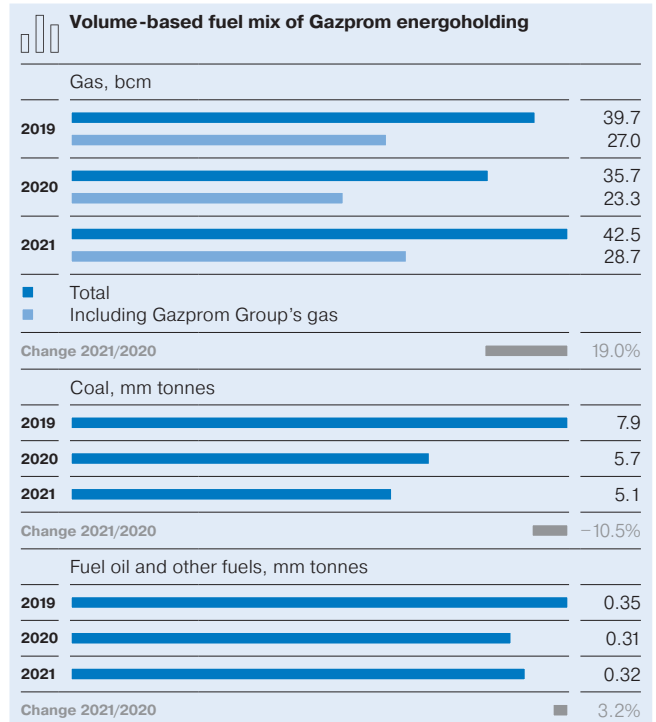
In 2021, the Group generated 147.54 billion kWh of electricity and 150.93 million Gcal of heat.

Power Generation



Higher electricity generation volumes are due to an overall increase in energy consumption in Russia, including by large metals, machine-building, chemical, and wood-processing enterprises and electrified railway transport.

Heat supply increased due to low temperatures during the heating season in Russia.



Natural gas dominates the fuel mix of Gazprom energoholding. Higher fuel consumption in 2021 was mostly due to increased electricity and heat generation.

Marketing

Gas sales

In 2021, Gazprom Group sold 508.2 bcm of gas. Sales volume increased primarily due to higher sales both in the domestic market and far abroad countries, driven by the growing demand.

Gazprom's absolute priority is reliable gas supply to the domestic market

In far abroad countries, sales growth was led by Germany, Turkey, China, and Italy.



A system of long-term contracts is the cornerstone of the Company's export operations

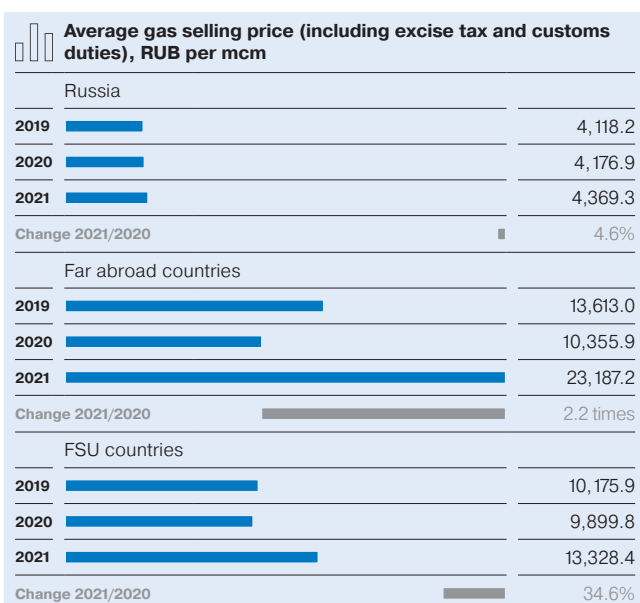
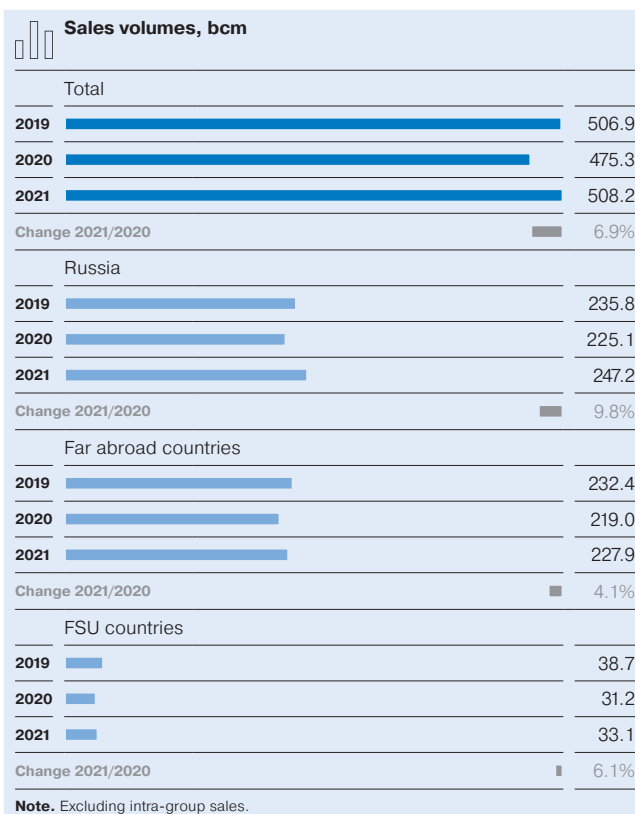
The bulk of natural gas sold in far abroad countries is exported from Russia under OOO Gazprom export's long-term contracts. Maintaining long-term contracts as a foundation of export operations remains a priority for PJSC Gazprom, which will continue its efforts to renew existing contracts and reach new agreements with foreign partners in order to maintain the long-term contract system. As long-term agreements provide multi-year guarantees of gas purchase and supply, they are of strategic interest to both suppliers and consumers.



For more details on gas market trends in Russia and far abroad countries, see the Trends and Developments in Global Energy Markets section.

Sales to the FSU countries also increased, led by Belarus and Uzbekistan due to an increase in natural gas withdrawal by consumers in these countries.

Net sales of gas (net of excise tax, VAT and customs duties) was RUB 5,656.0 billion (RUB 3,049.3 billion in 2020). Net sales revenue growth was primarily driven by higher average prices (including excise tax and customs duties) of gas sold to customers in far abroad countries.



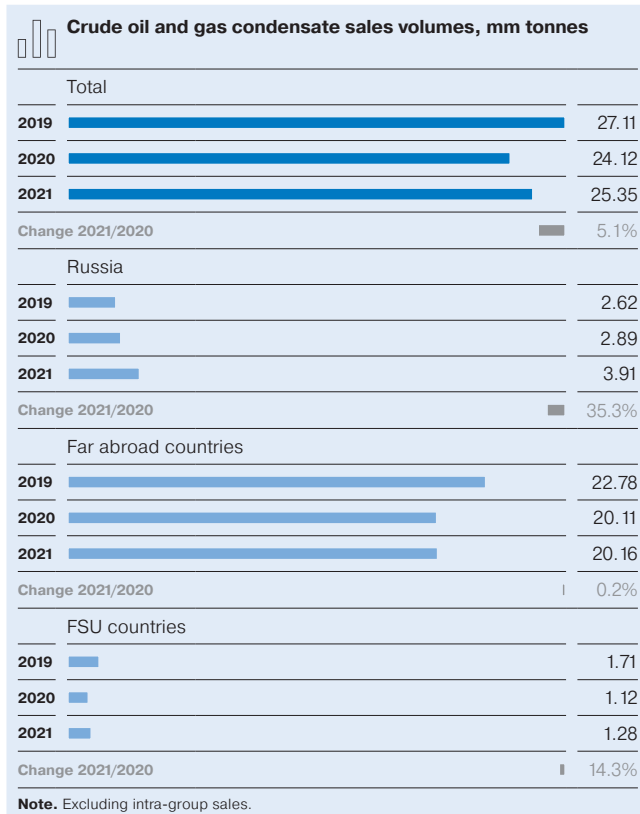
Operations and Marketing

Marketing

Oil and gas condensate sales

In 2021, Gazprom Group sold 25.35 mm tonnes of crude oil and stable gas condensate. Net sales of gas (net of VAT and customs duties) were RUB 882.2 billion (RUB 487.4 billion in 2020). Growth was mainly driven by higher average crude oil prices.

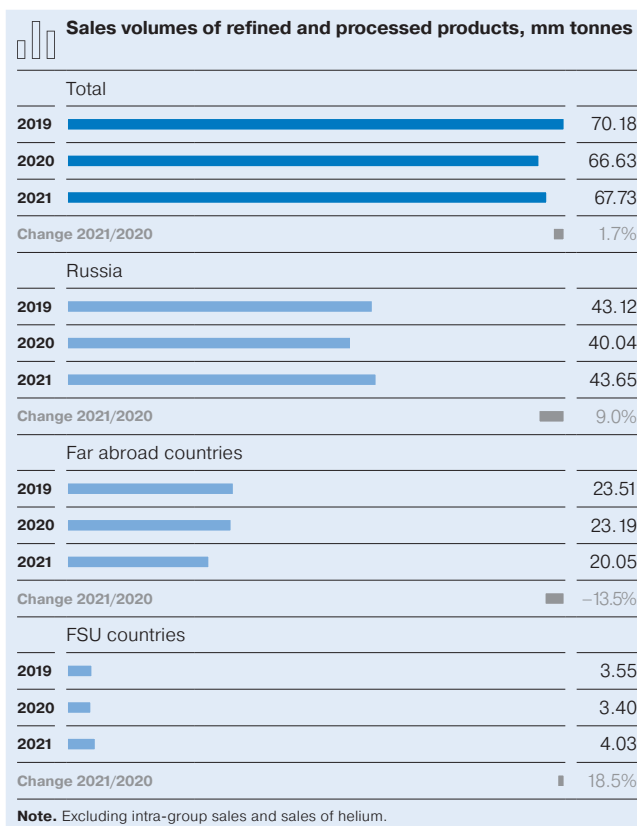
Sales volumes increased from 2020 largely due to growing crude oil sales in Russia as a result of higher production.



Sales of refined products

In 2021, Gazprom Group's sales of refined products increased to 67.73 mm tonnes primarily due to higher sales in the domestic market. Net sales of gas (net of excise tax, VAT and customs duties) were RUB 2,595.2 billion (RUB 1,798.4 billion in 2020). The increase in sales was primarily driven by a rise in average prices across all geographic segments.

The increase in domestic sales of oil and gas products is driven by the recovery of demand following the lifting of COVID-19 restrictions. Lower sales to far abroad countries were caused by the current market environment and the sales performance in Russia.



Electricity and heat distribution

During the year, electricity produced by the Group's Russian generating companies was mainly traded competitively in the Russian wholesale electricity market, with a small portion exported to Norway and Finland.

In 2021, Gazprom Group's net electricity and heat sales (net of VAT) were RUB 595.5 billion (RUB 499.5 billion in 2020). Growth in revenue was largely driven by higher production and sales of heat and electricity in Russia.

Russian wholesale electricity and capacity market is one of the world's largest

Innovations and Import Substitution

Innovations

Technology leadership is one of Gazprom's key competitive advantages. In collaboration with Russian research institutes and innovative enterprises, Gazprom consistently develops high-tech equipment and R&D-intensive engineering solutions, which are often better than their foreign counterparts.

PJSC Gazprom's innovation engine

PJSC Gazprom's Innovative Development Programme is a fundamental instrument for long-term planning and management of innovations embedded into Gazprom's strategic planning framework. PJSC Gazprom's updated Innovative Development Programme until 2025 was approved by the Board of Directors by its Resolution No. 3513 dated 1 December 2020 (Minutes No. 1338 dated 1 December 2020). The document reflects the activities and targets under national projects (programmes), the Strategy for Scientific and Technological Development of the Russian Federation until 2035, action plans ("roadmaps") under the National Technological Initiative of Russia, as well as the results of benchmarking the level of PJSC Gazprom's technological development and current KPIs against the development levels and KPIs of its peers.

The Innovative Development Programme's goal is to continuously improve the level of technology and organisational development of PJSC Gazprom to maintain its position as a global energy company and a reliable energy supplier.

The ten-year programme covers the gas, oil and power generation business of PJSC Gazprom and provides for a set of interrelated measures aimed at developing and using new technologies, equipment and materials that meet or exceed international standards, and at creating a favourable environment for innovation both within Gazprom Group and in Russia's related industries.

Intellectual property management

PJSC Gazprom's intellectual property management framework determines company-wide principles governing the creation, legal protection, registration, commercialisation of intellectual property, and monitoring of its use across Gazprom Group as well as encourages employees of Gazprom Group entities to create intellectual property.

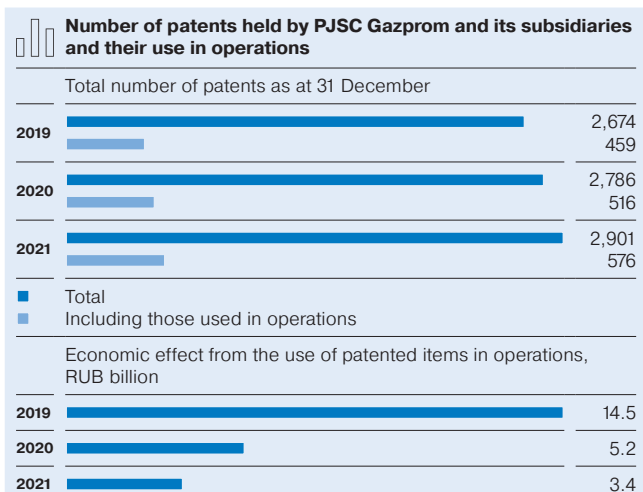
A robust intellectual property management framework enhances the competitiveness of PJSC Gazprom and its subsidiaries.

During the year, PJSC Gazprom and its subsidiaries filed more than 330 patent applications. Over 280 patents were received for previously filed applications.

23
RUB billion

economic effect from the use of patented items in operations in 2019–2021

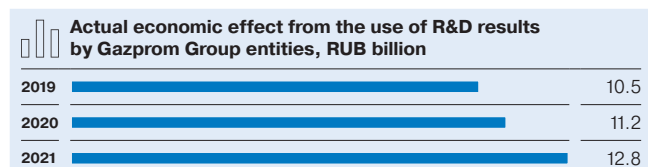
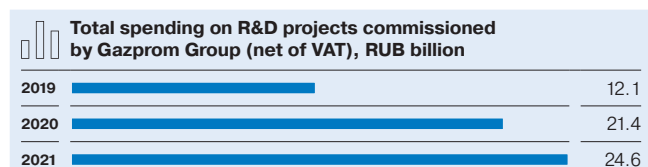
Innovations



Patented inventions of PJSC Gazprom and its subsidiaries are annually ranked among the best inventions in Russia by Rospatent (Federal Service for Intellectual Property).

Innovation activities and performance

Significant amounts are allocated for annual R&D budgets. In 2021, PJSC Gazprom and its subsidiaries improved their performance against key innovation metrics.



The Group's R&D efforts aim to develop and implement Russian high-tech equipment and sophisticated engineering complexes unrivalled in the world, as well as to create advanced R&D solutions. The Group's investment projects employ the best available technologies, including those developed with Gazprom's direct involvement.

Gazprom Group's gas business focuses on a number of promising innovative development areas driven by technological and organisational priorities outlined in the Innovative Development Programme.



Technological priorities in the gas business

- Hydrocarbon field exploration and appraisal, including development of unconventional resources
- Brownfield enhancement
- Hydrocarbon development on the continental shelf
- Greenfield development
- Efficiency enhancement of gas trunklines and diversification of gas distribution methods
- Enhancement of gas storage
- Enhancement of gas and condensate processing
- LNG production
- Gas marketing and utilisation

Innovation in the oil business covers oil production, oil refining and petrochemicals production. Gazprom Group's technological priorities in the energy business include enhancement of CHPP and GRES heat generating equipment and operational efficiency of heat networks.

Import Substitution

An action plan has been implemented by PJSC Gazprom since 2015 to address the challenges of import substitution and identify the Company's needs for import-substituting equipment and technologies. In 2021, PJSC Gazprom adopted another corporate import substitution plan, spanning the period until 2025 and reflecting key technology focus areas outlined in the Import Substitution Plan for Mechanical Engineering in the Petroleum Industry approved by the Russian Ministry of Industry and Trade in 2019. The corporate plan covers gas, oil and power generation businesses.

The greatest economic effect from import-substituting in 2021 was obtained in the Production of Gas business segment.

RUB 22 billion

economic effect from import substitution initiatives in 2021

Economic effect from deploying import-substituting equipment, technologies and materials in 2021

Segment	Economic effect, RUB billion
Production of gas	9.48
Gas transportation	4.88
Other business segments	7.53

An important mechanism for implementing import substitution measures includes the List of Priority Products for Import Substitution and Production Localisation to Promote the Technological Development of PJSC Gazprom. Gazprom's consistent import substitution efforts over six years have reduced the number of items on the List by more than half.

Engagement with Russian industrial companies and research institutions to manufacture high-tech and import-substituting equipment and materials

PJSC Gazprom engages Russian industrial companies and research institutions to manufacture high-tech and import-substituting equipment and materials, including under respective roadmaps.

The purpose of these roadmaps is to launch the manufacture of products in line with PJSC Gazprom's Corporate Import Substitution Plan and the List of Priority Products for Import Substitution and Production Localisation.

Long-term contracts for the production and supply of import-substituting products

One of the Company's mechanisms for implementing import substitution projects includes long-term contracts entered into under PJSC Gazprom's Regulations on Procurement.

Seven long-term contracts with Russian companies were signed and in effect as at 31 December 2021. Gazprom will continue the practice of entering into such contracts.

Financial Performance

In 2021, Gazprom posted record-breaking financial performance. All the key indicators – revenue, EBITDA, net profit, and free cash flow – reached maximum levels, driven, in particular, by the pricing environment and consistent cost optimisation efforts.

The Company continuously keeps a close eye on costs and debt burden. The budgeting process aims to maintain balanced cash flows from operating, investing and financial activities and to maximise financial results.

Revenue

The reporting year saw a significant increase in energy prices on the back of the global economic recovery. The pricing environment, combined with a well-structured sales policy, helped the Company to reach an all-time record in revenue.

Gazprom Group's sales revenue (net of VAT, excise tax, and customs duties) amounted to RUB 10,241.4 billion in 2021, driven primarily by gas sales to far abroad countries. A significant part of the Group's sales revenue is denominated in foreign currencies (mostly in US dollars and euros).



PJSC Gazprom IFRS Consolidated Financial Statements for 2021 are available on PJSC Gazprom's website.
→ www.gazprom.com





Variation analysis of net sales revenue in 2021, RUB billion

Net sales revenue in 2020		6,321.6
Change in net revenue from sales of natural gas to far abroad countries	→	+2,360.8
Change in net revenue from sales of natural gas to FSU countries	→	+98.6
Change in net revenue from sales of natural gas in the Russian Federation	→	+140.1
Retroactive gas price adjustments	→	+7.2
Change in net revenue from sales of crude oil and gas condensate to far abroad countries	→	+292.9
Change in net revenue from sales of crude oil and gas condensate to FSU countries	→	+19.9
Change in net revenue from sales of crude oil and gas condensate in the Russian Federation	→	+82.0
Change in net revenue from sales of refined products to far abroad countries	→	+293.4
Change in net revenue from sales of refined products to FSU countries	→	+51.3
Change in net revenue from sales of refined products in the Russian Federation	→	+452.1
Change in net revenue from sales of electricity and heat	→	+96.0
Change in net revenue from sales of gas transportation services	→	+0.7
Change in other revenues	→	+24.8
Net sales revenue in 2021		10,241.4

Operating Expenses

Gazprom Group's operating expenses amounted to RUB 7,681.4 billion in 2021 (RUB 5,665.8 billion in 2020). The increase was mainly driven by the cost of purchased gas and oil combined with taxes other than income tax.

The Group's operating expenses as a percentage of sales reduced from 90% in 2020 to 75% in 2021.

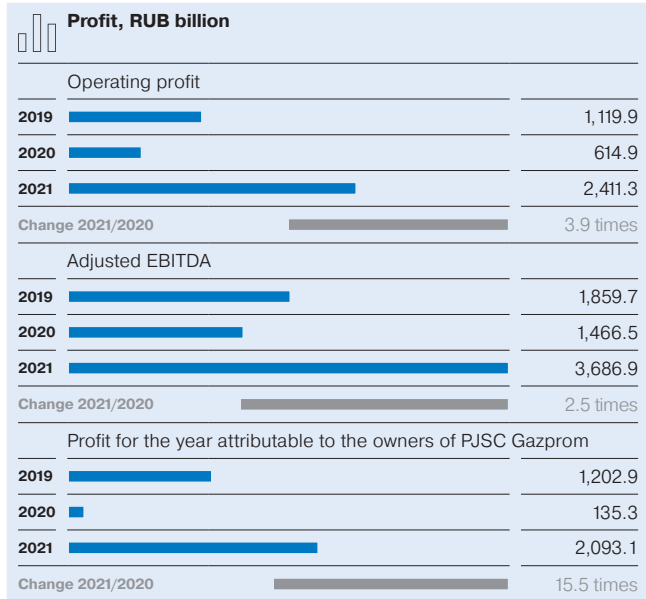
Taxes payable by the Group (other than income tax) totalled RUB 1,539.5 billion in 2021 (RUB 1,235.8 billion in 2020). Higher tax expenses in the reporting year were attributable to an increase in mineral extraction tax expenses and was mainly driven by an increase in oil prices, mineral extraction tax rates for oil and gas condensate resulting from the tax manoeuvre in the oil industry, as well as by a year-on-year increase in gas production.

Profit

The current global market environment combined with operating cost containment achieved by optimisation measures taken in 2020, ensured the highest EBITDA and operating profit in the Gazprom's history. In 2021 Gazprom Group's operating profit was RUB 2,411.3 billion, and adjusted EBITDA stood at RUB 3,686.9 billion. The increase was primarily attributable to higher gas sales prices in far abroad countries. Gazprom Group's adjusted EBITDA margin went up to 36% in 2021.

The Group's 2021 profit attributable to the owners of PJSC Gazprom increased to RUB 2,093.1 billion due to revenue growing faster than operating expenses. The profit margin attributable to the owners of PJSC Gazprom was 20% in 2021.

Income tax in the reporting year was RUB 610.4 billion with the effective tax rate of 22%.



Adjusted EBITDA calculation, RUB billion

Parameter	2019	2020	2021
Operating profit	1,119.9	614.9	2,411.3
Depreciation	+715.2	+798.4	+828.0
Impairment loss on financial assets	+127.7	+72.3	+56.3
Impairment loss on non-financial assets	+29.4	+54.2	+448.2
Impairment loss on trade receivables	-116.9	-56.2	-52.9
Impairment loss on other receivables and loans issued	-10.8	-16.1	-3.4
Impairment loss on advances paid and prepayments	-4.8	-1.0	-0.6
Adjusted EBITDA	1,859.7	1,466.5	3,686.9



Improving tax administration

Gazprom is Russia's major taxpayer. Every year, more and more Gazprom Group entities are covered by tax monitoring. In 2021, their number increased to 24, and in 2022 it will increase to 36. Tax monitoring coverage expansion will rely on Russian software.

Financial Performance



Variation analysis of profit attributable to the owners of PJSC Gazprom in 2021, RUB billion

Profit for 2020 attributable to the owners of PJSC Gazprom		135.3
Change in sales revenue	→	+3,919.8
Change in operating expenses	←	-2,015.6
Change in net gain (loss) from commodity trading activity at high-liquidity European trading hubs	←	-123.8
Change in net financial income (expense)	→	+734.2
Change in share of profit of associates and joint ventures	→	+105.5
Change in income tax	←	-639.3
Other factors	←	-23.0
Profit for 2021 attributable to the owners of PJSC Gazprom		2,093.1



Profit margin, %

Adjusted EBITDA margin	
2019	24
2020	23
2021	36
Profit margin for the year attributable to the owners of PJSC Gazprom	
2019	16
2020	2
2021	20

Capital Expenditures

Stronger operating performance enabled higher capital expenditures. Gazprom's capital expenditures (net of VAT) amounted to RUB 1,937.6 billion in 2021 (RUB 1,494.2 billion in 2020).

The Production of Gas, Transportation of Gas, and Refining and Production of Crude Oil and Gas Condensate segments account for the bulk of the Group's capital expenditures. With Gazprom's capex mostly denominated in Russian roubles, its investment activities are less exposed to external factors.



For information on Gazprom Group's key capital expenditures in 2021, see the Capex Programmes section.

Free Cash Flow

According to Gazprom Group's financial policy, capital expenditures are covered by the operating cash flow.

Despite an increase in capital expenditures, the free cash flow reached a record high of RUB 1,081.6 billion (RUB 396.3 billion in 2020).



Liquidity management

The Company strives to maintain sufficient cash, cash equivalents and bank deposits on its balance sheet to guarantee that Gazprom Group fulfils its obligations at all times.

A key source of liquidity is centralised cash management across Gazprom Group. PJSC Gazprom continues to develop a centralised real cash pooling system that allows for optimal intra-group liquidity redistribution, reducing external borrowing requirements of Group companies and providing additional income from depositing idle cash.

In 2021, 57 companies joined Gazprom Group's real cash pooling system bringing the total number of participants to 639. Intragroup liquidity consolidated in PJSC Gazprom's master accounts in 2021 increased by 115.1% or RUB 831.2 billion to RUB 1,553.5 billion as at 1 January 2022. Intra-group loans issued by Gazprom Group entities were increased by 42% or RUB 20.3 billion to RUB 68.6 billion as at 1 January 2022.

Debt Management

As at 31 December 2021, Gazprom Group's total debt was RUB 4,883.7 billion, while its net debt amounted to RUB 2,869.8 billion.

The debt ratio, defined as the Net debt (adjusted)/ adjusted EBITDA ratio, stood comfortably at 0.7 in 2021.



Effective debt management

The Company pursues a conservative debt management policy, considers the Net debt (adjusted)/ adjusted EBITDA ratio in the range of 1 to 2 to be a comfortable level of debt burden, and intends to keep the level of debt within this range, as well as maintain a balanced debt portfolio structure with predominantly long-term debt.

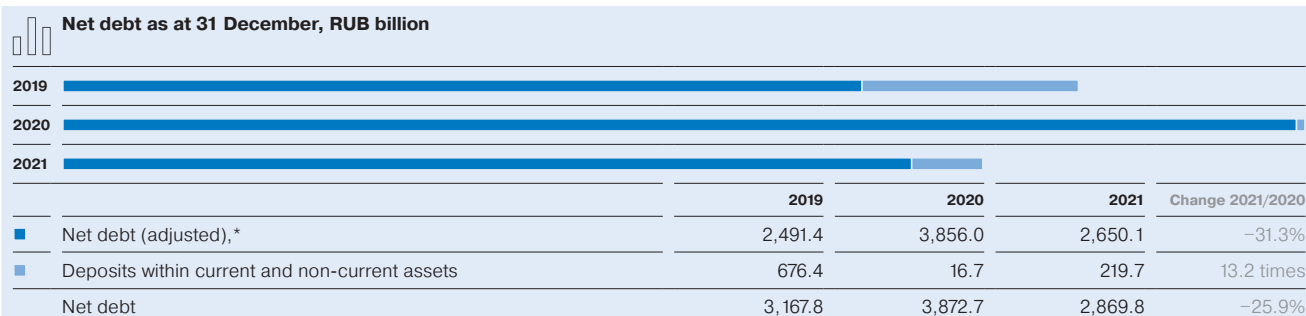
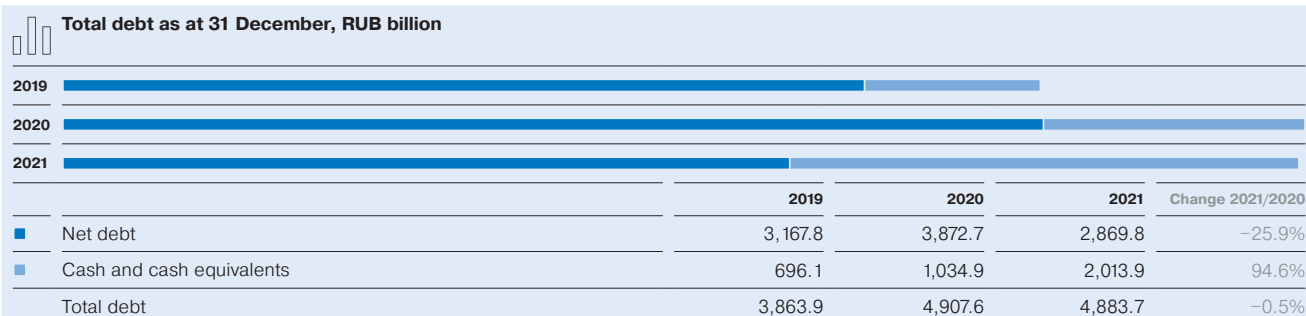
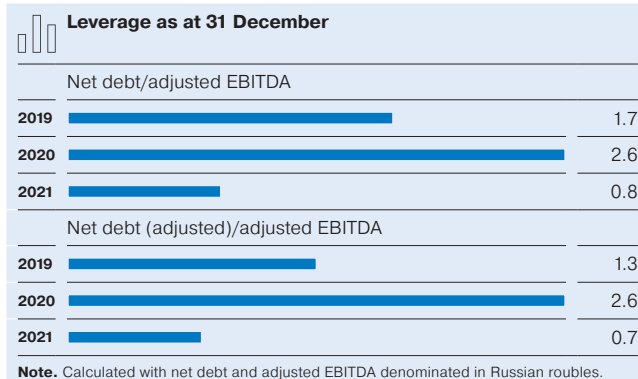
The use of project financing helps diversify financing sources and maintain a lighter balance sheet.

The Company pursues Gazprom Group's policy of efficient debt management aimed at optimising the debt portfolio structure and debt repayment profile along with reducing borrowing costs, including by improving material terms of borrowing, refinancing existing loans and borrowings, and using intra-group sources of financing.

The weighted average interest rate increased to 5% as at 31 December 2021 (4.5% as at 31 December 2020). Instruments with fixed rates make up the bulk of the Group's debt portfolio, which allowed us to benefit from the most favourable conditions in the global financial market in recent years.

The Group's debt portfolio is well-balanced in terms of maturity: as at 31 December 2021, 86% of borrowings maturing in one year, and borrowings maturing in more than five years accounting for 40% of the debt portfolio.

Rouble-denominated borrowings in the debt portfolios of Gazprom Group's subsidiaries account for nearly 24% of the Group's total debt; about 27% of debt is denominated in US dollars and 44% in euros.



* Defined as the sum total of the funds borrowed less cash and cash equivalents (including deposits within other current and non-current assets).

The background is a complex geometric composition. It features several overlapping hexagonal shapes. A large, dark grey hexagon is on the left, containing a white number '4'. To its right is a lighter grey hexagon. Overlapping these is a series of parallel, slanted lines in various shades of grey and white, creating a sense of depth and movement. A bright blue line runs diagonally from the top left towards the bottom right, passing through the hexagons. The overall effect is a modern, abstract design with strong geometric elements.

4

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Letter to Shareholders by the Chairman of PJSC Gazprom's Board of Directors

Dear Shareholders,

In 2021, PJSC Gazprom remained committed to the highest standards of corporate governance.

PJSC Gazprom's Board of Directors provided strong strategic leadership for the Company while closely monitoring progress against the tasks addressed by the management team. At its meetings held in person and in absentia in 2021, the Board reviewed a range of matters, including Gazprom's operational resilience amid the COVID-19 pandemic, progress on key investment projects and development and deployment of innovative and digital solutions.

The Board of Directors paid particular attention to implementing the instructions of Russian President Vladimir Putin regarding gas infrastructure expansion across Russian regions. In 2021, Gazprom consistently exceeded its targets for the year, with the Board maintaining its focus on domestic operations in 2022.

On the corporate governance front, the year's highlights include a number of important decisions further improving our corporate governance.

First, the Sustainable Development Policy of Gazprom Group was approved, and the Sustainable Development Committee of PJSC Gazprom's Board of Directors was set up and already held its first meetings.

Second, the Board designated a senior independent director – Viktor Martynov, Chairman of the Board's Audit Committee and Member of the Board's Nomination and Remuneration Committee. In his new role, he will promote effective communication between shareholders, independent directors and the Board Chairman. Having a senior independent director on the Company's management team is in line with global best practices.

In 2021, PJSC Gazprom also continued to improve its insider information protection tools. Amendments were made to internal regulations to reflect changes in Russian laws as necessary and communicated to all insiders within the Company.

Maintenance of the Company's high ethical standards is also essential, with all Gazprom employees trained and tested on their knowledge of the Code of Corporate Ethics at least every three years. Almost 230 thousand employees of Gazprom Group companies took this training in 2021.

The Expert RA rating agency provides an external evaluation of PJSC Gazprom's corporate governance system on a regular basis. In 2021, the agency assigned its highest rating of "A++.gq" to the Company, confirming the high quality of its governance system. In February 2022, the agency reaffirmed this rating.

Dear Shareholders, Gazprom has met its targets for 2021. The Board of Directors will continue to drive the Company's strong performance, contributing towards its strategic goals.

“ On the corporate governance front, the year's highlights include a number of important decisions further improving our corporate governance ”



Viktor Zubkov
Chairman of
the Board of Directors
PJSC Gazprom

A stylized handwritten signature in black ink, consisting of several fluid, connected strokes.

Report on Compliance with the Corporate Governance Code Recommended by the Bank of Russia, including Statement on Compliance with Corporate Governance Principles

An important tool to boost PJSC Gazprom's corporate governance efficiency is the continuous enhancement of corporate standards, the Company's compliance with listing rules of Russian stock exchanges, consideration of the recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014 and recommended as a guidance for publicly traded joint stock companies (the Russian Corporate Governance Code, the Code), as well as Russian and international best practices.



Key documents of PJSC Gazprom ensuring protection of shareholder rights

Documents	Year of approval/ amendment
Articles of Association of Public Joint Stock Company Gazprom	2015 / 2021
Regulations on the General Shareholders Meeting of PJSC Gazprom	2016 / 2019
Regulations on the Board of Directors of PJSC Gazprom	2016 / 2021
Regulations on the Management Committee of PJSC Gazprom	2016 / 2019
Regulations on the Chairman of the Management Committee of PJSC Gazprom	2016 / 2017
Regulations on the Audit Commission of PJSC Gazprom	2020
Regulations on the Audit Committee of PJSC Gazprom's Board of Directors	2014 / 2021
Regulations on the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors	2016 / 2019
Regulations on the Sustainable Development Committee of PJSC Gazprom's Board of Directors	2021
Regulations on the Import Substitution and Technology Leadership Committee of PJSC Gazprom's Board of Directors	2022
Dividend Policy of PJSC Gazprom	2019
Corporate Governance Code of PJSC Gazprom	2017
Code of Corporate Ethics of PJSC Gazprom	2014 / 2019
Regulations on the Senior Independent Director of PJSC Gazprom's Board of Directors	2021
Induction Programme for First-Time Elected Members of the Board of Directors of PJSC Gazprom	2019
Procedure for Documenting Shareholder Proposals and Requests Related to the Convocation of the General Shareholders Meeting of PJSC Gazprom	2016
Procedure for Providing Information About PJSC Gazprom to Shareholders	2016 / 2018
Regulations on Information Disclosure by PJSC Gazprom	2017 / 2018
Sustainable Development Policy of Gazprom Group	2021
Anti-corruption Policy of PJSC Gazprom	2016
PJSC Gazprom's Internal Control Rules for Preventing, Detecting and Stopping the Unlawful Use of Insider Information and/or Market Manipulation	2021
Regulations on the Hotline for Fighting Fraud, Corruption and Embezzlement at Gazprom Group	2014



The Articles of Association and internal documents of PJSC Gazprom are available on PJSC Gazprom's website.
→ www.gazprom.com



Documents such as PJSC Gazprom's Articles of Association, the Regulations on the Board of Directors of PJSC Gazprom, and the Regulations on the Audit Committee of PJSC Gazprom's Board of Directors were updated in the reporting year primarily due to regulatory changes

Overview of the Most Significant Aspects of the Corporate Governance Model and Practice

The corporate model of PJSC Gazprom is set apart by the fact that the Russian Federation is its controlling shareholder.

Key principles underlying corporate governance are set forth in the Corporate Governance Code of PJSC Gazprom.










Specific features of PJSC Gazprom's governance arising from Russian laws and reflecting the Company's status as a partially government-owned company

According to Executive Order of the Russian President No. 1009 dated 4 August 2004, PJSC Gazprom is included in the list of strategic enterprises and strategic joint stock companies managed with the involvement of the Russian Federation to meet the country's strategic interests, ensure its national defence and security, and protect public morals as well as the health, rights and legitimate interests of Russian citizens. The status of a strategic joint stock company implies a special procedure for the management and control of the Company by the President, Government and federal executive authorities of the Russian Federation.

By a Decree of the Russian Government, PJSC Gazprom was included in a special list of joint stock companies for which the position of its shareholder – the Russian Federation – on the most important matters (including introducing items into the General Shareholders Meeting agenda, proposing nominees to governing and supervisory bodies, and voting on agenda items of the General Shareholders Meeting) is determined and directives to representatives of the interests of the Russian Federation in the Board of Directors are approved by the Russian Government.

In certain cases, PJSC Gazprom must ensure the implementation of instructions and directives initiated by the Russian Federation, including in its subsidiaries.

Key principles underlying corporate governance


 Fair treatment of shareholders in exercising their rights to participate in the management of PJSC Gazprom, including the right to participate in profits through dividends	 Setting up executive bodies of PJSC Gazprom accountable to the Board of Directors and the General Shareholders Meeting	 Compliance with ethical standards of business conduct
 Reliable and effective methods to account for shareholder ownership rights to shares	 Existence of an effective risk management and internal control system	 Compliance with best practices in corporate social responsibility
 Establishing an effective and competent Board of Directors acting in good faith and reasonably in the best interests of the Company and its shareholders	 Information transparency	 Active stakeholder engagement

PJSC Gazprom's corporate governance pillars include its governing and supervisory bodies: the General Shareholders Meeting, the Board of Directors, the Management Committee, the Chairman of the Management Committee, and the Audit Commission.


PJSC Gazprom's Board of Directors has established dedicated committees for preliminary review of critical matters related to the Company's operations that fall within the remit of the Board of Directors. The Board has appointed the Senior Independent Director to foster engagements between independent directors, the Company's shareholders and the Chairman of the Board of Directors.

Financial and business operations of the Company are reviewed by an external auditor.

The key priority of the department responsible for internal audit is to provide the Board of Directors and management of PJSC Gazprom with independent and unbiased assurances and advice as to the improvement of the Company's operations. The Risk Management and Internal Control Unit coordinates risk management and internal control activities at business units of PJSC Gazprom (Gazprom Group entities).

 For more information on the competencies of PJSC Gazprom's governing bodies, see PJSC Gazprom's website.
→ www.gazprom.com



 For more information on the main tasks of PJSC Gazprom's Audit Commission, see PJSC Gazprom's website.
→ www.gazprom.com

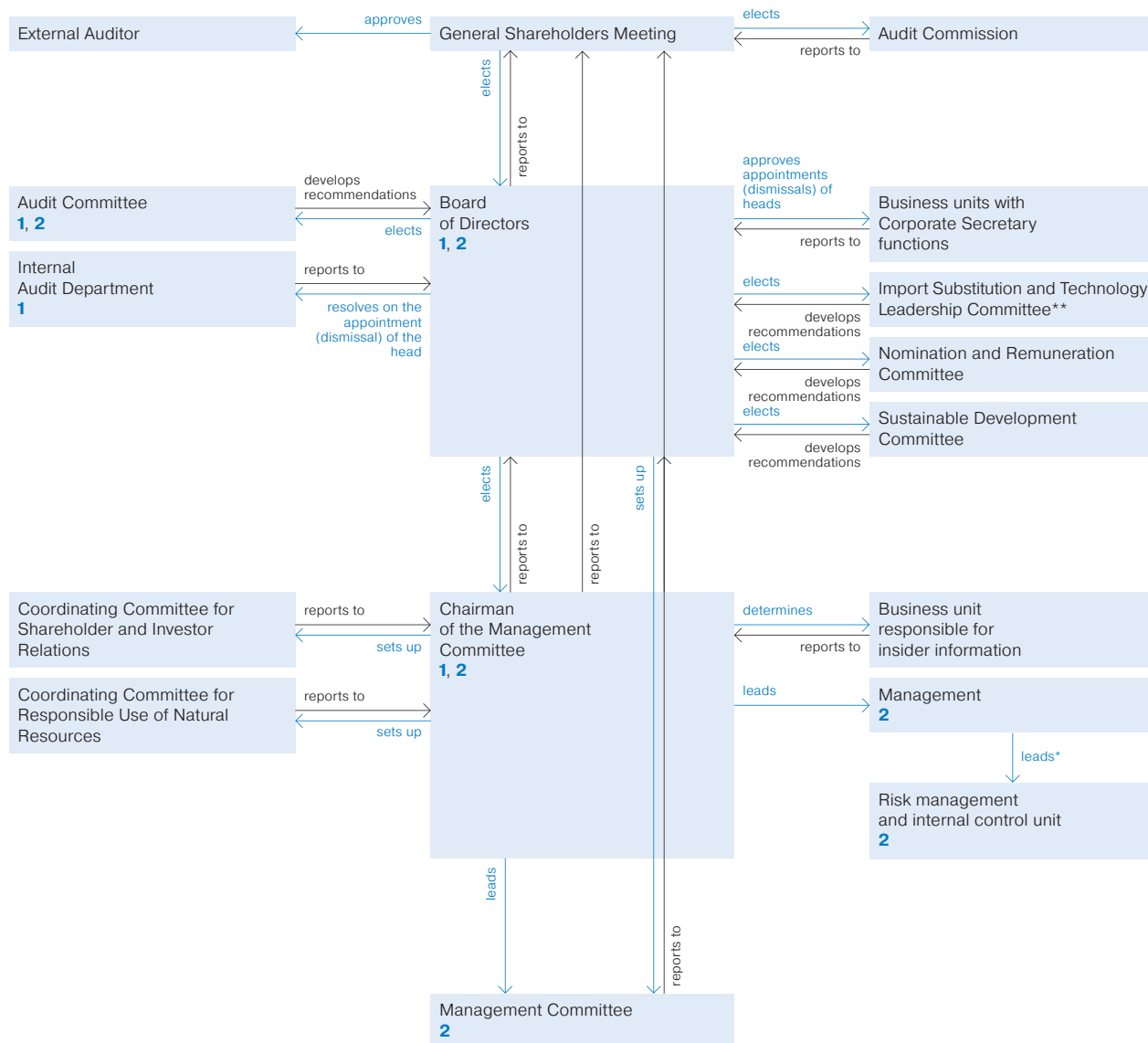


Report on Compliance with the Corporate Governance Code Recommended by the Bank of Russia, including Statement on Compliance with Corporate Governance Principles



PJSC Gazprom's corporate governance structure

PJSC Gazprom



Subsidiaries of PJSC Gazprom

1, 2

1 Internal audit actors

2 Risk management and internal control actors

* Reports to the Deputy Chairman of the Management Committee.

** Established in 2022.

Report on Compliance with the Corporate Governance Code Recommended by the Bank of Russia, including Statement on Compliance with Corporate Governance Principles

In order to maintain a transparent and constructive dialogue with the investment community, PJSC Gazprom has in place the Coordinating Committee for Shareholder and Investor Relations (set up by the Company's Order No. 292 dated 17 November 2008). Relations with the investment community are governed by the annual plan of the Coordinating Committee.

PJSC Gazprom has in place the function of Corporate Secretary (Resolution of the Board of Directors No. 2817 dated 30 September 2016). The functionality of the Corporate Secretary is distributed, to the extent recommended by the Russian Corporate Governance Code, among several business units of the Company, in line with the regulations governing their functions as approved by the Board of Directors.

PJSC Gazprom also has in place the Coordinating Committee for Responsible Use of Natural Resources. The Company's environmental management and energy efficiency system covers different levels of management, from the Board of Directors to branches and production facilities of PJSC Gazprom's subsidiaries. To ensure an integrated approach and coordinate the environmental and energy management activities of PJSC Gazprom's business units, PJSC Gazprom has in place a permanent Working Group for Environmental Management System Enhancement and a permanent Working Group for Energy Management System Enhancement.



For more details on the functions of the Corporate Secretary at PJSC Gazprom, see PJSC Gazprom's website.
→ www.gazprom.com



Methodology Used to Assess Compliance with the Corporate Governance Principles Set Out in the Corporate Governance Code

PJSC Gazprom assesses compliance with the key corporate governance principles set out in the Russian Corporate Governance Code and continues to implement the Code's individual recommendations taking into account the specifics and scale of the Company's operations.

The assessment focuses on the Code's key provisions, which include certain principles and recommendations that correspond to the mandatory requirements of listing rules of Russian stock exchange (mandatory for maintaining PJSC Gazprom shares on first level quotation lists of stock exchanges).

Assessment of Compliance with the Corporate Governance Principles Set Out in the Corporate Governance Code

Core principles of the Russian Corporate Governance Code are fully complied with at PJSC Gazprom, some principles are partially complied with, and several principles are not complied with.

Report on Compliance with the Corporate Governance Code Recommended by the Bank of Russia, including Statement on Compliance with Corporate Governance Principles



Key principles and recommendations of the Russian Corporate Governance Code not complied with or not fully complied with at PJSC Gazprom, along with the description of corporate governance mechanisms and tools used by PJSC Gazprom instead of those recommended

<p>1.</p> <p>The Code recommends that independent directors constitute at least one third of the elected members of the board of directors (paragraph 2.4.3 of the Code).</p>	<p>In 2021, PJSC Gazprom did not comply with this principle and recommendation of the Russian Corporate Governance Code due to objective reasons (an insufficient number of independent nominees to the Board of Directors).</p> <p>The Board of Directors of PJSC Gazprom (11 members) was elected by the Annual General Shareholders Meeting on 25 June 2021 from among the nominees proposed by shareholders.</p> <p>Three independent directors joined the Board of Directors.</p> <p>As part of the procedures set forth in listing rules of Russian stock exchanges and the Russian Corporate Governance Code, PJSC Gazprom's Board of Directors passed resolutions determining Timur Kulibaev, Viktor Martynov and Vladimir Mau to be independent nominees to PJSC Gazprom's Board of Directors although Timur Kulibaev, Viktor Martynov and Vladimir Mau met the formal criteria of being related to PJSC Gazprom, Vladimir Mau and Viktor Martynov met the formal criteria of being related to the state, and Viktor Martynov met the formal criteria of being related to PJSC Gazprom's significant counterparty, as it does not affect their ability to make impartial and independent judgements in good faith considering their professional experience, knowledge and business reputation (resolutions of PJSC Gazprom's Board of Directors No. 3604 dated 1 June 2021, No. 3602 dated 1 June 2021 and No. 3603 dated 1 June 2021).</p>
<p>2.</p> <p>To preview matters of supervision over the company's financial and business performance, the Code recommends to set up an audit committee comprised of independent directors (paragraph 2.8.1, Recommendation 173 of the Code).</p>	<p>In 2021, the Company partially complied with this principle and recommendation of the Code due in part to objective reasons (an insufficient number of independent directors on the Board of Directors).</p> <p>In 2021, PJSC Gazprom's Board of Directors set up the Audit Committee of the Board of Directors comprised of three members: Mikhail Sereda, a member of PJSC Gazprom's Board of Directors, and two independent directors (in accordance with the independence criteria established by listing rules of Russian stock exchanges and the Russian Corporate Governance Code) – Viktor Martynov (Committee Chairman) and Vladimir Mau (Resolution of PJSC Gazprom's Board of Directors No. 3623 dated 25 June 2021).</p>
<p>3.</p> <p>To preview matters of adopting an effective and transparent remuneration scheme, the Code recommends to set up a remuneration committee comprised of independent directors and headed by an independent director who is not the chairman of the board of directors (paragraph 2.8.2, Recommendation 179 of the Code).</p> <p>To preview matters of talent management (succession planning), professional composition and efficiency of the board of directors, the Code recommends to set up a nomination (appointments and HR) committee, predominantly comprised of independent directors (paragraph 2.8.3 of the Code).</p> <p>Where setting up a separate nomination committee is not practicable, its functions may be assigned to any other committee of the board of directors, i.e. a corporate governance committee or a remuneration committee (Recommendation 185 of the Code).</p>	<p>In 2021, PJSC Gazprom partially complied with the principles and recommendations of the Russian Corporate Governance Code due in part to objective reasons (an insufficient number of independent directors on the Board of Directors).</p> <p>As prescribed by listing rules of Russian stock exchanges, the above committees must be comprised of independent directors, and if it is impossible for objective reasons, independent directors must make up the majority of committee members, and the remaining committee members may be members of the Board of Directors who are not the sole executive body and/or members of the issuer's collective executive body.</p> <p>In 2021, by Resolution No. 3624 dated 25 June 2021 PJSC Gazprom's Board of Directors set up the Nomination and Remuneration Committee of the Board of Directors comprised of three members. The majority of the Committee members are independent directors (Viktor Martynov and Vladimir Mau). Committee Chairman Mikhail Sereda is not the sole executive body or a member of the collegial executive body.</p>

In accordance with recommendations of the Russian Corporate Governance Code (paragraph 2.9) and listing rules of Russian stock exchanges, comprehensive independent evaluations of the corporate governance practice and internal performance evaluations of PJSC Gazprom's Board of Directors and its committees are conducted on a regular basis. PJSC Gazprom initiates surveys of shareholders and investors on various aspects of corporate governance.

PAO Moscow Exchange and PAO SPB Exchange confirm the compliance of PJSC Gazprom's corporate governance with the listing rules of stock exchanges on a quarterly basis, as required to maintain the shares on first level quotation lists.

In 2021 the Expert RA rating agency assigned the Company the highest governance quality rating. The evaluation covered the Company's position (including business reputation and development strategy); governing and supervisory bodies; information transparency; the rights of shareholders and other stakeholders; support factors (additional positive changes); and stress factors (factors that have a significant negative impact on the rating). In 2022, the agency confirmed the rating.



Expert RA's methodology for awarding governance quality ratings is available on the agency's website.
→ www.raexpert.ru



A++ .gq (highest)

rating of PJSC Gazprom's governance quality from the
Expert RA rating agency

Improvement of the Corporate Governance Model and Practice

PJSC Gazprom consistently enhances its corporate standards with due regard for the state policy on improving the investment climate in the Russian Federation, international best practices, recommendations of qualified experts, and expectations of long-term shareholders and investors.

The Company's medium-term priorities in enhancing corporate governance standards will include disclosure of information in reporting documents (annual report, issuer report) and on the Company's website, further efforts to extend Gazprom's system of corporate ethics to counterparties, and control measures to ensure compliance by Gazprom's insiders with regulations on protecting insider information.



Major events aimed at enhancing corporate governance in 2017–2021

2017	2018	2019	2020	2021
A comprehensive independent audit of the corporate governance practice (by AO KPMG)	The practice of annual external audits and public assurance of the Sustainability Report was introduced	The new Dividend Policy was approved	Electronic voting at the General Shareholders Meeting was introduced	An external corporate governance assessment was conducted (by Expert RA) and the highest rating was assigned
Performance evaluation of the Board of Directors and its committees (by AO KPMG)	The Anti-corruption Plan for 2018–2020 was approved	The Long-Term Development Programme expanded to the oil and power generation businesses of Gazprom Group	Transition to calculation of dividends according to the new Dividend Policy	Performance self-evaluation of the Board of Directors and its committees
Meetings with investors on corporate governance	Regular awareness tests covering the standards of corporate ethics were introduced, and an e-learning course for employees was developed	Performance self-evaluation of the Board of Directors and its committees	Investor surveys on sustainable development were conducted with the results taken into account in planning future activities	The Sustainable Development Committee of the Board of Directors was set up
	Performance self-evaluation of the Board of Directors and its committees	The Induction Programme for First-Time Elected Members of the Board of Directors of PJSC Gazprom was approved	Documents governing insider information control were developed and approved	A Senior Independent Director was appointed
	Independent directors and management met with investors to discuss sustainable development	Quasi-treasury shares were sold	The Sustainability Report was prepared taking into account experts' recommendations from external audit	The scope of information disclosed in annual reports was expanded
		The coverage of the Code of Corporate Ethics was extended to include the members of the Board of Directors	Additional information was included in the Annual Report based on investors' wishes	A sustainability report was included in the materials for General Shareholders Meetings for the first time; its preparation was accelerated
		A clause on counterparties' compliance with the Code of Ethics was developed	Gazprom Group employees took the Corporate Ethics e-learning course	The Sustainable Development Policy of Gazprom Group was approved
		Employees of controlled entities started taking ethical awareness tests on a regular basis	The Company continued to extend the standards of corporate ethics to members of boards of directors at subsidiaries and their long-term invested entities	The Anti-corruption Plan for 2021–2024 was approved
		The Articles of Association and the Regulations on the General Shareholders Meeting were amended to provide for electronic voting at shareholders meetings	A session on sustainable development was held as part of the Investor Day	The Senior Independent Director met with investors to discuss sustainable development
		Independent directors and management met with investors to discuss sustainable development		A session on sustainable development was held as part of the Investor Day

**Report on Compliance with the Corporate
Governance Code Recommended by
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Principles**



**Measures implemented as part of the efforts to improve corporate governance at PJSC Gazprom in 2021 and plans,
by area of development**

Governing model	Corporate ethics	Information disclosure and protection of insider information	Sustainability management
An external corporate governance assessment was conducted (by experts of the Expert RA rating agency)	The standards of corporate ethics were extended to members of boards of directors at controlled entities	Interaction between management and the investment community in various formats, including video meetings and teleconferences, was enhanced	The Sustainable Development Committee of the Board of Directors was set up and the regulations on the Committee were approved
Performance self-evaluation of the Board of Directors and its committees	Steps were taken to identify potential conflicts of interest with sole executive bodies of controlled entities	The scope of information disclosed in the annual report was expanded	The Sustainable Development Policy of Gazprom Group was approved
The Sustainable Development Committee of the Board of Directors was set up and the regulations on the Committee were approved	Measures were implemented to extend the coverage of uniform ethical standards to counterparties of PJSC Gazprom and its subsidiaries	The Internal Control Rules for Preventing, Detecting and Stopping the Unlawful Use of Insider Information and/or Market Manipulation were approved	Gazprom Group Sustainability Report was included in the materials for General Shareholders Meetings; its preparation was accelerated
The Senior Independent Director was appointed, and the relevant regulations were approved	Employees of the administration and branches of PJSC Gazprom and its subsidiaries took the Corporate Ethics e-learning course followed up by a test	Amendments were made to the Regulations on Access to Insider Information of PJSC Gazprom and Maintaining its Confidentiality	
The Senior Independent Director met with investors to discuss sustainable development		An updated List of Insider Information was approved	
Documents and policies were updated: the Articles of Association, Regulations on the Board of Directors, Regulations on the Audit Committee of the Board of Directors, and Regulations on Internal Audit			
Plans for 2022 and the medium term			
Enhance the Senior Independent Director's and management's engagements with investors	Further extend the Company's system of corporate ethics to counterparties	Switch to disclosure in the form of an issuer report at the level of Gazprom Group prepared under IFRS	Continue implementing the Sustainable Development Policy of Gazprom Group, in particular, improve reporting quality
	Increase the scope of publicly disclosed information on corporate ethics	Implement control measures ensuring protection of insider information	

Governing and Supervisory Bodies

General Shareholders Meeting

The Annual General Shareholders Meeting of PJSC Gazprom was held on 25 June 2021 by absentee voting. The Meeting was prepared and conducted taking into account the challenging epidemiological situation. As in 2020, shareholders had the opportunity to vote online on all agenda items of the Meeting. The convenient e-voting service remained relevant amid the COVID-19 situation and the restrictions on mass events.

The number of shareholders who used the e-voting service in 2021 increased significantly year-on-year

PJSC Gazprom held no Extraordinary General Shareholders Meetings in 2021.



Annual General Shareholders Meeting on 25 June 2021

- Held in absentia
- 833,927 entities and individuals included in the list of persons entitled to participate in the Meeting
- The quorum required to pass resolutions on all the agenda items was present
- The Meeting passed resolutions on all agenda items, electing PJSC Gazprom's Board of Directors and Audit Commission, approving the auditor and resolving on 2020 profit distribution and dividend payment
- The results of the Annual General Shareholders Meeting were communicated to the Company's shareholders as per the established procedure. In addition, the minutes of the General Shareholders Meeting, the minutes of the Counting Board and the approved documents were published on the corporate website



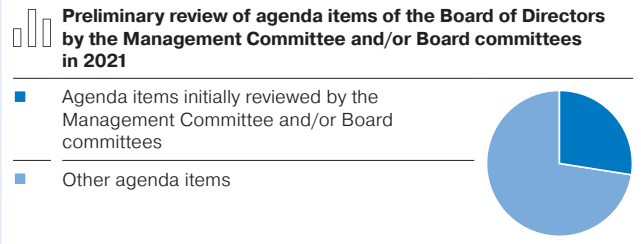
Minutes No. 1 of the Annual General Shareholders Meeting dated 25 June 2021 are available on PJSC Gazprom's website (information is available in Russian only).
→ www.gazprom.ru



PJSC Gazprom's Board of Directors

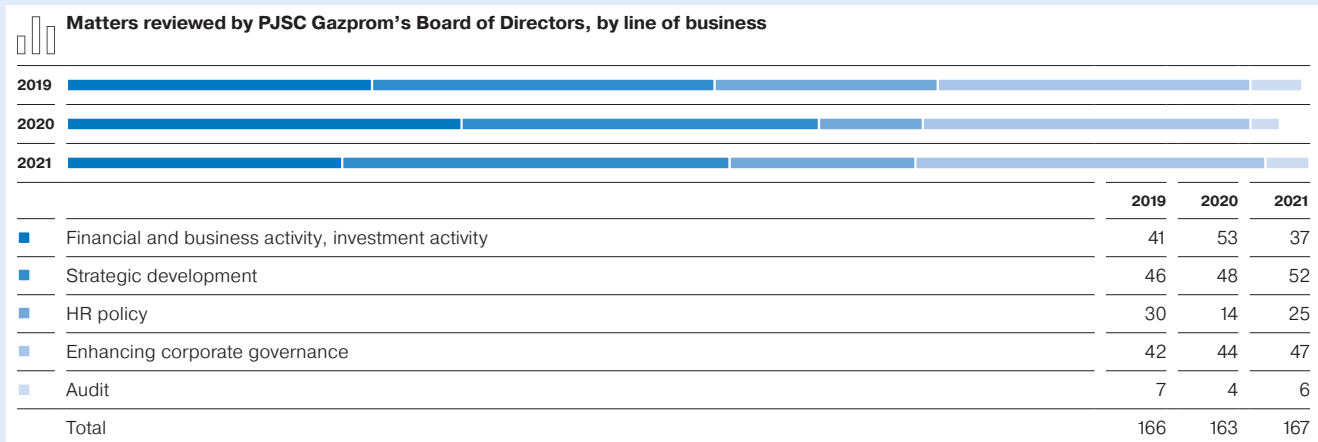
The activities of PJSC Gazprom's Board of Directors are governed by the duly approved six-month activity plans. In 2021, the Board of Directors held a total of 63 meetings, including 10 meetings in person and 53 meetings in absentia. At these meetings, the Board of Directors passed 167 resolutions, including 50 resolutions in person and 117 resolutions in absentia. The in-person meetings of the Board of Directors were organised via videoconferencing.

When planning its activities, the Board of Directors takes into account strategic and business planning cycles, schedules of key projects, the specifics of existing business processes, and principles of managing subsidiaries. The Board of Directors reviews matters in coordination with the Management Committee, with a significant portion of matters subject to preliminary review by both the Management Committee and Board committees to develop optimal solutions and take into account the views of all stakeholders.



Strategic development and financial management account for about 50% of the Board of Directors' workload, which is in line with the recommendations of most corporate governance best practices.

During the reporting year, as in previous years, members of the Board of Directors were actively involved in its activities – the attendance rate for in-person meetings was 100%.



- Performance evaluation of the Board of Directors and its committees in the reporting year**
- Form: self-evaluation (questionnaires) of directors on key areas (composition and structure of the Board of Directors and its committees, organisation of their activities, key functions).
 - Results: as in previous years, all members of PJSC Gazprom's Board of Directors gave the highest rating to the current maturity level of the Board of Directors and its committees (four points out of four). The self-evaluation results were presented to the Nomination and Remuneration Committee of the Board of Directors and discussed at a meeting of the Company's Board of Directors.

Based on the 2021 self-evaluation, the performance of the Board of Directors and its committees received the highest rating

Composition of PJSC Gazprom's Board of Directors as at 31 December 2021

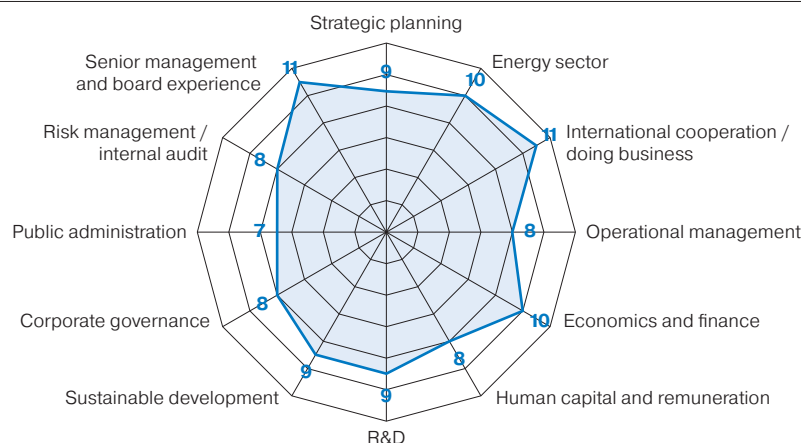
PJSC Gazprom's Board of Directors is made up of directors with many years of experience in the energy sector, management and project implementation. The number of directors is in line with generally accepted best practice in the market and optimal for a company of this scale.

The presence of independent directors on the Board of Directors and their participation in developing meeting agendas and reviewing important matters related to the Company's development improve the Board's performance.

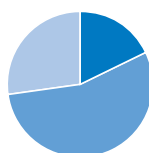
**Changes in the composition of PJSC Gazprom's Board of Directors in 2021**

Dmitry Patrushev was a member of PJSC Gazprom's Board of Directors until 25 June 2021.

On 25 June 2021, Nikolay Shulginov was elected to the Company's Board of Directors for the first time. In line with the Induction Programme for First-Time Elected Members of the Board of Directors of PJSC Gazprom, he was promptly introduced to the Company's activities through a series of events, including an introductory meeting with the Chairman of the Board of Directors and the Chairman of the Management Committee of PJSC Gazprom, as well as the familiarisation with the main internal corporate documents required to make decisions on matters within the Board's competence.

**Skill mix within the Board of Directors****Composition of the Board of Directors by status, %**

Executive director	18
Non-executive director	55
Independent director*	27



* By Resolution of PJSC Gazprom's Board of Directors (No. 3602 dated 1 June 2021, No. 3603 dated 1 June 2021 and No. 3604 dated 1 June 2021), the nominees to the Board Timur Kulibaev, Vladimir Mau and Viktor Martynov were deemed independent.



Resolutions of PJSC Gazprom's Board of Directors to recognise Timur Kulibayev, Vladimir Mau and Viktor Martynov as independent nominees to the Board of Directors, including the reasons, are available on PJSC Gazprom's website.

→ www.gazprom.com



In 2021, the Board appointed a Senior Independent Director to foster engagements between PJSC Gazprom's Board of Directors and shareholders



**Viktor Alekseevich
Zubkov**

Chairman of the Board of Directors

Non-executive Director

Chairman of the Sustainable Development
Committee

Chairman of the Board of Directors'
Commission on Strengthening Financial
Discipline for Domestic Gas Supplies

Born in 1941.

Graduate of Leningrad Agricultural Institute.
Doctor of Economics.

2007–2008: Prime Minister of the Russian Federation.
2008–2012: First Deputy Prime Minister of the Russian Federation.
Since 2012: Russia's Special Presidential Representative for Cooperation
with the Gas Exporting Countries Forum.
2012–2014: member of the Board of Directors, Director General,
Chairman of the Management Committee of OOO Gazprom
gazomotornoye toplivo.
2014–2019: Deputy Chairman of the Board of Directors of OOO Gazprom
gazomotornoye toplivo.
2019–2020: Chairman of the Board of Directors of OOO Gazprom LNG
Technologies.
Since 2019: Chairman of the Board of Directors of OOO Gazprom
gazomotornoye toplivo.

Chairman of the Company's Board of Directors since 2008.



**Andrey Igorevich
Akimov**

Non-executive Director

Member of the Sustainable Development
Committee of the Board of Directors

Born in 1953.

Graduate of Moscow Finance Academy.

Since 2002: Chairman of the Management Board of Joint Stock Bank of
Gas Industry Gazprombank (Closed Joint Stock Company); since 2007:
Gazprombank (Open Joint Stock Company); since 2014 – Gazprombank
(Joint Stock Company).

Member of the Company's Board of Directors since 2011.



**Alexey Borisovich
Miller**

Deputy Chairman of the Board of Directors

Executive Director

Member of the Sustainable Development
Committee of the Board of Directors

Born in 1962.

Graduate of Voznesensky Leningrad Finance and Economics Institute.
Candidate of Economics.

Since 2001: Chairman of the Company's Management Committee.

Deputy Chairman of the Company's Board of Directors since 2002.



**Timur Askarovich
Kulibaev**

Independent director

Born in 1966.

Graduate of Lomonosov Moscow State University.
Candidate of Economics.

Since 2005: Head of the Kazakhstan Association of Oil, Gas and Energy
Sector Organisations KAZENERGY association of legal entities.
Since 2013: Chairman of the Presidium of the National Chamber of
Entrepreneurs of the Republic of Kazakhstan "Atameken".

Member of the Company's Board of Directors since 2011.



Denis Valentinovich Manturov

Non-executive Director

Born in 1969.

Graduate of Lomonosov Moscow State University.
Candidate of Economics.

Since 2012: Minister of Industry and Trade of the Russian Federation.

Member of the Company's Board of Directors since 2017.



Viktor Georgievich Martynov

Senior Independent Director

Chairman of the Board of Directors' Audit Committee, member of the Board of Directors' Nomination and Remuneration Committee

Born in 1953.

Graduate of the Gubkin Moscow Institute of the Petrochemical and Gas Industry.
Candidate of Geology and Mineralogy, Doctor of Economics.

Since 2008: Rector of Gubkin Russian State University of Oil and Gas (National Research University).

Member of the Company's Board of Directors since 2013.



Vitaly Anatolievich Markelov

Executive Director

Born in 1963.

Graduate of Korolev Kuibyshev Aviation Institute.
Candidate of Technical Sciences.

2003–2011: Director General of OOO Tomsktransgaz (since 2008: OOO Gazprom Transgaz Tomsk).
In 2011 – Director General of OOO Gazprom invest Vostok.
Since 2011: Deputy Chairman of the Company's Management Committee.

Member of the Company's Board of Directors since 2012.



Vladimir Alexandrovich Mau

Independent director

Member of the Board of Directors' Audit Committee, member of the Board of Directors' Nomination and Remuneration Committee

Born in 1959.

Graduate of Plekhanov Moscow Institute of National Economy.
Doctor of Economics.

2002–2010: Rector of the Academy of National Economy under the Government of the Russian Federation.
Since 2010: Rector of the Russian Presidential Academy of National Economy and Public Administration.

Member of the Company's Board of Directors since 2011.



Alexander Valentinovich Novak

Non-executive Director

Born in 1971.

Graduate of Norilsk Industrial Institute.

2010–2012: Deputy Minister of Finance of the Russian Federation.

2012–2020: Minister of Energy of the Russian Federation.

Since 2020: Deputy Prime Minister of the Russian Federation.

Member of the Company's Board of Directors since 2015.



Nikolai Grigorievich Shulginov

Non-executive Director

Born in 1951.

Graduate of Ordzhonikidze Novocherkassk Polytechnic Institute. Candidate of Technical Sciences.

2009–2015: First Deputy Chairman of the Management Board of System Operator.

2015–2020: Director General of PAO RusHydro, Chairman of the Management Board of PAO RusHydro.

Since 2020: Minister of Energy of the Russian Federation.

Member of the Company's Board of Directors since 2021.



Mikhail Leonidovich Sereda

Non-executive Director

Member of the Board of Directors' Audit Committee, Chairman of the Board of Directors' Nomination and Remuneration Committee

Born in 1970.

Graduate of the Saint Petersburg State University of Economics and Finance.

2004–2020: Deputy Chairman of the Management Committee, Head of the Management Committee Administration of the Company.

Since 2020: First Deputy Director General of OOO Gazprom export, Director General of OOO Gazprom Trading.

Member of the Company's Board of Directors since 2002.

Note. The independent status of members of the Board of Directors is determined in compliance with criteria set forth in the Russian Corporate Governance Code.



The biographical details of the members of PJSC Gazprom's Board of Directors are also available on PJSC Gazprom's website.
→ www.gazprom.com



Audit Committee of the Board of Directors

Dear Shareholders,

In 2021, the Audit Committee of PJSC Gazprom's Board of Directors continued its work as planned to ensure a thorough analysis of matters reviewed.

The Committee's recommendations inform decision making by PJSC Gazprom's Board of Directors. The Committee is responsible for reviewing a wide range of matters, including those related to internal and external audits, assessment of risk management and internal controls, monitoring the completeness, accuracy and reliability of PJSC Gazprom's financial statements, and compliance with the Code of Corporate Ethics of PJSC Gazprom.

The Committee is an important tool within a robust system built for overseeing financial and business activities and assists PJSC Gazprom's Board of Directors in performing its functions.

In particular, in 2021, the Committee reviewed the following matters: information from the external auditor (OOO FBK) on key matters related to the audit of PJSC Gazprom and its subsidiaries; OOO FBK's reports on the independence and effectiveness of external audits; assessment of the auditor's opinion on the accounting (financial) statements of PJSC Gazprom for 2020; a report on the 2020 performance of the internal audit function; and a report on the 2020 internal audit of PJSC Gazprom.

I would like to highlight that, in February 2022, the Expert RA rating agency confirmed PJSC Gazprom's highest national rating for governance quality, citing, among other things, our robust risk management.

I am confident that the Committee is making a significant contribution to PJSC Gazprom's future successes by delivering on all of its objectives.

Viktor Martynov

Chairman
of the Audit Committee
of PJSC Gazprom's Board of Directors



In 2021, the Audit Committee of the Board of Directors included Viktor Martynov (Committee Chairman, Independent Director), Vladimir Mau (Committee Member, Independent Director) and Mikhail Sereda (Committee Member, Non-executive Director). The committee addressed the specific planned activities, meeting at least on a quarterly basis. In 2021, the committee held 12 meetings in absentia and no meetings in person. The overall attendance rate for the committee meetings was 100%.

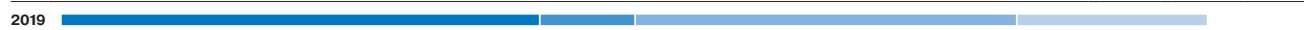


The Audit Committee maintained close contact with the external auditor OOO FBK, the Company's Audit Commission, department responsible for internal audit and business unit responsible for risk management and internal control to issue recommendations to the Board of Directors.



Critical matters to be reviewed by the Audit Committee in the first half of 2022

- OOO FBK's summary of the audit of 2H 2021 results of PJSC Gazprom and its subsidiaries, along with the external auditor's reports on ensuring the independence and effectiveness of the external audit
- Assessment of candidates for PJSC Gazprom's auditor engaged to perform a mandatory audit of the Company's accounting statements for 2022
- Report on the Internal Audit Department's performance in 2021
- Assessment of the independent auditor's report on PJSC Gazprom's accounting (financial) statements for 2021
- PJSC Gazprom's corporate risk management and internal control system, risk assessment and regular risk updates

Matters reviewed by the Board of Directors' Audit Committee, by line of business

	2019	2020	2021
2019			
2020			
2021			
■ Financial reporting, external audit	5	6	4
■ Performance of the risk management and internal control system	1	–	1
■ Internal Audit Department's activities	4	6	6
■ Other matters	2	1	2
Total	12	13	13

Nomination and Remuneration Committee of the Board of Directors

Dear Shareholders,

The Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors is responsible for maintaining a successful HR policy and a robust system of financial incentives and remuneration.

2021 was no exception. The Committee made recommendations to PJSC Gazprom's Board of Directors on approval of the Company's target (planned), threshold and maximum KPIs for 2021, the annual management bonus scheme, and on the performance against KPIs in 2020. The Committee also reviewed amendments to the Regulations on the Annual Bonus Scheme for Management of PJSC Gazprom that expanded the list of situations where annual bonuses are not paid to management; appointments to key executive positions; and employee equity sharing plan for management of PJSC Gazprom.

Regular evaluation and self-evaluation of performance by members of PJSC Gazprom's Board of Directors and its committees is central to excellent governance. In 2021, the Committee reviewed the results of the annual internal performance evaluation of members of PJSC Gazprom's Board of Directors and its committees, with the Committee's recommendations submitted to the Company's Board of Directors for further review.

For a second year running, the Expert RA rating agency evaluated the quality of Gazprom's governance. In February 2022, the agency confirmed PJSC Gazprom's highest national rating for governance quality. In particular, its experts highlighted that the factors behind this high rating included the Company's system of corporate key performance indicators and the Employee Equity Sharing Plan for Management of PJSC Gazprom.

We firmly believe that by thoroughly examining matters within the Committee's remit, we will further contribute to the Company's strong performance.

Mikhail Sereda

Chairman
of the Nomination and Remuneration Committee
of PJSC Gazprom's Board of Directors



In 2021, the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors consisted of Mikhail Sereda (Committee Chairman, Non-executive Director), Vladimir Mau (Committee Member, Independent Director), and Viktor Martynov (Committee Member, Independent Director). The committee worked in line with its plan. In 2021, the committee held 12 meetings in absentia and no meetings in person. The overall attendance rate for the committee meetings was 100%.


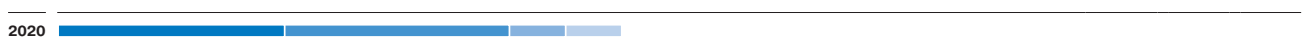



Critical matters to be reviewed by the Nomination and Remuneration Committee in the first half of 2022

- Approval of target (planned), threshold, and maximum values of the Company's key performance indicators for 2022 used in the Annual Bonus Scheme for Management of PJSC Gazprom
- Approval of actual values of the Company's key performance indicators for 2021 used in the Annual Bonus Scheme for Management of PJSC Gazprom
- Remuneration of members of PJSC Gazprom's Board of Directors and Audit Commission



Matters reviewed by the Board of Directors' Nomination and Remuneration Committee, by line of business

	2019	2020	2021
2019			
2020			
2021			
	2019	2020	2021
■ Remuneration policy, its implementation and oversight	4	4	6
■ Appointments to key executive positions	13	4	3
■ Performance evaluation of governing bodies	3	1	2
■ Other matters	2	1	1
Total	22	10	12

Sustainable Development Committee of the Board of Directors

Dear Shareholders,

PJSC Gazprom is strongly committed to universal principles such as care for the environment and social responsibility, embedding them in its development strategy and day-to-day activities.

As part of its ongoing consistent efforts in this area, in July 2021, the Company's Board of Directors decided to set up the Sustainable Development Committee of PJSC Gazprom's Board of Directors.

The Committee's responsibilities include preparing recommendations for the Board of Directors on shaping a sustainability agenda for Gazprom Group, improving the KPI system to integrate sustainability, developing metrics to measure performance in this area, evaluating the progress on Gazprom Group's sustainable development policy, and other matters.


In the reporting year, the Committee reviewed the results of an external audit and an independent public assurance of Gazprom Group's Sustainability Report 2020. This was Gazprom Group's ninth Sustainability Report, which, according to experts, reflects the consistent evolution of our reporting process and further progress towards greater information transparency.

The establishment of the Committee has become a logical step towards better corporate governance. I am confident that the Committee's work will contribute towards the Company's long-term sustainable development and towards its strategic goals.

We are open to questions and suggestions from our stakeholders and look forward to a positive dialogue that would further enhance Gazprom's corporate, social and environmental practices.

Viktor Zubkov

Chairman
of the Sustainable Development Committee
of PJSC Gazprom's Board of Directors



In 2021, the Company's Board of Directors formed the Sustainable Development Committee of PJSC Gazprom's Board of Directors, which is responsible, inter alia, for preparing recommendations to the Board of Directors on determining Gazprom Group's focus areas in sustainability and evaluating the implementation of its sustainable development policy. The Sustainable Development Committee included Viktor Zubkov (Committee Chairman, Non-executive Director), Alexey Miller (Committee Member, Executive Director), and Andrey Akimov (Committee Member, Non-executive Director). The committee worked in line with its plan and held two meetings in absentia and no meetings in person. The overall attendance rate for the committee meetings was 100%.

In 2021, the Company's Board of Directors set up a Sustainable Development Committee – for the first time in the Company's history

The most significant matter on the agenda of the committee's meetings in 1H 2022 will be the progress in implementing the Sustainable Development Policy of Gazprom Group.

Corporate Secretary

The Corporate Secretary's functions are delegated to four PJSC Gazprom's business units. Their activities in 2021 were aimed at ensuring PJSC Gazprom's compliance with the applicable Russian laws and the Company's Articles of Association and internal documents, which guarantee the exercise of shareholder rights and legitimate interests.

In 2019, the Corporate Secretary functions were performed in full

As part of their assigned roles, PJSC Gazprom's business units performing the Corporate Secretary functions were involved in, among other things:

- preparing documents related to PJSC Gazprom's General Shareholders Meeting (including resolutions of the Management Committee, resolutions of the Board of Directors, and the meeting's final documents) and implementing resolutions passed by shareholders, including those related to dividend payment
- preparing documents to disclose information about PJSC Gazprom's operations in line with the statutory procedure as well as developing proposals to improve the information disclosure mechanism
- supporting activities of PJSC Gazprom's Board of Directors and its committees
- implementing measures to improve corporate governance practices.



For more details on the distribution of the Corporate Secretary's functions across the Company's business units, see PJSC Gazprom's website (information is available in Russian only).

→ www.gazprom.ru



The Company ensures sufficient independence of the Corporate Secretary function from PJSC Gazprom's executive bodies



Principles of the Corporate Secretary function, ensuring its independence from PJSC Gazprom's executive bodies

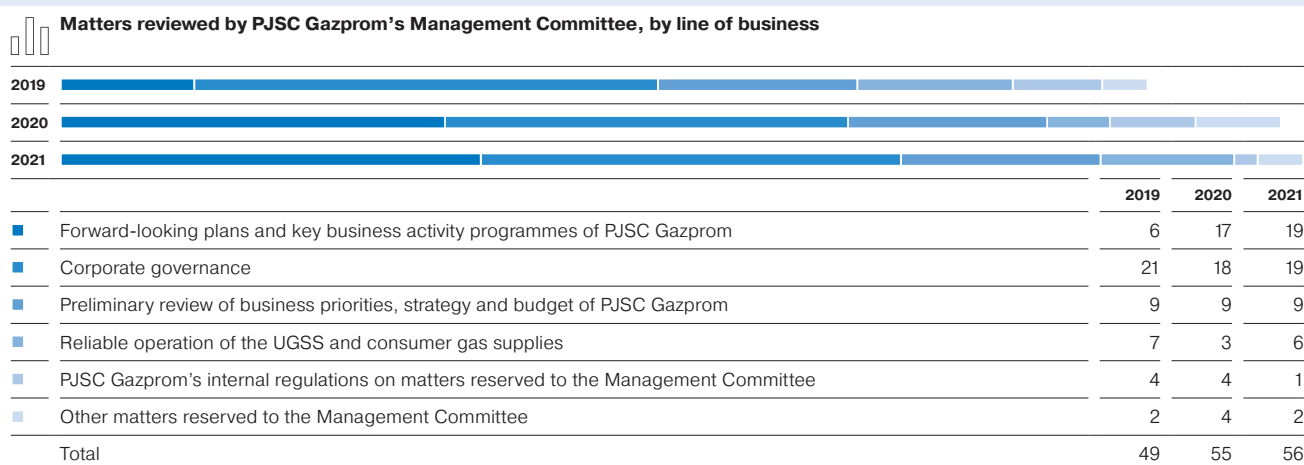
- The heads of the business units performing the Corporate Secretary functions report to the Company's Board of Directors. To this end, PJSC Gazprom's Board of Directors approves appointments and dismissals of the Corporate Secretary, regulations on the business units performing the Corporate Secretary functions, and extra remuneration to the heads of the business units performing the Corporate Secretary functions
- Regulations on the business units performing the Corporate Secretary functions, approved by the Board of Directors, are based on the Russian Corporate Governance Code. To perform the assigned Corporate Secretary functions, the business units are authorised to:
 - in line with established procedures, request and obtain from other PJSC Gazprom's business units documents and information necessary to perform the Corporate Secretary functions
 - monitor compliance by the Company's officers and employees with PJSC Gazprom's Articles of Association and internal documents within the Corporate Secretary functions
 - report its performance to PJSC Gazprom's Board of Directors
 - participate in implementing measures outlined by applicable laws and PJSC Gazprom's internal documents to protect shareholder rights and interests
 - immediately notify the Board of Directors about all detected violations of the law and internal documents when the Corporate Secretary is responsible for ensuring relevant compliance.

In the reporting year, the relevant units also communicated with professional security traders, including the registrar AO DRAGA, the largest depository AO Gazprombank, and Russian stock exchanges PAO Moscow Exchange and PAO SPB Exchange.

Management Committee

The activities of PJSC Gazprom's Management Committee are governed by the duly approved six-month activity plans. In 2021, PJSC Gazprom's Management Committee held 25 meetings (15 meetings in person via videoconferencing and 10 in absentia). 56 resolutions were passed, including 42 resolutions in person and 14 resolutions in absentia.

In 2021, as in previous years, the Management Committee focused on the forward-looking plans and key business activity programmes of PJSC Gazprom along with corporate governance matters. The share of matters related to reliable operation of the UGSS and consumer gas supplies has increased year-on-year.

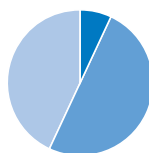


Composition of PJSC Gazprom's Management Committee as at 31 December 2021

Composition of the Management Committee by tenure of its members in the governing body as at 31 December 2021, %

1 year	7
1–7 years (inclusive)	50
Over 7 years	43

Note. Distributed according to the number of full years of service as a member of the Management Committee as at 31 December 2021.



There were no changes to the Management Committee in 2021



Alexey Borisovich Miller

Chairman of the Management Committee

Born in 1962.

Graduate of Voznesensky Leningrad Finance and Economics Institute. Candidate of Economics.

Chairman of the Company's Management Committee since 2001.



Elena Viktorovna Burmistrova

Deputy Chairwoman of PJSC Gazprom's Management Committee, Director General of LLC Gazprom export

Oversees international business

Born in 1971.

Graduate of Moscow State Linguistic University.

Member of the Company's Management Committee since 2019.



Oleg Evgenievich Aksyutin

Deputy Chairman of the Management Committee – Head of Department (prospective development)

Oversees strategic development, long-term planning, design, development and implementation of the Investment Programme, procurement operations, digitisation of operations.

Born in 1967.

Graduate of Korolev Kuibyshev Aviation Institute. Doctor of Technical Sciences.

Member of the Company's Management Committee since 2008.



Vitaly Anatolievich Markelov

Deputy Chairman of PJSC Gazprom's Management Committee

Oversees Operations, including hydrocarbon exploration and production, gas transportation and underground storage, hydrocarbon processing, sales of hydrocarbons and refined products in the domestic market; power generation and government relations

Born in 1963.

Graduate of Korolev Kuibyshev Aviation Institute. Candidate of Technical Sciences.

Member of the Company's Management Committee since 2012.



Mikhail Evgenievich Putin

Deputy Chairman of PJSC Gazprom's Management Committee

Oversees administrative assistance, inventory and logistics management and healthcare benefits

Born in 1967.

Graduate of Bubnov Ivanovo State Medical Institute and Ordzhonikidze State Academy of Management.
Candidate of Medical Sciences.

Member of the Company's Management Committee since 2018.



Famil Kamil ogly Sadygov

Deputy Chairman of PJSC Gazprom's Management Committee

Oversees economics and finance

Born in 1968.

Graduate of Ordzhonikidze State Academy of Management.
Candidate of Economics.

Member of the Company's Management Committee since 2019.



Mikhail Nikolaevich Rosseev

Deputy Chairman of the Management Committee – Chief Accountant of PJSC Gazprom

Born in 1975.

Graduate of Ogarev Mordovia State University.

Member of the Company's Management Committee since 2020.



Sergey Fyodorovich Khomyakov

Deputy Chairman of PJSC Gazprom's Management Committee, Director General of PJSC Gazprom's Corporate Security Service

Oversees HR management and corporate security

Born in 1953.

Graduate of Ulyanov (Lenin) Leningrad Electrotechnical Institute.
Candidate of Economics.

Member of the Company's Management Committee since 2007.



**Sergey Ivanovich
Kuznets**

Head of Department (legal support)

Born in 1970.

Graduate of Lomonosov Moscow State University.

Member of the Company's Management Committee since 2019.



**Sergey Nikolaevich
Menshikov**

Head of Department
(hydrocarbon exploration and production)

Born in 1968.

Graduate of Millionshchikov Grozny Petroleum Institute.
Candidate of Economics.

Member of the Company's Management Committee since 2019.



**Vladimir Konstantinovich
Markov**

Head of Department (government relations)

Born in 1955.

Graduate of Ryazan Radio Engineering Institute, the Academy of Social Sciences under the Central Committee of the Communist Party of the Soviet Union, and Moscow Academy of Economics and Law.
Candidate of Law, Candidate of Economics.

Member of the Company's Management Committee since 2012.



**Elena Vladimirovna
Mikhailova**

Head of Department
(asset management and corporate relations)

Born in 1977.

Graduate of Moscow State Industrial University.

Member of the Company's Management Committee since 2012.



**Vyacheslav Alexandrovich
Mikhaleiko**

Head of Department
(gas transportation and underground storage)

Born in 1965.

Graduate of Bryansk Transport Machine-Building Institute.
Candidate of Technical Sciences.

Member of the Company's Management Committee since 2015.



**Gennady Nikolaevich
Sukhov**

Head of Department
(sales of hydrocarbons and refined products
in the domestic market, power generation,
expansion of gas supply and gas infrastructure)

Born in 1961.

Graduate of Saratov Polytechnic Institute.

Member of the Company's Management Committee since 2019.



The biographical details of the members of PJSC Gazprom's
Management Committee are also available on PJSC Gazprom's
website.

→ www.gazprom.com



Audit Commission

On 25 June 2021, the Annual General Shareholders Meeting elected five members to the Audit Commission of PJSC Gazprom.

Following an audit of PJSC Gazprom's financial and business operations, the Audit Commission presented its opinion confirming the reliability of data in the Company's statements and other financial documents.



Members of the Audit Commission elected by the Annual General Shareholders Meeting on 25 June 2021

Name	Year of birth	Position as at 31 December 2021
Tatyana V. Zobkova	1976	Advisor at the Office of the State Secretary – Deputy General Director of Rosatom, Secretary of the Audit Commission of PJSC Gazprom
Ilya I. Karpov	1988	Head of Division at the Federal Agency for State Property Management, Chairman of the Audit Commission of PJSC Gazprom
Tatiana V. Fisenko	1961	Department Director at the Russian Ministry of Energy
Pavel G. Shumov	1978	Deputy Director of Department at the Russian Ministry of Economic Development
Alexey V. Yakovlev	1990	Deputy Department Director at the Russian Ministry of Finance

Remuneration of Members of Governing and Supervisory Bodies

Documents defining remuneration of members of PJSC Gazprom's governing and supervisory bodies are approved by resolutions of PJSC Gazprom's Board of Directors.



Documents defining remuneration of members of PJSC Gazprom's governing and supervisory bodies are approved by resolutions of PJSC Gazprom's Board of Directors.

- Regulations on the Guidelines on Remuneration of the Board of Directors of PJSC Gazprom (approved by Resolution of the Board of Directors No. 2523 dated 15 April 2015, as amended)
- Regulations on Remuneration of the Audit Commission of PJSC Gazprom (approved by Resolution of the Board of Directors No. 2641 dated 9 December 2015, as amended)
- Regulations on the Annual Bonus Scheme for Management of PJSC Gazprom (approved by Resolution of the Board of Directors No. 927 dated 19 December 2006, as amended)
- Regulations on PJSC Gazprom's Key Performance Indicators (approved by Resolution of the Board of Directors No. 2435 dated 21 October 2014, as amended)



Amendments to the Regulations on the Guidelines on Remuneration of the Board of Directors of PJSC Gazprom and the Regulations on the Annual Bonus Scheme for Management of PJSC Gazprom made in 2021

- The amended documents stipulate that if the Company's Board of Directors unilaterally decides not to pay interest on perpetual bonds issued by PJSC Gazprom's subsidiary, the Company's Board of Directors simultaneously considers paying no remuneration to members of the Board of Directors, annual bonuses to the Management Committee, the Chairman of the Management Committee, his deputies, and the Chief Accountant of PJSC Gazprom in the same year when the interest is not paid
- The amendments were adopted in pursuance of Clause 4 of Resolution of the Russian Government No. 2337 On Providing Subsidies from the Federal Budget to Holders of Perpetual Bonds in Compensation of Lost Yield in the Event the Issuers of These Bonds Unilaterally Refuse to Pay Interest Thereon, dated 29 December 2020

Corporate KPI System

To evaluate the performance of the Management Committee members and other executives, motivate members of PJSC Gazprom's Board of Directors, and regulate HR decision-making, the Company's Board of Directors approved (Minutes of the Board of Directors' Meeting No. 972 dated 21 October 2014) a system of corporate key performance indicators (KPIs) as part of the Regulations on PJSC Gazprom's Key Performance Indicators. Subsequently, the KPI framework was amended by PJSC Gazprom's Board of Directors to incorporate the instructions issued by government authorities.

PJSC Gazprom's corporate KPIs incorporate the most important short-term (one year) efficiency and effectiveness metrics and are subject to approval by the Board of Directors. Targets for corporate KPIs are calculated based on PJSC Gazprom's annual budget (financial plan) and Investment Programme. Given the specifics of calculating KPIs used to motivate management and evaluate their performance, certain actual KPI values are based on IFRS reporting while the rest of the KPIs are based on RAS reporting or PJSC Gazprom's management reporting. This approach offers a comprehensive view of PJSC Gazprom's performance in its core gas business.

Planned and actual values of corporate KPIs are approved by PJSC Gazprom's Board of Directors on an annual basis

KPI targets for 2021 were set by resolution of the Board of Directors based on PJSC Gazprom's 2021 budget (financial plan) and Investment Programme, with some of the KPIs subsequently adjusted as per the amended 2021 budget (financial plan) and Investment Programme. The main reasons behind changes in the approved indicators were higher projected gas supplies to consumers, growing hydrocarbon prices in foreign markets and increasing net profits.

In 2022, the Reduction of Operating Costs (Expenses) KPI was excluded from the list of corporate KPIs as the Russian Government directives to reduce operating expenses (costs) by at least 2%–3% annually were discontinued. The Company will continue to control operating expenses in line with the applicable laws and PJSC Gazprom's operational efficiency improvement and cost reduction programmes.

Remuneration of Members of Governing and Supervisory Bodies



PJSC Gazprom's corporate KPIs for evaluating the performance of the Management Committee members and other executives and motivating members of PJSC Gazprom's Board of Directors in 2021

KPI	Description	Weight of corporate KPIs in remuneration
Financial and economic KPIs		70%
■ Per unit costs in Production	Total costs of gas production subsidiaries divided by the total volume of gas, unstable gas condensate and oil production	15%
■ Per unit costs in Transportation	Total costs of gas transportation subsidiaries divided by gas transportation volume in mcm × 100 km of pipeline length	15%
■ Reduction of operating costs (expenses)	Reduction of operating costs (expenses) in the reporting year	5%
■ Total shareholder return	Estimated shareholder's income for the reporting year from share price growth and dividend received	10%
■ Return on equity	Ratio of net income to average annual shareholders' equity	20%
■ Labour productivity	Total revenue from sales of products, proceeds from work done and services provided, revenue from sales of goods purchased for resale less expenses on such purchased goods, divided by total person-hours worked by full-time employees and external part-time employees	5%
Industry-specific KPIs		30%
■ Gas sales by volume	PJSC Gazprom's gas sales by volume, including both its own gas and purchased gas, excluding sales to PJSC Gazprom's subsidiaries for own operational needs, as well as the volumes purchased and sold in far abroad countries	10%
■ Commissioning of priority production facilities	Completion of activities related to commissioning of priority production facilities (as per the approved list)	10%
■ Integrated innovation key performance indicator	Sum of scores reflecting the achievement of KPI targets, with application of weights allocated to each of the KPIs: <ul style="list-style-type: none"> – Patents obtained in the reporting year – Reduction of relative rates of GHG emissions expressed as CO₂ equivalent – Share of R&D costs in revenue – Assessment of the quality of design / annual implementation of the Innovative Development Programme 	10%

☐ KPIs established in pursuance of Russian Government directives.



Target and actual values of corporate KPIs for 2021

KPI	Target value		Actual value	KPI achievement, % of the target	Explanation of variance between the target and actual KPI values
	Initial*	Adjusted**			
Financial and economic KPIs					
Per unit costs in Production, RUB per t c. e.	983.94	1,074.71	1,113.51	97%	Higher fee for hydrocarbon production services due to significant changes in the macroeconomic parameters used in the calculation of the fee for production services in Q4 2021
Per unit costs in Transportation, RUB per unit of gas transportation in mcm × 100 km	67.86	66.69	66.79	99.9%	Lower actual transportation volumes than those used to calculate the target
Reduction of operating costs (expenses), %	2	No adjustments	0.91	46%	Higher costs in Gas Sales due to higher gas export volumes
Total shareholder return, %	15	No adjustments	66.68	445%	Higher PJSC Gazprom share price due to rising natural gas prices and the payment of 50% of Gazprom Group's adjusted profit attributable to the owners of PJSC Gazprom as dividends a year ahead of the deadline stipulated by PJSC Gazprom's Dividend Policy
Return on equity, %	3	9	13.96	155%	Higher revenue from gas sales to far abroad countries due to rising gas prices
Labour productivity, RUB thousand per person-hour	66.56	79.22	109.12	138%	
Industry-specific KPIs					
Gas sales by volume, bcm	446.824	450.733	456.157	101%	Increase in gas supplies to Russian consumers
Commissioning of priority production facilities	5	No adjustments	4	80%	Facilities as part of the expansion of UGSS' gas transportation capacity at the Gryazovets–Slavyanskaya CS section in the North-West region were not commissioned
Integrated innovation key performance indicator, %	95	No adjustments	131.20	138%	Increase in R&D

* Resolution of PJSC Gazprom's Board of Directors No. 3566 dated 20 April 2021, Minutes No. 1361 dated 20 April 2021.

** Resolution of PJSC Gazprom's Board of Directors No. 3696 dated 24 December 2021, Minutes No. 1408 dated 24 December 2021.



Target values of corporate KPIs for 2022*

KPI	Weight in the remuneration	Target value
Financial and economic KPIs	70%	
Per unit costs in Production, RUB per t c. e.	17.5%	1,194.86
Per unit costs in Transportation, RUB per unit of gas transportation in mcm × 100 km	17.5%	68.83
Total shareholder return, %	10%	20
Return on equity, %	20%	9
Labour productivity, RUB thousand per person-hour	5%	101.93
Industry-specific KPIs	30%	
Gas sales by volume, bcm	10%	439.123
Commissioning of priority production facilities	10%	5
Integrated innovation key performance indicator, %	10%	95

* Approved by Resolution of PJSC Gazprom's Board of Directors No. 3756 dated 13 May 2022, Minutes No. 1437 dated 13 May 2022. KPI values were calculated in accordance with PJSC Gazprom's annual budget (financial plan) and Investment Programme for 2022 approved by the Board of Directors, and may be adjusted following the established procedures if the Board of Directors resolves to approve new versions of these documents.

Remuneration Scheme for Members of the Management Committee and Other Executives

Remuneration of PJSC Gazprom's Management Committee members (including the Chairman of the Management Committee) and other executives of the Company (including the remuneration of PJSC Gazprom's executives who are also members of the Company's Board of Directors, which is not related to their service on the Board of Directors) is determined by their employment agreements and is short-term. Members of the Management Committee are not remunerated for their service on PJSC Gazprom's Management Committee.

Additional material incentives for executives of PJSC Gazprom and its subsidiaries engaged in gas production, transportation, underground storage, processing and sales are offered through an annual bonus system aimed at achieving the Company's short-term KPIs. In 2022, the list of participants eligible for the annual bonus will be expanded to include the top executives of OOO Gazprom Invest, which ensures implementation of the Company's priority investment projects.

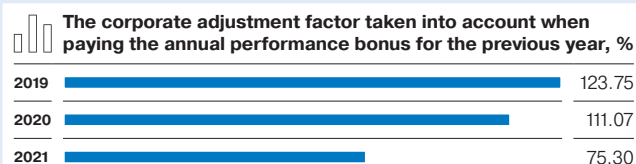
Executives' annual bonus is linked to PJSC Gazprom's performance (achievement of corporate KPIs) and personal contribution of executives – achievement of individual targets.

The annual bonus payable to members of PJSC Gazprom's Management Committee (excluding the Chairman of the Management Committee) comprises two components – corporate (80%) and individual (20%). The corporate component is linked to PJSC Gazprom's performance, while the individual component is determined based on the achievement of individual targets. The annual bonus payable to the Chairman of the Management Committee only comprises the corporate component.

As per the Annual Bonus Scheme, remuneration is linked to the achievement of corporate KPIs

Performance against each KPI is taken into account when determining the amount of the annual bonus for the Company's executives, which is reduced proportionally in case a KPI is not achieved. If a KPI is achieved to less than 50%, its achievement level is deemed to be zero, and the part of the annual bonus linked to this KPI is not paid.

To determine the amount of actual payments, a corporate adjustment factor reflecting the actual overall achievement of all corporate KPIs is applied to the corporate and individual components of the annual bonus.



In 2021, PJSC Gazprom paid the annual bonus for 2020 taking into account the corporate adjustment factor of 75.30%. In 2020, two corporate KPI targets, Total Shareholder Return and Return on Equity, were not achieved due to a decrease in the Company share price and higher foreign exchange losses. The annual bonus payable was reduced proportionally.



For more details on calculating the progress against corporate KPIs in 2020, as well as the explanation of variance between target and actual KPI values, see PJSC Gazprom Annual Report 2020.

→ www.gazprom.com



Members of PJSC Gazprom's governing bodies and other executives of the Company are eligible for long-term post-employment payments. These payments comply with the applicable laws, PJSC Gazprom's local regulations and the procedure which is applicable to all employees of the Company, and comprise private pension plans provided by Non-State Pension Fund GAZFOND and one-off payments upon retirement made by PJSC Gazprom.

The Company also provides voluntary medical insurance to key executives of PJSC Gazprom.

Remuneration to Board Members for Service on a Governing Body



Remuneration to members of PJSC Gazprom's Board of Directors generally complies with the recommendations of Clause 4.2 of the Russian Corporate Governance Code

- Remuneration payable to members of the Board of Directors is not linked to their participation in individual meetings of the Board of Directors and Board committees
- No additional material incentives are used in the structure of remuneration payable to members of the Board of Directors
- No stock option plan is provided for members of the Board of Directors
- There are no additional payments or reimbursements in case of early termination of powers of members of the Board of Directors

Pursuant to the Regulations on the Board of Directors of PJSC Gazprom approved by the Annual General Shareholders Meeting (Minutes No. 1 dated 30 June 2016, as amended) and PJSC Gazprom's Articles of Association, the General Shareholders Meeting may resolve to remunerate and/or reimburse members of the Board of Directors during the period of their service for expenses incurred by them as members of the Board of Directors. Members of the Board of Directors holding public or civil office in the Russian Federation receive no remuneration from PJSC Gazprom.

The decision to pay remuneration is made by the General Shareholders Meeting of PJSC Gazprom upon recommendation of the Board of Directors prepared in line with the Regulations on the Guidelines on Remuneration of the Board of Directors of the Company. In particular, the document defines the formulas for calculating remuneration payable to members of the Board of Directors, and sets out the conditions and procedure for receiving such remuneration.

The Board of Directors may recommend the General Shareholders Meeting not to pay remuneration to members of the Board of Directors or pay a remuneration lower than that calculated under the Regulations, if during their tenure certain events occurred that could not be foreseen but had a significant impact on the Board's and/or PJSC Gazprom's performance. In addition, there is an option to pay no remuneration to members of the Board of Directors if the Company's Board of Directors unilaterally decides not to pay interest on perpetual bonds issued by PJSC Gazprom's subsidiary.

Remuneration of Members of Governing and Supervisory Bodies



Remuneration to Board members for service on the Company's governing body

Remuneration component	Description
Fixed base remuneration	<ul style="list-style-type: none"> – Paid for service on the Board of Directors – Fixed and not linked to participation in individual meetings of the Board of Directors and its committees, which complies with the recommendations of the Russian Corporate Governance Code. The base part of remuneration is the same for all members of the Board of Directors and is calculated on the basis of the average number of matters reviewed during the year, qualifications and the scope of responsibility of Board members given the scale of the Company's operations
Bonus component	<ul style="list-style-type: none"> – Paid for the achievement of corporate KPIs, such as Total Shareholder Return, Return on Equity, Labour Productivity, etc.
Additional remuneration	<ul style="list-style-type: none"> – Paid for additional responsibilities such as acting as Chairman of the Board of Directors, Deputy Chairman of the Board of Directors, or serving on committees of the Board of Directors – Fixed and not linked to participation in individual meetings of the Board committees

Remuneration of Members of the Board of Directors and Members of the Management Committee

In the reporting year, short-term remuneration of members of PJSC Gazprom's Board of Directors and Management Committee, including salaries, bonuses and remuneration for serving on the Company's governing bodies, amounted to RUB 1,932,189 thousand, inclusive of personal income tax and insurance premiums.

In the reporting year, PJSC Gazprom paid no reimbursement to members of the Board of Directors or members of the Management Committee for expenses incurred while serving on the Company's governing body.

In 2021, the Company did not provide any loans to members of PJSC Gazprom's Board of Directors or members of its Management Committee.

Remuneration of Members of the Audit Commission

To calculate the remuneration of a member of the Audit Commission, the Company uses, inter alia, a personal contribution factor which reflects the member's attendance at the meetings of the Audit Commission and additional responsibilities as Chairman of the Audit Commission.

Members of the Audit Commission holding public or civil office receive no remuneration.

Liability Insurance of Directors, Officers and the Company

The liability insurance programme for directors, officers and PJSC Gazprom indemnifies shareholders, creditors or other persons for damage incurred as a result of accidental errors (omissions) made by Company's executives in their management roles.

The insurance coverage under the liability insurance contract is in line with PJSC Gazprom's needs and Russian and international insurance standards in terms of risk coverage and indemnity limits.

Shareholdings of Members of the Board of Directors and Management Committee in PJSC Gazprom

As at 31 December 2021, members of the Board of Directors, members of the Management Committee and the Chairman of the Management Committee had a 0.012257% stake in PJSC Gazprom (direct ownership).

The Employee Equity Sharing Plan for Management of PJSC Gazprom aims to provide an extra financial incentive for PJSC Gazprom's executives to support the Company's share performance.

PJSC Gazprom's executives holding positions of department heads or higher, and management of subsidiaries engaged in Gazprom Group's core gas business activities are eligible to participate in the Plan.

The existing Employee Equity Sharing Plan for Management of PJSC Gazprom complies with international practices and seeks to align the interests of executives and investors

As at 31 December 2021, 70 executives were eligible for the Plan.



Terms of the Employee Equity Sharing Plan for Management of PJSC Gazprom (set out in the Regulations on the Employee Equity Sharing Plan for Management of PJSC Gazprom approved by Resolution of JSC Gazprom's Board of Directors No. 2105 dated 26 December 2012, as amended)

- Executives hold Company shares
- Executives can acquire shares at their own cost or with loans granted by AO Gazprombank as part of the Programme
- AO Gazprombank also provides depository and broker services under the Programme

Internal Audit

Internal audit assists in achieving PJSC Gazprom's goals through applying a holistic and consistent approach to assessment and improvement of risk management, control and corporate governance processes.

To improve the internal audit function and in accordance with Directive No. 3984p-P13 of the Russian Government for persons representing interests of the Russian Federation, dated 24 June 2015, the Company developed and approved the Regulations on Internal Audit of PJSC Gazprom in 2015 (Resolution of the Board of Directors No. 2621 dated 6 November 2015, amended versions No. 3212 dated 1 February 2019, No. 3335 dated 29 October 2019, No. 3514 dated 10 December 2020, and No. 3637 dated 20 August 2021). The document was updated in 2021 due to changes in Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995.



Amendments to Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995 with regard to organisation of internal audit, effective since 2021

- The amendments provide for an obligation of the board of directors (supervisory board) of a public company to set up an audit committee for preliminary review of matters related to the supervision of the public company's financial and business operations, including assessing the independence and absence of conflicts of interest with regard to the public company's auditor, as well as assessing the quality of audits of the company's accounting (financial) statements (item 3 of Article 64).
- The amendments also provide that the board of directors (supervisory board) may resolve to appoint and dismiss an internal audit officer (head of the internal audit function), and approve the terms of the employment contract with such persons (item 2 of Article 87.1).

The Regulations determine the goals, objectives, status, powers, and liability of the Internal Audit Department of PJSC Gazprom, as well as the scope and content of internal audit.

Pursuant to the Regulations, the internal audit at PJSC Gazprom is organised by the relevant Department, a business unit of PJSC Gazprom, and by internal audit units – at PJSC Gazprom subsidiaries and entities.

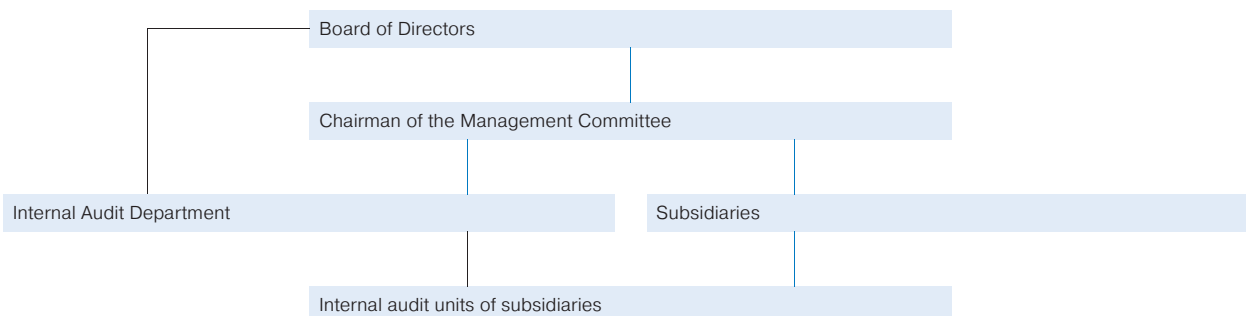
PJSC Gazprom's internal audit meets the corporate governance principles set out in the Russian Corporate Governance Code (Recommendations 263–273)

The key priority of the Department is to provide the Board of Directors and management of PJSC Gazprom with independent and unbiased assurances and advice as to the improvement of the Company's operations.

The Department directly reports to the Chairman of PJSC Gazprom's Management Committee and indirectly to the Board of Directors. Head of the Department is appointed and removed from office by the Chairman of the Company's Management Committee upon recommendation of the Deputy Chairman of the Management Committee overseeing HR management, following a relevant decision by the Board of Directors.



Internal audit system of PJSC Gazprom



- Functional accountability
- Administrative accountability

Activities of the Department are governed by the Regulations on Internal Audit of PJSC Gazprom, the Internal Auditors' Code of Ethics (approved by Resolution of the Board of Directors No. 1956 dated 14 March 2012, as amended by Resolution No. 3334 dated 29 October 2019), JSC Gazprom's Internal Audit Development Concept (approved by the Board of Directors' Audit Committee on 25 June 2015), Regulations on the Department (approved by PJSC Gazprom's Order No. 266 dated 29 June 2020, as amended by Order No. 512 dated 29 November 2021), International Standards for the Professional Practice of Internal Auditing, and internal audit guidelines of the Federal Agency for State Property Management.

The Department is responsible for organising and conducting internal audits at business units, subsidiaries and entities of PJSC Gazprom in accordance with Russian and international best practices for internal audit. The Department conducted its 2021 audits to identify risks and evaluate the performance for the Company's significant business segments and processes based on:

- achievement by the auditees of their objectives
- efficiency and effectiveness of operations
- protection of assets
- compliance of operations with the terms and conditions of contracts, legal requirements and local regulations.

The 2021 Internal Audit Plan was implemented in full

Results of internal audits conducted by the Department are used to develop and submit proposals to PJSC Gazprom's management on elimination of violations, irregularities and root causes. Based on the proposals made by the Department, the Chairman of the Management Committee gives instructions to business units, subsidiaries and entities of PJSC Gazprom, aimed at improving Company's performance. The Department monitors the execution of such instructions.

In 2021, pursuant to Federal Law No. 208-FZ On Joint Stock Companies, the Department assessed the reliability and effectiveness of PJSC Gazprom's risk management and internal control system and prepared PJSC Gazprom's Internal Audit Report for 2020. The assessment results confirm the reliability and effectiveness of PJSC Gazprom's risk management and internal control system.

The Department also has in place and implements an Internal Audit Quality Programme covering all aspects of internal audit. The internal audit function conducts annual performance evaluations (self-evaluations) with results reported to the Audit Committee of the Board of Directors.

In 2021, the following internal audit matters were reviewed at the meetings of the Board of Directors' Audit Committee:

- Report on the Internal Audit Department's performance for 2020
- Amendments to the Regulations on the Audit Committee of the Board of Directors
- Amendments to the Regulations on Internal Audit of PJSC Gazprom
- Amendments to the Internal Audit Department's 2021 activity plan
- The Internal Audit Department's 2022 draft activity plan

The 2022 Internal Audit Plan was approved by a relevant resolution of PJSC Gazprom's Board of Directors.

External Audit

The key principles of organising and conducting external audits of PJSC Gazprom and its subsidiaries and entities, the auditor selection procedure and criteria, as well as approaches to ensuring the auditor's compliance with the principles of independence and absence of a conflict of interest are set forth in the External Audit Policy for PJSC Gazprom, its subsidiaries and entities (approved by Resolution of PJSC Gazprom's Board of Directors No. 2847 dated 15 November 2016). Along with the requirements of Russian laws, the Policy reflects recommendations of the Russian Corporate Governance Code, Guidelines on Organising and Conducting Mandatory Audits of Financial (Accounting) Statements (Order No. 12 of the Federal Agency for State Property Management, dated 21 January 2016), the Code of Professional Ethics of Auditors and Independence Rules for Auditors and Audit Firms approved by the Audit Council, as well as standards regulating audit activities in the Russian Federation, and applicable international auditing standards.

PJSC Gazprom's auditor is selected through a public electronic tender in line with the procedure set out in Russian laws on the system of contracts for public procurement of goods, works and services for state and municipal needs.



Bid assessment criteria for entering into an audit service contract

Price criterion:

- Contract price

Non-price criteria:

- Quality profile of the service to be procured
- Bidder qualification, including the track record in auditing accounting (financial) statements, consolidated accounting statements, and consolidated IFRS financial statements, as well as availability of the bidder's personnel with a certain qualification level

OOO FBK won the public electronic tender for the service contract to audit PJSC Gazprom's accounting (financial) statements, Gazprom Group's consolidated accounting statements, and Gazprom Group's consolidated IFRS financial statements for 2021 and 2022. The contract price for auditing PJSC Gazprom's accounting (financial) statements, Gazprom Group's consolidated accounting statements, and Gazprom Group's consolidated IFRS financial statements for 2021 offered by the winner was RUB 210,000,000 (exclusive of VAT) and was approved by Resolution of the Board of Directors No. 3594 dated 20 May 2021.

OOO FBK has been auditing the Company's financial statements starting from the statements for 2015

By resolution of PJSC Gazprom's General Shareholders Meeting held on 25 June 2021, OOO FBK became an approved auditor responsible for auditing PJSC Gazprom's accounting (financial) statements, Gazprom Group's consolidated accounting statements, and Gazprom Group's consolidated financial statements for 2021.

The auditor may provide PJSC Gazprom and Gazprom Group entities with auxiliary audit services or other audit-related services if such services do not violate the independence of the external auditor or the restrictions set forth in the applicable Russian audit laws.

In 2021, OOO FBK and its affiliates provided PJSC Gazprom with other services outside the audit contract, including a progress audit of PJSC Gazprom's Long-Term Development Programme, as well as tax and legal advice.



Fees paid by the Company in 2021 to OOO FBK and its affiliates (including VAT), RUB thousand

Fee paid to OOO FBK for auditing financial statements	277,200
Total fee paid to OOO FBK and its affiliates for other services outside the audit contract	11,816
OOO FBK	10,016
Affiliates of OOO FBK	1,800
Total	289,016

The fee paid by PJSC Gazprom to the auditor and its affiliates for services outside the audit contract is insignificant and has no impact on the auditor's independence

The Audit Committee of PJSC Gazprom's Board of Directors oversees, within the scope of its authority, the auditor's independence and absence of conflicts of interest, including discussions of critical audit matters of PJSC Gazprom and its subsidiaries with the external auditor and reviewing the external auditor's reports on ensuring independence and effectiveness of the external audit.

To inform PJSC Gazprom's Board of Directors and Management Committee about audit results, including reviews of consolidated interim condensed financial statements of PJSC Gazprom and its subsidiaries prepared in accordance with IFRS, as required by International Auditing Standard IAS 260 (Revised), Communication With Those Charged With Governance, the auditor prepares a report for the Board of Directors and Management Committee of PJSC Gazprom.

Risk Management and Internal Control

Gazprom Group has in place an effective risk management system, which includes a set of rules and tools for Group entities to make balanced management decisions in a timely manner and respond promptly and adequately to potential threats and negative events. Gazprom continued to improve this system in 2021.

Risk Management and Internal Control System

The Company acknowledges that its operations are exposed to uncertainties such as risks, and implements measures to provide adequate assurance that the goals set for PJSC Gazprom by its governing bodies are achieved.

The Risk Management and Internal Control System (RMICS) is an integral part of PJSC Gazprom's corporate governance and is embedded into the planning, financial reporting and project management systems, and occupational health and safety management programmes.

The RMICS covers all operations of PJSC Gazprom and Gazprom Group entities, as well as all management levels, business segments and risks across PJSC Gazprom and Gazprom Group entities.

Under Russian statutory requirements, PJSC Gazprom has in place a permanent risk management and internal control unit.



Chain of RMICS internal regulations

Risk Management and Internal Control Policy of PJSC Gazprom

Regulations on approaches to managing individual risk groups

Regulations on Credit Risk Management

Regulations on Operational Risk Management

Regulations on Liquidity Risk Management

Regulations on Foreign Exchange Risk Management

Regulations on Interest Risk Management

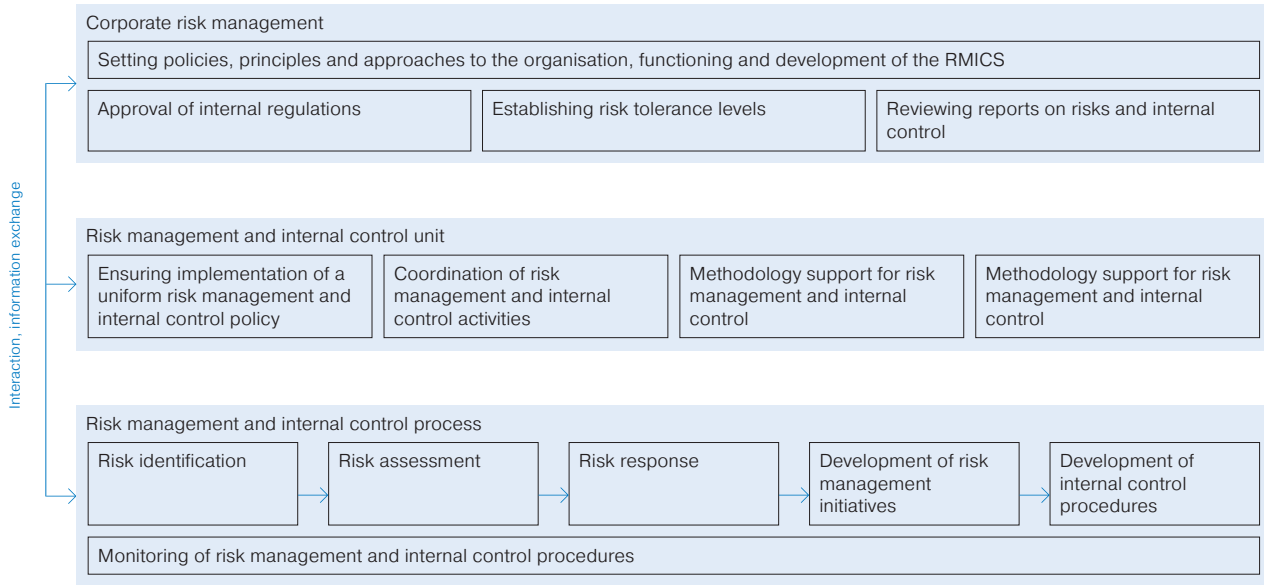
Risk index of PJSC Gazprom, its subsidiaries and entities

Risk management and internal control guidelines

including risk ranking, self-assessment of the corporate risk management system, development of key risk indicators, etc.



RMICS organisation



The Risk Management and Internal Control Policy of PJSC Gazprom stipulates that risk management and internal control at the Company are considered in the context of a single integrated system



For more details information on RMICS goals and objectives, as well as on RMICS stakeholders and their functions in risk management and internal control, see the Risk Management and Internal Control Policy of PJSC Gazprom on PJSC Gazprom's website.
→ www.gazprom.com



Principles of RMICS organisation and operation

- Consistency
- Comprehensiveness
- Alignment with goals
- Reasonable assurance
- Agile development
- Risk materiality and availability of resources
- Continuity
- Interaction and collective decision-making
- Accountability
- Separation of duties
- Assessment of results
- Streamlined structure and promptness
- Single regulatory framework
- Economic feasibility
- Three lines of defence



Implementation of the three lines of defence principle in the RMICS

Line 3

Performance assessment of the RMICS

Performed by a business unit of PJSC Gazprom (a Gazprom Group entity) responsible for duly organising and conducting internal audits or by an external auditor

Line 2

Development of a unified RMICS policy, providing its implementation guidelines, and coordination of risk management and internal control activities at business units of PJSC Gazprom (Gazprom Group entities)

Implemented by the risk management and internal control unit, RMICS centres and risk coordinators at Gazprom Group entities

Line 1

Risk management and internal control at the business process level

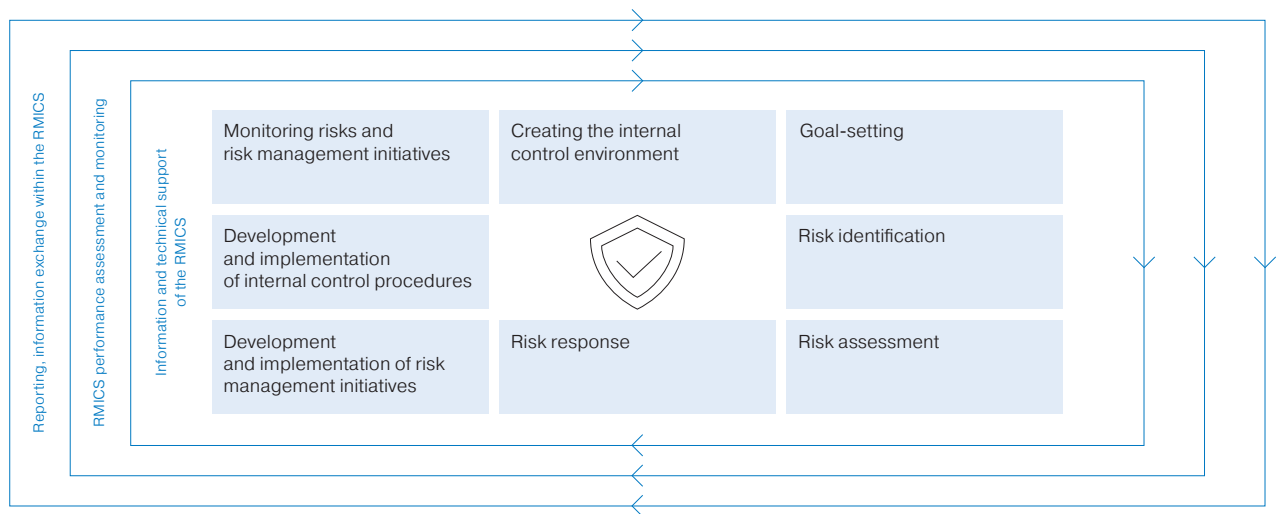
Implemented by business process owners in business units of PJSC Gazprom (Gazprom Group entities)

In the reporting period, PJSC Gazprom and Gazprom Group timely identified risks and assessed potential events, circumstances, and external and internal factors affecting the achievement of their goals, and developed risk management measures and internal control procedures. The RMICS components were continuously operating.

PJSC Gazprom's RMICS complies with the Russian Corporate Governance Code (Clause 5.1) and the recommendations of the Bank of Russia on organising risk management, internal control, internal audit, and the work of the audit committees of boards of directors at public joint stock companies



Components of the integrated RMICS at PJSC Gazprom and Gazprom Group





Risk response options (management methods) outlined in the Risk Management and Internal Control Policy of PJSC Gazprom

Absence of actions commonly taken within other risk response options, self-insurance, hedging

Sharing the risk with the other party or parties, insurance



Abandonment of measures/activities causing risk, abandonment of possible sources of risk

Implementation of measures and activities aimed at reducing the level of risk

PJSC Gazprom and Gazprom Group apply qualitative and quantitative (for certain risk categories) risk assessment methods.


The risk management and internal control unit regularly submits information on the RMICS performance and proposals on its enhancing to the Company's governing bodies, including PJSC Gazprom's Board of Directors.

In 2021, the unit implemented RMICS improvement measures, including development of a regulatory and procedural framework to manage market, credit, financial, and operational risks; coordination of efforts to develop and implement the RMICS at PJSC Gazprom and Gazprom Group entities; improving the risk management and internal control culture at PJSC Gazprom and Gazprom Group entities, including by training employees of business units at PJSC Gazprom and Gazprom Group entities.

In 2021, guidelines were approved for quantitative assessment of operational risks based on the statistical analysis of data on realised risks, as well as for quantitative risk assessment using the historical simulation method of calculating VaR

Plans for 2022 include further development of the RMICS, particularly preparing and updating regulations and procedures and improving risk management and internal control processes.

Gazprom Group's Key Risk Factors

 Strategic, country and regional risks		
Risk / risk factor	Description	Risk management/mitigation
Risks related to the global economy	An unfavourable economic environment can lead to a slowdown in energy demand and drive the cost of borrowed capital.	To ensure growth of energy sales, PJSC Gazprom considers numerous markets and distribution channels and expands the uses of natural gas. To maintain its financial stability, PJSC Gazprom optimises its leverage.
European gas market risks	The European Union (EU) pursues a policy of diversifying its gas supply sources and increasing the share of natural gas exchange trade, while reducing the share of fossil fuels in the EU's overall energy mix, which affects PJSC Gazprom as one of the main suppliers of natural gas to the EU countries.	To minimise the risk of lower supply levels, a set of initiatives continue to be implemented to both build new infrastructure and bolster demand for natural gas as the greenest fossil fuel, and strengthen PJSC Gazprom's position in the sectors with a potential for extra supplies.
Sanctions risk	Sanctions against Russian companies imposed by the USA, the EU and other countries.	PJSC Gazprom pursues a policy of ensuring technological independence and import substitution. Sanctions are monitored on an ongoing basis, including potential new sanctions by the USA and the European Union against Russia and Russian nationals.
Natural gas transit risks	Gas transmission via third countries is associated with the risks of the counterparties defaulting on their transit obligations.	A number of measures are taken such as diversification of export routes, expanding access to UGSFs abroad and development of LNG trade.
Unconventional gas development risks	Under certain conditions in gas markets, growing LNG exports from the USA, including LNG from shale gas, may compete with Russian pipeline gas supplies. In Europe, shale gas production prospects have not been confirmed. China produces shale gas, but these volumes have little impact on the gas balance and the country's growing dependence on gas imports.	PJSC Gazprom continuously monitors the evolution of the shale gas industry and developments in other unconventional hydrocarbons industries around the world. The monitoring results, including the economics of unconventional gas production and its potential as a competition to PJSC Gazprom in its existing or prospective markets, are reviewed by the Company's governing bodies on a regular basis, which enables the Company to efficiently plan its exports and adapt to external changes in the long term.
Risks related to the development of renewable energy sources	Renewable energy output can be expected to grow in some countries, which may squeeze gas consumption in these markets.	The use of natural gas, inter alia, for power generation offers consumers economic, technological and environmental benefits, which, PJSC Gazprom believes, will support natural gas as common energy source. In most cases, renewable electricity generation supplements other sources and may entail certain risks for the natural gas market if subsidising renewable energy is maintained at national and/or supranational levels.

**Market, financial and credit risks**

Risk / risk factor	Description	Risk management/mitigation
Foreign exchange risks	Changes in currency exchange rates that affect income and expenses denominated in foreign currencies.	PJSC Gazprom ensures the optimal ratio of assets and liabilities denominated in foreign currency, calculates earnings considering the foreign exchange risk and forecasts exchange rates to develop a forecast balance. The risks of market changes in exchange rates and interest payments are hedged, and the leverage is optimised.
Credit risks	Counterparties' default, delayed or incomplete discharge of financial obligations.	The creditworthiness of counterparties is assessed and monitored. Payment terms and measures to secure counterparties' payments (guarantees, letters of credit, prepayment) are determined. Credit limits are set, and compliance of counterparties with such credit limits is monitored by PJSC Gazprom and Gazprom Group entities.
Market price and size risks	Adverse economic conditions, lower energy demand and prices, decreasing and/or low stock exchange prices over a long period of time, which may have a negative impact on gas prices and exports.	PJSC Gazprom diversifies markets and distribution channels for energy sales, expands the uses of natural gas, optimises contractual terms reflecting current market conditions, and determines permitted transaction types and financial instruments.

**Environmental risks**

Risk / risk factor	Description	Risk management/mitigation
Environmental risks associated with production and business operations	The key operations, including hydrocarbon production, transportation, processing, and storage, carry such environmental risks as pollution caused by possible accidents during production and business operations, potential impact on ecosystems, resulting in land and water pollution, deterioration of soil and vegetation, and erosion, which may lead to ecosystem degradation and loss of habitats of rare and endangered plants and animals.	In line with the Environmental Policy, PJSC Gazprom takes environmental protection efforts, arranges for environmental insurance, introduces green technologies, and implements programmes and initiatives to reduce its environmental impact, including: <ul style="list-style-type: none"> analysis of potential adverse environmental impacts and consequences of identified accidents and emergencies emergency prevention, containment, mitigation and management of impacts assessment of environmental damage in case of accidents and emergencies. Comprehensive measures are taken to improve the reliability of pipeline systems, stabilise landscapes and restore soil and vegetation.

**Climate risks**

Risk / risk factor	Description	Risk management/mitigation
Risks related to climate change	Possible climate changes, adverse natural and hydrometeorological phenomena that may cause damage to buildings and infrastructure, pipelines, utility systems. Many of PJSC Gazprom's gas fields are located in Western Siberia, where adverse climatic conditions can make production more difficult and costly.	Reducing GHG emissions is part of PJSC Gazprom's corporate strategy. PJSC Gazprom takes efforts to minimise the negative impact of climate changes on its operations. Energy efficiency and energy saving efforts include relevant programmes, development and implementation of efficient technologies for various climatic conditions, programmes to improve the efficiency of gas production and transportation systems and operation of the gas transportation network.

Procurement Performance

Gazprom Group runs an effective vertically integrated procurement system.

The role of PJSC Gazprom's Central Procurement Office is assigned to its Department established to implement the uniform procurement policy of Gazprom Group in accordance with the principles set forth in the Regulations on Procurement.

Documents regulating procurement procedures at PJSC Gazprom and its subsidiaries

- Federal Law No. 223-FZ, On Procurement of Goods, Works and Services by Certain Types of Legal Entities, dated 18 July 2011 (the "Federal Law On Procurement")
- A new version of the Regulations on the Procurement of Goods, Works and Services by PJSC Gazprom and Gazprom Group Companies (approved by Resolution of PJSC Gazprom's Board of Directors No. 3168 dated 19 October 2018, as amended)



Procurement principles followed by Gazprom Group

Creating conditions for timely and full supply to Gazprom Group of goods, works and services, and identification of a supplier (contractor, service provider) who is able to meet the customer's needs in due time, show strong performance and comply with price, quality and reliability requirements

Ensuring safe operation of hazardous UGSS facilities

Procurement transparency

Equality, fairness, non-discrimination, no unreasonable and restrictive business practices towards bidders

Targeted and cost-efficient spending and implementation of measures to reduce the customer's costs

No restriction of access to bidding

Fostering competition between bidders

Ensuring the balance of costs related to organising and conducting competitive procurement and expected economic benefits

Procurement by PJSC Gazprom and its subsidiaries is public, transparent, standardised, and straightforward to the maximum possible extent

Procurement activities include cost optimisation through the use of procurement procedures ensuring the selection of counterparties on a competitive basis, evaluation of initial (highest) prices of goods, works and services, as well as prices of contracts concluded with sole suppliers (contractors, service providers).

In line with the Federal Law On Procurement, information on procurement, including procurement plans, notices and competitive procurement documentation, minutes, information on signed contracts and their execution, information on the number and total price of contracts signed as a result of procurement procedures are published in the Unified Information System of public procurement of goods, works and services for state and municipal needs (www.zakupki.gov.ru). Except for the information access to which is legally restricted, the above information is available to the general public.



Procurement methods used by Gazprom Group

Competitive procurement:

- Bidding – tender, auction, request for proposal, request for quotation
- Competitive selection other than bidding

Non-competitive procurement:

- Marketing research
- Procurement through the Trading Portal
- Sole source procurement
- Procurement through participation in bidding
- Procurement from a sole supplier (contractor, service provider)



The share of online procurement in the total value of competitive procurement and marketing research by PJSC Gazprom and its subsidiaries, %

2019	2020	2021
99.8%	99.3%	99.5%



Total price of contracts awarded by PJSC Gazprom and its subsidiaries through a competitive procurement process and based on marketing research, RUB billion

2019	2020	2021
520.1 (more than 16.9 thousand contracts)	548.4 (more than 14.6 thousand contracts)	454.3 (more than 11.7 thousand contracts)

Savings by PJSC Gazprom and its subsidiaries following a competitive procurement process and marketing research, RUB billion

2019	19.6
2020	32.2
2021	29.9

Note. Savings are defined as the difference between the initial (maximum) and final contract prices including the estimated cost of the procurement process.

To maintain procurement business processes, Gazprom Group uses PJSC Gazprom's Automated Electronic Procurement System (AEPS, www.zakupki.gazprom.ru) covering the entire procurement cycle from requirements planning to signing and executing the contract, as well as the pre-qualification of potential bidders.

Gazprom Group's online procurement is arranged through OOO Electronic Trading Platform of Gazprombank (ETP GPB) (the Gazprom Group Procurement section at https://etpgpb.ru/pao_gazprom/) integrated with the UIS and the AEPS. OOO ETP GPB is included in the list of electronic platform operators complying with the requirements set out in the Federal Law On Procurement, including requirements to procurements accessible to small and medium-sized enterprises (SMEs).

To ensure the transparency of information on inventory admitted for use at PJSC Gazprom's facilities in line with the procedure applied by PJSC Gazprom, the Unified Register of Material and Technical Resources was made publicly available online, which improved its usability for potential contractors of Gazprom Group.

The Regulations on Procurement provide for a public pre-qualification procedure to be run by PJSC Gazprom in order to compile a register of Gazprom Group's potential bidders. As part of the pre-qualification process, Gazprom Group's Central Procurement Office monitors participating entities on a quarterly basis, in particular, to assess their claims handling, identify unscrupulous suppliers and negative references (including current liquidity and loss ratios, instances of overdue debts). Quarterly monitoring is now available online.

Entities within the pre-qualification system and entities included in the Register of Gazprom Group's Potential Bidders

	As at 1 February 2020	As at 1 February 2021	As at 1 February 2022
Total	668	809	881
including SMEs	461	577	632

71.7%

the share of SMEs among entities included in the Register of Gazprom Group's Potential Bidders as at 1 February 2022

In the process of procurement, PJSC Gazprom and its subsidiaries apply all available tools to optimise the initial price of procured goods (works, services) before the bidding procedures (standard costing, actual contract prices, consolidated unit costs, market situation review) and use all methods to reduce the price during the bidding procedure, which are not in conflict with the laws of the Russian Federation (extending the proposal submission period to involve more bidders, submitting new business and price offers).

In case of procurement from a single supplier, prior to signing a contract, the Central Procurement Office and PJSC Gazprom's Budget Committee review the price rationale of contracts and supplementary agreements and typically identify an opportunity to reduce the price.

Analysis of the contract price rationale by PJSC Gazprom's Budget Committee

	2019	2020	2021
Identified potential to reduce the price, RUB billion	> 128	> 185	> 260
Reduction percentage, % of initial prices	13%	8%	15%

PJSC Gazprom's internal regulations on procurement provide for mechanisms to prevent and avoid bad procurement practices.



Anti-corruption framework for preventing and avoiding bad procurement practices

- To identify potential conflicts of interest, anti-corruption clauses of procurement contracts should provide for disclosing counterparties' ultimate beneficiaries.
- A dedicated collective body, the Tender Committee, is established to summarise the results of competitive bidding and procurement through marketing research. Gazprom Group monitors the membership of the Tender Committee to avoid any conflict of interest. Members of the Tender Committee who have vested interests in the procurement process results or are bidders' employees or management should withdraw (with a corresponding entry to be made in the minutes) and abstain from voting on the matter. Votes of the interested Tender Committee members are not taken into account when counting the votes following the procurement procedure. The Tender Committee's decisions on the winning supplier (contractor, service provider) are guided by the principles of fair, equal and objective treatment of the bidders based on the bid assessment and comparison criteria set out in the relevant tender documentation (a request for quotation notice). Meetings of the Tender Committee can be held online following the established procedures and the procedure for preparing meetings and generating minutes in an electronic format using the AEPS.
- Legal entities and officers engaged in arranging and conducting procurements bear administrative liability for violating the procedure for procuring goods, works and services, as prescribed by Article 7.32.3 of the Russian Federation Code of Administrative Offences.
- In order to protect the rights of bidders to challenge the actions of the customer (organiser) pursuant to the Federal Law On Procurement, the Regulations on Procurement provide for a 10-day period during which no contract may be awarded following a competitive tender and marketing research.
- Bidders have the right and opportunity to propose to PJSC Gazprom (including anonymously) improvements to bidding procedures, comments and complaints regarding actions/omission of customers, organisers and/or their officers, inform about unreasonable requirements to procurement items, suppliers (service providers), deadlines and terms for goods delivery (performance of work, provision of services) in the tender documentation, as well as about other unreasonable restrictions of competition during the procurement process.



The feedback form for potential bidders is available in the Tenders section of PJSC Gazprom's official website (information is available in Russian only).

→ www.gazprom.ru



In 2022, PJSC Gazprom will continue improving its procurement management, including as part of implementing directives of the Russian Government and complying with amendments made to Russian laws. PJSC Gazprom's medium-term goals and objectives include further engagement with domestic manufacturers to take maximum advantage of their potential as well as efforts to ensure compliance with new legislative requirements on the minimum share of procurement contracts for certain products to be awarded to Russian manufacturers. Through supporting consistent demand for high-tech products, PJSC Gazprom contributes to the development of Russian industries by encouraging more and more Russian businesses to adopt equipment for technologies that have not previously been used in Russia. The Company maintains targeted engagements with voluntary unions and associations of major Russian equipment manufacturers to explore new engineering solutions for the gas industry.



Expanding access for SMEs to PJSC Gazprom's procurement opportunities

Pursuant to resolutions issued by the Russian Government, the Company implements a number of activities to expand SMEs' access to the procurement process of PJSC Gazprom.

- A List of Goods, Works and Services to be procured by PJSC Gazprom from SMEs was developed, approved and published in the UIS.
- PJSC Gazprom's Procurement Plan designates procurement opportunities accessible exclusively to SMEs.
- Draft plans for procurement by PJSC Gazprom and individual Gazprom Group companies of goods, works and services (including innovative and high-tech products) set forth by Directive of the Russian Government No. 2258-r dated 6 November 2015 are duly agreed with Russian Small and Medium Business Corporation to ensure compliance with the applicable Russian laws providing for involvement of SMEs in procurement, including allocation of the SME quota in the procurement plan.
- PJSC Gazprom engages innovative SMEs under its Innovative Development Programme until 2025. To roll out innovative SME products and review innovative proposals coming from individuals and legal entities, the Company operates an online One-Stop System (www.oknogazprom.ru), managing the whole process of submitting innovative proposals to be used in PJSC Gazprom's operations, from submission to the final decision.

Performance of the One-Stop System in 2021:

- 140 inquiries from SMEs reviewed
- 106 expert opinions prepared
- 51 proposals reviewed at the meetings of the standing Commission for Innovative Product Implementation at PJSC Gazprom
- 23 innovative products included in the Register of Innovative Products

In 2021, PJSC Gazprom's procurements from SMEs (including the amounts paid) determined pursuant to Resolution of the Russian Government No. 1352, On Specifics of Participation of Small and Medium-Sized Enterprises in the Procurement of Goods, Works, and Services by Certain Types of Legal Entities, dated 11 December 2014, accounted for 43.6% of the aggregate annual contract values, including 21.7% from procurements accessible exclusively to SMEs. PJSC Gazprom complies with the targets for the share of procurement from SMEs set by the Russian Government.

In 2021, the aggregate value of contracts signed by Gazprom Group with SMEs included in the Unified Register of Small and Medium-Sized Enterprises (<https://ofd.nalog.ru>) exceeded RUB 248.5 billion (over 42 thousand contracts), including 4.8 thousand contracts worth over RUB 83.5 billion through competitive procurements accessible exclusively to SMEs. SMEs accounted for more than half (62%, or 16.4 thousand) of the total number of Gazprom Group's suppliers (26.4 thousand) of goods, works and services procured in 2021.

Corporate Ethics and Anti-corruption Efforts

Gazprom maintains its comprehensive efforts to identify and eliminate conflicts of interest and prevent misconduct in all business areas.

Ensuring Compliance with Corporate Values

PJSC Gazprom has adopted its Code of Corporate Ethics, developed with due account for Russian and international best practices. The document details PJSC Gazprom's corporate values and determines the fundamental rules of business conduct stemming from such values, which rule out any conflicts of interest or corrupt practices and, in particular, impose restrictions on nepotism, employee engagement with PJSC Gazprom's competitors, their serving on elected government bodies, and acceptance of gifts. According to its Code of Ethics, PJSC Gazprom does not participate in political activities and does not finance political organisations.

The Code specifies the procedure to be followed by employees in the event of a conflict of interest, declares zero tolerance for corrupt conduct, and establishes the obligation of managers and employees to notify the employer of any corrupt offers made to them. The Code also affirms environmental responsibility and non-discriminatory principles, and establishes implementation and supervision practices on compliance with corporate ethics standards.

The Code of Ethics provisions are mandatory for PJSC Gazprom employees and legal entities under the Company's control. From 2019, the Code of Ethics applies to members of PJSC Gazprom's Board of Directors. Its requirements are mandatory for the Company's controlled entities, but are optional for other counterparties.

Due to the universality of the values contained in the Code of Ethics, PJSC Gazprom's system of corporate ethics is constantly evolving, including through efforts to extend it to new entities and cover more Gazprom Group employees with ethics training courses.

The Code of Ethics provides for regular employee training in business conduct, concluded with knowledge testing. In 2021, PJSC Gazprom and its controlled entities delivered corporate ethics training to a total of 229,891 employees, concluded with knowledge testing.

Plans for 2022 include another set of measures to develop the system, including further efforts to extend PJSC Gazprom's corporate ethics system to its counterparties and increase public disclosure of corporate ethics.

To engage as many counterparties on PJSC Gazprom's corporate values as possible, a clause on compliance with the Code of Corporate Ethics of PJSC Gazprom is introduced in contracts with counterparties



Development of PJSC Gazprom's system of corporate ethics in 2019–2021

Area	2019	2020–2021	From 2021
Coverage by corporate ethics standards	The Code of Ethics applies to members of PJSC Gazprom's Board of Directors	Measures were deployed to extend the corporate ethics standards to board members at controlled entities	The corporate ethics standards were extended to counterparties by introducing a clause on compliance with the Code of Corporate Ethics of PJSC Gazprom in contracts
Training in ethics	The Company employees are required to take a training course on compliance with the Code of Corporate Ethics of PJSC Gazprom, concluded with knowledge testing	More employee categories were required to complete training in ethics: in addition to PJSC Gazprom employees, employees of Gazprom Group were also required to take the training	

Corporate Ethics Commission

PJSC Gazprom's standing Corporate Ethics Commission plays a key role in ensuring compliance with corporate values. The regulations on the Commission were approved by the Company's order. Entities controlled by PJSC Gazprom have their own local corporate ethics commissions.

The purpose and mission of the Commission is to support compliance with the principles and rules of business conduct based on the corporate values as defined by PJSC Gazprom's Code of Ethics.



Functions of the Corporate Ethics Commission

- Explain to employees the provisions of the Code of Ethics and how to apply it
- Review conflicts of interest and propose measures to prevent, eliminate or limit conflicts of interest and/or their consequences in order to protect the Company's interests
- Make proposals to the head of PJSC Gazprom on taking disciplinary action and on giving (or withholding) written consent in situations where such written consent by the head of the Company is required by the Code of Ethics
- Review incidents of non-compliance with the Code of Ethics and submit proposals for the head of PJSC Gazprom on taking disciplinary action in this regard
- Submit proposals to PJSC Gazprom's management on enhancing the mechanism of compliance with the Company's corporate values



Procedure for submitting and reviewing reports for the Corporate Ethics Commission

A report is received by the Commission

Reporting channels:

- Mail
- E-mail ethics.comission@adm.gazprom.ru
- Phone hotline +7 495 719 1171

Materials are prepared for the Commission's review

The Commission may gather additional information in advance as necessary by sending requests for information or clarification to business units / controlled entities / the whistle-blower.

The Commission reviews the report and makes a decision

The Commission either reviews the report and takes measures to respond to the incidents of non-compliance with corporate ethics standards, if any, or redirects the report to a relevant local corporate ethics commission of a controlled entity for review to be followed up by measures, with a subsequent report to PJSC Gazprom's Corporate Ethics Commission.

The whistle-blower is provided with feedback about the follow up on their report



Meetings of the Corporate Ethics Commission, 2017–2021

2017	<div style="width: 20%;"></div>	2
2018	<div style="width: 20%;"></div>	2
2019	<div style="width: 70%;"></div>	7
2020	<div style="width: 40%;"></div>	4
2021	<div style="width: 90%;"></div>	9



Matters reviewed at the Corporate Ethics Commission meetings, 2017–2021

2017	<div style="width: 25%;"></div>	4
2018	<div style="width: 10%;"></div>	2
2019	<div style="width: 90%;"></div>	19
2020	<div style="width: 40%;"></div>	7
2021	<div style="width: 90%;"></div>	19

Employees reporting to the Corporate Ethics Commission mainly ask to clarify provisions of PJSC Gazprom's Code of Corporate Ethics on combining their job with other activities, on existing restrictions on relatives working together or accepting gifts.



Focus areas of PJSC Gazprom's Corporate Ethics Commission in 2021

- Explaining to employees the provisions and procedures of the Code of Corporate Ethics
- In accordance with applicable Russian laws, reviewing reports as they are received, with the involvement of dedicated business units and subsidiaries, as necessary
- Monitoring for signs of a conflict of interest involving sole executive bodies of entities controlled by PJSC Gazprom, and making recommendations on preventing and/or mitigating possible negative effects of identified conflicts of interest
- Arranging activities to ensure that the Company's management, including employees who are members of PJSC Gazprom's Board of Directors and Management Committee, sign written commitments to comply with the Code of Corporate Ethics provisions in the prescribed form
- Updating local codes of corporate ethics at PJSC Gazprom's long-term invested entities
- Providing e-learning for Gazprom Group employees in the corporate ethics standards
- Taking measures to extend the standards of PJSC Gazprom's corporate ethics to its counterparties, including a clause on compliance with PJSC Gazprom's Code of Corporate Ethics introduced in the standard form of addenda to PJSC Gazprom's contracts

The Commission's performance is reported to the Chairman of PJSC Gazprom's Management Committee on an annual basis. The Company's Board of Directors is also regularly updated on the Commission's performance as part of reviewing matters related to corporate governance and shareholder and investor relations.



Discipline of employees for non-compliance with the Code of Corporate Ethics

- Social condemnation
- Public censure
- Forfeiture of bonuses (in line with internal documents)
- Disciplinary sanctions (if there are signs of a disciplinary offence)

The Chairman of PJSC Gazprom's Management Committee may impose sanctions stipulated by the Code at his own initiative or at the Commission's suggestion, or at the initiative of the Code violator's immediate superior.

Identifying, preventing and resolving conflicts of interest

In line with PJSC Gazprom's Code of Corporate Ethics, the Company has developed and put in place mechanisms for identifying, preventing and resolving conflicts of interest, including those involving members of PJSC Gazprom's Board of Directors and Management Committee.

No conflicts of interest involving members of PJSC Gazprom's Board of Directors, Management Committee, or Chairman of the Management Committee were reported to the Corporate Ethics Commission in 2021. Neither did the Chairman of the Board of Directors receive any notices from members of the Board of Directors on conflicts of interest in any of the Board's agenda items.



Standing corporate mechanisms for identifying, preventing and resolving conflicts of interest of members of PJSC Gazprom's Board of Directors

- Members of the Board of Directors shall not use their position or information about the Company for their own benefit or allow its use by third parties for their own benefit
- Members of the Board of Directors should refrain from actions that will or may lead to a conflict of interest
- In case of a conflict of interest involving a member of the Board of Directors:
 1. The member of the Board of Directors who has a conflict of interest must report it to the Board of Directors by sending a notice to the Chairman of the Board of Directors. The notice must detail the conflict of interest and its grounds.
 2. The Chairman of the Board of Directors then sends the notice about the conflict of interest to all members of the Board of Directors prior to deciding on the item in which the member of the Board of Directors has a conflict of interest.
 3. The member of the Board of Directors may abstain from voting on the item in which they have a conflict of interest. The Chairman of the Board of Directors may suggest that the member of the Board of Directors having a conflict of interest does not attend the discussion of the relevant item, if the nature of the item under discussion or the specific nature of the conflict of interest so require.
If the member of the Board of Directors who has a conflict of interest abstains from voting or attending the discussion of the relevant agenda item at a meeting of the Board of
- Members of the Board of Directors must notify the Company within two months from the date when they became aware or should have become aware of the circumstances due to which they may be deemed interested in the Company's transactions:
 - of legal entities in which they, their spouses, parents, children, full and half siblings, adoptive parents and adoptees and/or their controlled entities are controlling persons or have the power to issue binding orders
 - of legal entities in the governing bodies of which they, their spouses, parents, children, full and half siblings, adoptive parents and adoptees and/or their controlled persons hold positions
 - of known actual or potential transactions in which they may be deemed interested.

An interested party transaction would not give rise to a conflict of interest if it complies with Chapter XI of Federal Law On Joint Stock Companies.
- Serving of members of the Company's Board of Directors on governing bodies of other organisations is disclosed in PJSC Gazprom's issuer reports; related parties (third parties) are disclosed in the consolidated financial statements prepared under IFRS



Standing corporate mechanisms for identifying, preventing and resolving conflicts of interest of members of PJSC Gazprom's Management Committee

- Members of the Management Committee must not use their position or information about the Company for their own benefit or allow its use by third parties for their own benefit, and must refrain from actions that will or may lead to a conflict of interest
- Members of PJSC Gazprom's Management Committee are subject to restrictions of the Code of Corporate Ethics on nepotism, employee engagement with PJSC Gazprom's competitors, their serving on elected government bodies, acceptance of gifts, etc.
- Members of PJSC Gazprom's Management Committee may only serve on governing bodies of other organisations with the consent of the Company's Board of Directors
- In the event of a conflict of interest, members of PJSC Gazprom's Management Committee may contact their immediate supervisor (Chairman of the Management Committee) or the Chairman of the Corporate Ethics Commission

Anti-corruption Efforts

PJSC Gazprom's anti-corruption practices comply with the main international and Russian regulations.



International anti-corruption regulations PJSC Gazprom has committed to

- United Nations Convention against Corruption (ratified by Federal Law No. 40-FZ dated 8 March 2006)
- United Nations Convention against Transnational Organised Crime (ratified by Federal Law No. 26-FZ dated 26 April 2004)
- Criminal Law Convention on Corruption of the Council of Europe and non-member states (ratified by Federal Law No. 125-FZ dated 25 July 2006)



Key Russian anti-corruption statutory regulations guiding PJSC Gazprom

- Constitution of the Russian Federation
- Federal Law No. 273-FZ On Combating Corruption, dated 25 December 2008 (as amended on 31 July 2020)
- Federal Law No. 79-FZ On Prohibiting Certain Categories of Persons from Opening and Keeping Bank Accounts (Deposits), Keeping Cash and Securities with Foreign Banks Outside the Russian Federation, and Possessing and/or Using Foreign Financial Instruments, dated 7 May 2013 (as amended on 31 July 2020)
- Federal Law No. 230-FZ On Control over Expenditures of Public Officials and Other Persons to Match Their Income, dated 3 December 2012 (as amended on 30 December 2020, with changes and amendments effective from 1 January 2021)
- Federal Law No. 432-FZ On Amendments to Certain Legislative Acts of the Russian Federation to Improve Russian Anti-corruption Law, dated 16 December 2019
- Executive Order of the Russian President No. 557 On Approving the List of Positions within the Federal Public Service Requiring Disclosure by Federal Public Servants of Information on Their Income, Property and Property Liabilities, as well as on Income, Property and Property Liabilities of Their Spouses and Underage Children, dated 18 May 2009 (as amended on 21 December 2020)
- Executive Order of the Russian President No. 478 On the National Anti-corruption Plan for 2021–2024, dated 16 August 2021



Set of PJSC Gazprom's anti-corruption documents

The Company's key documents on preventing corruption, fraud and embezzlement:

- Corporate Governance Code of PJSC Gazprom, approved by resolution of PJSC Gazprom's Annual General Shareholders Meeting
- The Code of Corporate Ethics of PJSC Gazprom, approved by resolution of the Board of Directors
- Anti-corruption Policy of PJSC Gazprom, approved by resolution of the Board of Directors

Other important anti-corruption documents:

- Risk Management and Internal Control Policy of PJSC Gazprom
- Regulations on the Corporate Ethics Commission of PJSC Gazprom
- Regulations on the Hotline for Fighting Fraud, Corruption and Embezzlement at Gazprom Group
- Procedure for a Conflict of Interest Disclosure and Conflict of Interest Resolution
- Procedure for reporting offences with signs of corruption committed by employees, counterparties or third parties, which have become known to an employee, and for dealing with allegations of corruption
- Procedure for reporting cases when an employee is incited to commit offences, and for reviewing such reports
- Procedure for protecting whistle-blowers who have reported offences relevant to the Company's operations

The Board of Directors and executive bodies of PJSC Gazprom are involved in preventing and combating corruption.



Responsibilities of PJSC Gazprom's governing bodies in preventing and combating corruption

Governing body	Responsibilities
PJSC Gazprom's Board of Directors	<ul style="list-style-type: none"> – Organises and is responsible for the general supervision of PJSC Gazprom's activities in preventing and combating corruption – Regularly reviews reports from the Company's executive bodies on corruption prevention and combating activities
Chairman of the Management Committee	<ul style="list-style-type: none"> – Allocates powers, responsibilities and accountability for preventing and combating corruption between Deputy Chairmen of the Management Committee and the Company's business units – Ensures measures aimed at implementing the principles and requirements of the Anti-corruption Policy, including appointments of persons responsible for the development, implementation and supervision of anti-corruption procedures
Audit Committee of the Board of Directors	<ul style="list-style-type: none"> – Prepares proposals on enhancing anti-corruption internal controls at PJSC Gazprom

The joint responsibility for preventing and revealing corrupt practices at Gazprom Group lies with the departments responsible for corporate security, internal audit, procurement, asset management, and corporate relations, and PJSC Gazprom's risk management and internal control unit, in cooperation with law enforcement agencies of the Russian Federation.

The Company operates a Hotline to report incidents of perceived fraud, corruption and embezzlement in Gazprom Group. Similar arrangements are in place at several major subsidiaries of PJSC Gazprom. Employees of PJSC Gazprom's Corporate Security Service and corporate security departments of subsidiaries review information received via these hotlines (comprising digital communication channels, telephone or post, as well as reports made in person), including anonymous reports, to reveal preconditions for, and instances of, corruption at Gazprom Group.

In 2021, the Hotline of PJSC Gazprom's Corporate Security Service received 6,570 calls, with no confirmed incidents of corruption (as defined by Article 1 of Federal Law No. 273-FZ On Combating Corruption, dated 25 December 2008, as amended and supplemented, and by decisions of Russian courts).



Contact details of the Hotline for fighting fraud, corruption and embezzlement at Gazprom Group are available on PJSC Gazprom's website.

→ www.gazprom.com



Subsidiaries gather and consolidate information on measures taken to comply with the requirements and restrictions established by codes of corporate ethics regarding the amount of entertainment expenses, business gift expenses, charity and other activities involving corporate risk exposure. PJSC Gazprom's Corporate Security Service exercises control within its competence through local corporate security departments of subsidiaries.



The Anti-corruption Policy of PJSC Gazprom is available on PJSC Gazprom's website.

→ www.gazprom.com



Legal Protection of Whistle-Blowers

Reports via the hotline of PJSC Gazprom's Corporate Ethics Commission and Gazprom Group's hotline for fighting fraud, corruption and embezzlement are anonymous, confidential and protected from misuse.

The Company's internal documents provide for the protection of whistle-blowing employees

Subject of the report	Safeguards provided
Violation of the Code of Corporate Ethics reported by an employee	<ul style="list-style-type: none"> – The Company guarantees that the provision by an employee of any information concerning violations of the Code shall be kept confidential and shall not trigger any adverse employment action against the reporting employee (Article 15 of the Code of Corporate Ethics of PJSC Gazprom)
Reports by Gazprom Group employees or other persons to Gazprom Group's hotline for fighting fraud, corruption and embezzlement	<ul style="list-style-type: none"> – When handling the report, the Company maintains the confidentiality of the whistle-blower and their reported data, forbidding retaliation of any kind against the whistle-blower (Article 6.2 of the Regulations on the Hotline for Fighting Fraud, Corruption and Embezzlement at Gazprom Group) – Anonymous information can be accepted if it contains specific details about actual or perceived fraud, corruption, theft, or other offences against the Company's property or its business reputation. If an anonymous report contains general information or libellous or insulting allegations, it is not accepted for investigation (Article 6.3 of the Regulations on the Hotline for Fighting Fraud, Corruption and Embezzlement at Gazprom Group) – For whistle-blowing employees of PJSC Gazprom, internal documents stipulate protection from abuse of the employer's rights in retaliation, in particular safeguarding them against unlawful dismissal, demotion, decrease in, or cancellation of, bonuses, shift in their vacation, or disciplinary action while the report is investigated (Procedure for protecting whistle-blowers who have reported offences relevant to the Company's operations)

Countering the Illegal Use of Insider Information and Market Manipulation

The Company monitors legal compliance in the use and protection of insider information. The responsible control unit reports and is accountable to the Chairman of PJSC Gazprom's Management Committee.

In 2021, the Company continued its systematic efforts to improve the mechanisms for protecting insider information while aligning internal regulations with current laws and developing and adopting new documents. In particular, PJSC Gazprom's Internal Control Rules for Preventing, Detecting and Stopping the Unlawful Use of Insider Information and/or Market Manipulation were approved, Regulations on Access to Insider Information of Public Joint Stock Company Gazprom and Maintaining Its Confidentiality were amended, and a new List of Insider Information of PJSC Gazprom was approved.

In addition, to identify, prevent and combat misuse of insider information, the control unit informed PJSC Gazprom's insiders about the requirements of the insider legislation and the Company's corresponding local regulations; requested information about transactions made by insiders and their affiliated persons with PJSC Gazprom financial instruments to check compliance with the terms of transactions; and checked the Company's compliance with the Regulations on Access to Insider Information.



All information required to perform the duties of preventing illegal use of insider information and market manipulation, as well as information on the legal consequences of illegal use of PJSC Gazprom's insider information by an insider and/or market manipulation is available on PJSC Gazprom's website.
→ www.gazprom.com



Share Capital and Securities Market

Shareholding Structure

PJSC Gazprom's share capital is RUB 118,367,564,500 divided into 23,673,512,900 ordinary registered shares with a par value of RUB 5 each. State registration number of the issue is 1-02-00028-A. The state registration date is 30 December 1998. The Company has no preferred shares.

Each ordinary share grants equal rights to its owner. Except for the cumulative voting to elect members of the Board of Directors, each voting share represents one vote at PJSC Gazprom's General Shareholders Meeting. PJSC Gazprom's Articles of Association do not limit the rights of holders of ordinary shares in PJSC Gazprom.



PJSC Gazprom's shareholding structure, %

Shareholder	As at 31 December 2020	As at 31 December 2021
The Russian Federation represented by the Federal Agency for State Property Management*	38.37	38.37
AO ROSNEFTEGAZ*	10.97	10.97
AO Rosgazifikatsiya*	0.89	0.89
ADR holders**	16.71	16.16
Other registered holders	33.06	33.61

* As at 31 December 2020 and 31 December 2021, the cumulative share in PJSC Gazprom directly or indirectly controlled by the Russian Federation and calculated by direct addition totals 50.23% and is owned through the full ownership of the Russian Federation in AO ROSNEFTEGAZ which also holds a 74.55% stake in AO Rosgazifikatsiya.

** The Bank of New York Mellon issued ADRs on PJSC Gazprom shares.

As the major shareholder of PJSC Gazprom, the Russian Federation holds a more than 50% controlling stake (including direct and indirect ownership) in PJSC Gazprom. The Russian Federation does not have a special right to manage PJSC Gazprom's affairs (a "golden share").

In 2021, PJSC Gazprom received no information on any special agreements between PJSC Gazprom's shareholders.

As at 31 December 2021, there were no PJSC Gazprom shares the title to which was transferred to the Company. At the same time, as at the said date, PJSC Gazprom subsidiaries held 29 million ordinary shares in the Company representing 0.12% of the total number of ordinary shares of PJSC Gazprom.

833,927

entities and individuals included in the list of persons entitled to participate in PJSC Gazprom's Annual General Shareholders Meeting in 2021



Memorandum of Intent of the Russian Federation as the major shareholder of PJSC Gazprom

According to the Memorandum of Intent of the Russian Federation as the Major Shareholder of PJSC Gazprom, the Planned Forecast (Programme) for the Privatisation of Federal Property and the 2020–2022 Federal Property Privatisation Guidelines (approved by Directive of the Russian Government No. 3260-r dated 31 December 2019), there are no plans to dispose of any PJSC Gazprom shares owned by the federal government.



The Memorandum of Intent of the Russian Federation as the Major Shareholder of PJSC Gazprom regarding PJSC Gazprom shares is available on PJSC Gazprom's website.
→ www.gazprom.com



In 2021, the share of depositary receipts in PJSC Gazprom's share capital continued to decrease as the appetite of global investors for shares of Russian public companies rose given that the Russian stock market infrastructure was growing and most major global investors in shares of Russian public companies had direct access to trading on the Moscow Exchange. There was also a significant growth in the number of private (retail) investors in the Russian stock market.

Stock Market and Capitalisation

PJSC Gazprom shares are included in the first (top) level quotation list of PAO Moscow Exchange and PAO SPB Exchange. As at 31 December 2021, American depository receipts (ADRs) on PJSC Gazprom shares were traded on the London, Berlin, and Frankfurt exchanges, the Moscow Exchange, the US OTC market, and on the Singapore OTC market among qualified institutional buyers (QIBs).

50%

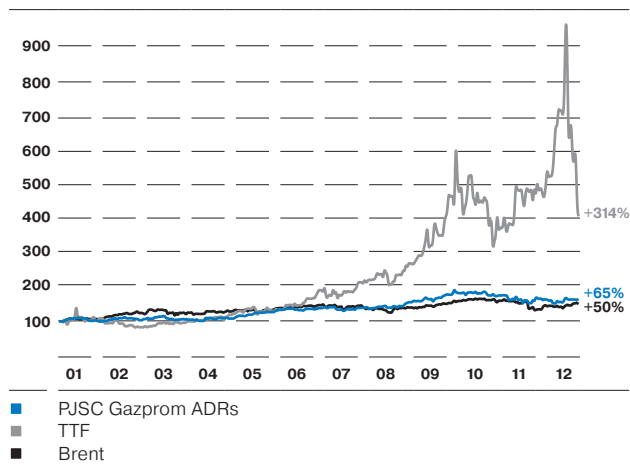
**PJSC Gazprom shares in free float
(according to the Moscow Exchange)**



Events that had a positive impact on the price of PJSC Gazprom shares in 2021

Month	Event
End of April	The Investor Day was held; presentations by management had a beneficial effect on the investment community's perception The Sustainable Development Policy of Gazprom Group was approved
May	The Board of Directors endorsed the proposal of PJSC Gazprom's Management Committee to pay 50% of profit for 2020 as dividends one year ahead of the schedule set out in the Dividend Policy
June	The Amur Gas Processing Plant was commissioned
July	The Board of Directors set up a Sustainable Development Committee
September	The construction of the Nord Stream 2 pipeline was completed

Comparison of dynamics of ADRs on PJSC Gazprom shares, Brent prices, and gas prices on the European TTF in 2021, %



Note. All prices are rebased to 100% as at 31 January 2020.

Source: FactSet

PJSC Gazprom ordinary share price performance and daily trading volumes on the Moscow Exchange in 2021



The appetite for Company securities was driven by PJSC Gazprom's record financial performance that is expected to improve further, as well as the Company's strict compliance with its Dividend Policy throughout 2021

The total shareholder return was 66.7% in 2021, due to an increase in the market value of the Company shares on the Moscow Exchange. Capitalisation stood at RUB 8.1 trillion as at 31 December 2021 (RUB 5.0 trillion as at 31 December 2020).

Dividend Policy

The Dividend Policy of PJSC Gazprom was approved by Resolution of the Board of Directors No. 3363 dated 24 December 2019.

It harmonises the interests of the Company's major shareholder, the Government of the Russian Federation, the interests of minority shareholders, and the Company's development priorities.



PJSC Gazprom's dividends paid in 2021 for 2020, as at 31 December 2021

	Accrued, RUB thousand	Paid, RUB thousand	Unpaid, RUB thousand*	Unpaid to accrued, %
Total	297,102,587	296,575,501	527,086	0.18
including dividends on shares:				
held by the Russian Federation represented by the Federal Agency for State Property Management	114,008,525	114,008,525	–	–
held by individuals and legal entities whose rights to shares are accounted for in the register	33,556,645	33,264,901	291,744	0.87
held by individuals and legal entities whose rights to shares are accounted for by a depository maintaining a nominee holder account in the issuer's register**	149,522,161	149,302,075	220,086	0.15
held by unidentified persons	15,256	–	15,256	100

* No dividend payouts were made to individuals or legal entities who had failed to provide clear payout details as per clauses 8 and 9 of Article 42 of Federal Law No. 208-FZ On Joint Stock Companies, dated 26 December 1995. Dividends accrued on shares held by unidentified persons are paid out as soon as the title to securities is established.

** PJSC Gazprom paid out RUB 149,522,161 thousand in dividends to nominee holders on 29 July 2021 in execution of the resolutions of the Annual General Shareholders Meeting, held on 25 June 2021, on dividend payouts based on PJSC Gazprom's 2020 results. As at 31 December 2021, the amount of dividends nominee holders failed to transfer as prescribed by the securities laws of the Russian Federation for reasons beyond their control (clauses 8 and 9 of Article 42 of Federal Law No. 208-FZ dated 26 December 1995) totalled RUB 220,086 thousand.



PJSC Gazprom's dividends paid in 2021 for 2017–2019, RUB thousand

Shareholder category	Unpaid as at 1 January 2021	Paid in 2021	Reinstated in 2021 as retained earnings upon expiry of the limitation period	Unpaid as at 31 December 2021
Legal entities*	14,361	303	1,799	12,259
Individuals*	873,322	32,717	167,289	673,316
Nominee holders**	574,289	95,066	85,597	393,626
Holders unidentified as at the time of accrual***	13,841	–	151	13,690
Total	1,475,813	128,086	254,836	1,092,891

* No dividend payouts were made to individuals or legal entities who had failed to provide clear payout details as per Federal Law No. 208-FZ On Joint Stock Companies, dated 26 December 1995.

** Nominee holders who failed to transfer dividends as prescribed by the securities laws of the Russian Federation for reasons beyond their control (clauses 8 and 9 of Article 42 of Federal Law No. 208-FZ dated 26 December 1995).

*** Dividends accrued on shares held by unidentified persons are paid out as soon as the title to securities is established.

Borrowing on International and Russian Capital Markets

PJSC Gazprom raises funds on the international capital markets through two EMTN (Euro Medium Term Note) programmes under the jurisdictions of Luxembourg and the UK. The EMTNs are multi-currency revolving credit facilities of up to USD 40 billion (Luxembourg) and EUR 30 billion (UK), enabling the Company to place its new eurobonds on a regular basis.

In 2021, PJSC Gazprom raised an equivalent of USD 5.32 billion on international capital markets.

As at 31 December 2021, there were 25 eurobond issues outstanding for the total amount of USD 15.05 billion, EUR 7.5 billion, CHF 1.75 billion and GBP 0.85 billion. In addition, there is an outstanding JBIC-guaranteed JPY 65 billion bond issue.

In 2021, the list of debt instruments in use on the Russian capital market was expanded to include perpetual bonds. Two perpetual bond issues totalling RUB 120 billion were placed for the first time, financing programmes for gas supply and gas infrastructure expansion in Russian regions. In Gazprom Group's IFRS consolidated financial statements, perpetual bonds are included in equity and have no impact on Gazprom Group's debt burden.

As at 31 December 2021, there were 17 rouble bond issues outstanding for the total amount of RUB 310 billion.



Eurobond placement in 2021 for PJSC Gazprom's borrowing purposes

- In January 2021, the Company placed USD 2 billion eight-year eurobonds at 2.95%, the lowest coupon rate for PJSC Gazprom's eurobonds denominated in US dollars and Russian issuers' eurobonds maturing in more than five years
- In February 2021, an issue of EUR 1 billion six-year eurobonds was placed with a coupon rate hitting a new record low (1.50%) in the history of euro-denominated borrowings on international capital markets both for PJSC Gazprom and all Russian corporate borrowers. In addition, the issue had the lowest historical spread at issue of about 50 basis points to euro-denominated Russian sovereign eurobonds.
- In June 2021, CHF 500 million six-year eurobonds were placed with a coupon rate of 1.54%. PJSC Gazprom entered the Swiss capital market for the first time in the previous three years; the previous deal was closed in March 2018. While the rates on international capital markets were expected to increase, the Company managed to raise capital at a low cost on the Swiss market. The issue was also the largest one denominated in Swiss francs among foreign issuers since the beginning of 2021.
- In July 2021, the Company placed USD 1 billion ten-year eurobonds at 3.5%, taking advantage of the market window when the market was relatively stable after a decline in oil prices while baseline rates denominated in US dollars were still volatile.
- In November 2021, EUR 500 million seven-year eurobonds were placed at 1.85%, a record low coupon rate in euros among seven-year eurobond issues by PJSC Gazprom and corporate borrowers in Russia and the CIS.

Shareholder and Investor Relations

Starting from 2020, online events became the main channel for engaging with the investment community, enabling coverage expansion and improving communication with analysts and investors.

In 2021, more than 80 meetings with over 260 Russian and international institutional investment funds were held online. PJSC Gazprom participated in online conferences held by Russian and international banks and the Moscow Exchange.

The only major investor event traditionally held face-to-face was investors site visit to Gazprom's production facilities in the Amur Region. The Company interfaced with analysts from leading Russian and foreign investment banks. Stakeholders were updated on the Company's strategic plans, operating and financial results, competition on key markets, progress on projects, ESG activities, and other matters.



2021 highlights in shareholder and investor relations

Event	Event details		
	Date	Format	Specifics
PJSC Gazprom's Investor Day, the largest annual event for investors	29–30 April		Held online for the first time. The main programme included video presentations by the Company's top managers, including a speech by Chairman of PJSC Gazprom's Management Committee Alexey Miller, presentations by Deputy Chairpersons of the Company's Management Committee Oleg Aksyutin, Vitaly Markelov, Elena Burmistrova and Famil Sadygov, and Deputy CEO of PAO Gazprom Neft Alexey Yankevich, as well as a Q&A session and an ESG session
Conference calls on Gazprom Group's IFRS consolidated financial statements	28 May – on Q1 2021 statements		The traditional conference calls involved the Company's top managers
	31 August – on Q2 2021 statements		
	29 November – on Q3 2021 statements		
Investment community visits to Gazprom Group's production and infrastructure facilities	28 September – 1 October		Site visits to PJSC Gazprom's key facilities in the Amur Region – the Amur GPP and the Atamanskaya compressor station. The visit included a discussion of the Chinese gas market with leading independent industry experts and Company representatives during a hybrid offline and online roundtable
Webinar on the situation in the European gas market at the Saint Petersburg International Gas Forum 2021	5 October		
Meeting of Viktor Martynov, Senior Independent Director of PJSC Gazprom's Board of Directors, with a group of investors – representatives of the Climate Action 100+ initiative	17 November		The meeting was held as a Q&A session
Targeted meetings and conference calls with investors on ESG matters			
Webinar on the prospects of the hydrogen market involving Company subject specialists	15 July		The webinar was attended by leading independent experts
Investor meeting to present the interim results of identifying scenarios of PJSC Gazprom's sustainable development until 2050 in the light of the global low-carbon economy transition	30 July		
Presentation at the International Business Congress dedicated to ESG financing instruments and their significance for oil and gas companies in the next decade	15 September		
ESG session at the Saint Petersburg International Gas Forum 2021	5 October		
Annual final meeting of the Company management with investment analysts and investors to summarise the preliminary results for the reporting year	22 December		The event was held as a webinar with presentations by the Company management and a Q&A session

The Company plans to continue engaging with the investment community, taking into account the requirements of Russian and international laws and timely informing shareholders and investors about Gazprom Group's activities and its position on key matters.

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Major Transactions

In 2021, PJSC Gazprom closed no transactions treated as major transactions under the applicable laws of the Russian Federation.

Disposal of Non-core Assets by PJSC Gazprom, Its Subsidiaries and Entities

The Company has an ongoing initiative of non-core asset optimisation and disposal.

Actual proceeds from non-core asset disposal by PJSC Gazprom, its subsidiaries and entities in 2021 totalled RUB 17.36 billion, including VAT (excluding intra-group transactions – RUB 14.03 billion), including:

- those owned by PJSC Gazprom – RUB 7.08 billion (excluding intra-group transactions – RUB 4.13 billion)
- those owned by PJSC Gazprom's subsidiaries and entities – RUB 10.28 billion (excluding intra-group transactions – RUB 9.90 billion).

Pursuant to Russian Government Directives No 4863p-P13 dated 7 July 2016 and No. 6604p-P13 dated 18 September 2017, and Russian Government Decree No. 894-r dated 10 May 2017, as well as to improve non-core asset disposal, PJSC Gazprom adopted the Programme for the Disposal of PJSC Gazprom's Non-core Assets (Resolution of the Board of Directors No. 2810 dated 27 September 2016, Minutes of the Board of Directors' meeting No. 1098 dated 27 September 2016, Resolution of the Board of Directors No. 3066 dated 16 January 2018, and Minutes of the Board of Directors' meeting No. 1180 dated 16 January 2018).

In 2021, PJSC Gazprom was disposing of non-core assets as part of this Programme, Action Plan for the Disposal of PJSC Gazprom's Non-core Assets for 2021 (versions approved by resolutions of the Board of Directors No. 3528 dated 24 December 2020 and No. 3630 dated 3 August 2021) as well as the Register of PJSC Gazprom's Non-core Assets (versions approved by resolutions of the Board of Directors No. 3528 dated 24 December 2020, No. 3630 dated 3 August 2021 and No. 3690 dated 23 December 2021).

The Register of PJSC Gazprom's Non-core Assets comprises the List of PJSC Gazprom's Non-core Assets Subject to Disposal section and three subsections: Long-Term Financial Investments, Real Property, and Movable Property (Motor Transport, Special Vehicles, Equipment, etc.).

The information on PJSC Gazprom's non-core assets subject to disposal and included in the Register of PJSC Gazprom's Non-core Assets contains, among other things: the asset list, quantity; information on each non-core asset – asset description, type of activity associated with the asset, its book (depreciated) value, initial selling price (equal to its market value as assessed by an independent valuator), method of sale (primarily an auction), and encumbrances.

The approval of the Programme, Register and Plan was disclosed by PJSC Gazprom in the manner prescribed by the law by publishing appropriate open access information on its website. The current Programme and Register are also available on a dedicated website for Gazprom Group's non-core asset disposal, www.gazpromnoncoreassets.ru, the link to which is available on PJSC Gazprom's website in the Asset Disposal section.

Pursuant to Russian Government directives and under the Programme for the Disposal of PJSC Gazprom's Non-core Assets, the Board of Directors reviewed and took into account quarterly reports on the disposal of PJSC Gazprom's non-core assets in 2021 (Resolutions of the Board of Directors No. 3577 dated 30 April 2021, No. 3581 dated 20 May 2021, No. 3649 dated 21 September 2021, and No. 3689 dated 23 December 2021).

The actual realised value of PJSC Gazprom's non-core assets disposed of in 2021 included in the Action Plan for the Disposal of PJSC Gazprom's Non-core Assets and Register of PJSC Gazprom's Non-core Assets was RUB 1.77 billion (inclusive of VAT).

**Disposal of Non-core Assets by PJSC Gazprom,
Its Subsidiaries and Entities**



Implementation of the Programme, Action Plan, and Register of PJSC Gazprom's Non-core Assets in 2021

Nº	Asset	Inventory number (if applicable)	Balance sheet item containing the asset as at the reporting date prior to the asset disposal	Accounting items (analytics included), containing asset disposal income and expense (91.1xxx/91.2xxx)
1	Proceeds from the sale in 2018 of assets under construction – a health resort building located at Pugacheva St., Zelenogradsk, Kaliningrad Region	–	1150	915100/912300
2	Proceeds from the sale of UAZ vehicles in 2019 and 2020	–	1150	911110/914101
3	Property of the Peak Hotel complex	2,155 inventory items	1210/1260	911110, 912701/914101, 915505
4	Property items of the Krasnaya Polyana heliport located at 60 Zashchitnikov Kavkaza St., Krasnaya Polyana, Adler District, Sochi, Krasnodar Territory	161 inventory items	1150/1210	911110/914101
5	Facilities of the Ogonyok holiday centre located at Kostrovo village, Istrinsky District, Moscow Region	285582, 285584–285590, 285592, 285593, 284872, 284873, 516612–516617	1260	912701/915505
6	3-bedroom apartment located at 34 Voskresenskoye subsidiary farming settlement, Apt. 19, Voskresenskoye village, Moscow	247494	1260	912701/915505
7	3-bedroom apartment located at 34 Voskresenskoye village, Apt. 41, Moscow	247510	1260	912701/915505
8	3-bedroom apartment located at 1 Grina St., Bld. 4, Apt. 229, Moscow	247710	1260	912701/915505
9	6-bedroom 2-level apartment located at 73 Sirenevaya St., Apt. 32, Kostrovo village, Kostrovskoye rural settlement, Istrinsky District, Moscow Region	285598	1260	912701/915505
10	3-bedroom apartment located at 1 Grina St., Bld. 4, Apt. 137, Moscow	247654	1260	912701/915505
11	2-bedroom apartment located at 1 Grina St., Bld. 4, Apt. 138, Moscow	247655	1260	912701/915505
12	4-bedroom apartment located at 31 Voskresenskoye village, Apt. 71, Moscow	247468	1260	912701/915505
13	1-bedroom apartment located at 31 Voskresenskoye village, Apt. 106, Moscow	247475	1260	912701/915505
14	1-bedroom apartment located at 2 Karla Liebknechta St., Apt. 21, Kineshma, Kineshma District, Ivanovo Region	560648	1260	912701/915505
15	Facilities under construction of Morozovka Holiday Hotel branch of PJSC Gazprom including equipment, located at Morozovka settlement, Lyalovo village, Mendeleevo urban settlement, Solnechnogorsk Municipal District, Moscow Region	–	1260	912701/915505
16	Property complex facilities located at 14 Mostovaya St., Krasnorechenskoye village, Khabarovsk District, Khabarovsk Territory	486 inventory items	1150/1210	911110/914101
17	477 items of motor transport and special vehicles	477 inventory items	1150/1260	911110, 912701/914101, 915505
Total				

**Disposal of Non-core Assets by PJSC Gazprom,
Its Subsidiaries and Entities**

	Book value of asset, RUB million	Actual realised value, RUB million (inclusive of VAT)	Actual realised value vs book value, RUB million	Reason for difference between the actual realised value and book value
	0.000	27.359	27.359	Result of pre-sale preparation and disposal of assets.
	0.000	0.162	0.162	
	982.913	1125.233	142.320	
	53.536	122.975	69.439	
	23.846	21.840	-2.006	The assets disposed of after several rounds of a competitive process with a starting price not less than its market value as assessed by an independent valuator.
	10.720	8.533	-2.187	
	9.058	7.550	-1.508	
	3.850	10.397	6.547	Result of pre-sale preparation and disposal of an asset.
	5.534	4.293	-1.241	The asset disposed of after several rounds of a competitive process with a starting price not less than its market value as assessed by an independent valuator.
	3.420	9.728	6.308	Result of pre-sale preparation and disposal of assets.
	2.440	9.457	7.017	
	10.690	10.022	-0.668	The asset disposed of after several rounds of a competitive process with a starting price not less than its market value as assessed by an independent valuator.
	5.171	6.811	1.640	Result of pre-sale preparation and disposal of an asset.
	0.421	0.336	-0.084	The assets disposed of after several rounds of a competitive process with a starting price not less than its market value as assessed by an independent valuator.
	111.349	78.000	-33.349	
	374.532	117.767	-256.764	
	14.327	206.267	191.939	Result of pre-sale preparation and disposal of assets.
	1,611.807	1,766.730	154.924	

Glossary

Name	Definition
A	ADR
	American depository receipt
	AEPS
	Automated Electronic Procurement System
B	APG
	Associated petroleum gas
	Asia Pacific
	The Asia-Pacific region, which includes countries of mainland Asia, America and Pacific Ocean Area
B	boe
	Barrel of oil equivalent
C	Brent
	Benchmark grade of crude oil produced in the North Sea
	CDP (Carbon Disclosure Project)
	An international platform for companies to disclose their environmental impacts
	Central Asia
	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan
	CHPP
C	Combined heat and power plant
	CNG
	Compressed natural gas
	CNG filling station
	Compressed natural gas filling station
	CSA
	Capacity supply agreement
E	EAEU
	Eurasian Economic Union
	EMS
	Environmental Management System
E	EU
	European Union
	European far abroad countries
	25 EU countries (excluding Latvia, Lithuania and Estonia), non-EU countries (Turkey, Norway and Switzerland) and the Balkan states of Albania, Bosnia and Herzegovina, Macedonia, and Serbia
F	Far abroad countries
	Foreign countries other than FSU countries, comprising the geographic segment Europe and other countries as defined in PJSC Gazprom's IFRS consolidated financial statements
F	FSU countries
	Former Soviet Union republics, except for the Russian Federation
G	GBP
	British pound sterling
	GHG
	Greenhouse gases
	GPP
	Gas and/or condensate processing plant
G	GRES
	State district power station
	GRF
	Gas recovery factor
	GTS
	Gas transportation system
I	IFRS
	International Financial Reporting Standards
	ISO 14001:2015
	International standard in environmental management of the International Organisation for Standardisation
I	ISO 45001:2018
	International OHS standard of the International Organisation for Standardisation
I	ISO 50001:2018
	International standard in energy management of the International Organisation for Standardisation
K	KPIs
K	Key performance indicators
L	LNG
	Liquefied natural gas
L	LPG
	Liquefied petroleum gas
N	NGV fuel
N	Natural gas vehicle fuel
R	R&D
	Research and development
	RAS
R	Russian Accounting Standards
	RMICS
	Risk Management and Internal Control System
S	SMEs
	Small and medium enterprises
S	SPTs
	Strategic performance targets
T	toe
	Tonne of oil equivalent
	TPI (Transition Pathway Initiative)
T	International project to assess the readiness of companies to transition to a low-carbon economy
	TPP
	Thermal power plant
U	UGSF
	Underground gas storage facility
U	UGSS
U	Unified Gas Supply System of Russia

Glossary

Name		Definition
U	USD	United States (US) dollars
V	VAT	Value added tax
W	Working Group for Energy Management System Enhancement	Working group engaged in developing, introducing, preparing for certification and improving the fuel and energy efficiency management (energy management) system at PJSC Gazprom

Glossary

Units of Measurement and Conversion Table

Name	Definition	Conversion ratios
cu m of gas	A cubic metre of natural gas measured at 1 Pa pressure and 20 °C, with a calorific value of 8,850 kcal per cu m	1,000 cu m of gas = 6.49 barrels of oil equivalent = 0.885 tonnes of oil equivalent
BTU	British thermal unit	1 mm BTU = 0.0285 mcm of gas
tonne of LNG	Tonne of LNG	1 tonne of LNG = 1.380 mcm of gas
tonne of oil	Tonne of oil	1 tonne of oil = 7.33 barrels of oil = 7.33 barrels of oil equivalent = 1 tonne of oil equivalent
tonne of gas condensate	Tonne of gas condensate	1 tonne of gas condensate = 8.18 barrels of gas condensate = 8.18 barrels of oil equivalent = 1 tonne of oil equivalent

Conventions

Sign	Meaning
–	Not observed
0.0	Value less than 0.05
X	Data unavailable

List of Foreign Companies Mentioned in the Report

Full name	Short name	Country
Bloomberg L.P.	Bloomberg	USA
BP p.l.c.	BP	UK
Bureau Veritas S.A.	Bureau Veritas	France
China National Petroleum Corporation	CNPC	China
Chevron Corporation	Chevron	USA
ConocoPhillips	–	USA
Dagong Global Credit Rating Company Limited	Dagong	China
Eni SpA	Eni	Italy
Equinor ASA	Equinor	Norway
Exxon Mobil Corporation	ExxonMobil	USA
IHS Markit Ltd.	IHS Markit	UK
Japanese Bank for International Cooperation	JBIC	Japan
PetroChina Company Limited	PetroChina	China
QatarEnergy	–	Qatar
Shell	–	UK
Saudi Arabian Oil Company	Saudi Aramco	Saudi Arabia
Sonatrach Group	SONATRACH	Algeria
The Bank of New York Mellon	–	USA
TotalEnergies SE	TotalEnergies	France

Contacts

Full Name	Public Joint Stock Company Gazprom
Abbreviated Name	PJSC Gazprom
Location	Saint Petersburg, Russian Federation Address: 2/3 Lakhtinsky Avenue, Bld. 1, Saint Petersburg, 197229, Russian Federation Postal address: BOX 1255, Saint Petersburg, 190900, Russian Federation Delivery address: 156 Moskovsky Avenue, Bld. A, Saint Petersburg
Website	www.gazprom.ru
E-mail	gazprom@gazprom.ru
Certificate of Entry into the Unified State Register of Legal Entities	by the Moscow Department of the Ministry of Taxation dated 2 August 2002, OGRN 1027700070518
Taxpayer Personal Identification Number (INN)	7736050003
Contact for Shareholders	Phone: +7 812 609 7657 (for shareholders of PJSC Gazprom)
Contact for Investors	Phone: +7 812 609 4129 Fax: +7 812 609 4334 E-mail: ir@gazprom.ru
Auditor	Limited Liability Company Financial and Accounting Consultants (OOO FBK). OOO FBK is a member of the self-regulated organisation of auditors Auditor Association Sodruzhestvo. Location: 44/1 Myasnitskaya St., Bld. 2 AB, Moscow, 101990, Russian Federation Phone: +7 495 737 5353 Website: www.fbk.ru
Registrar	Joint Stock Company Specialised Registrar – Register Keeper for Gas Industry Shareholders (AO DRAGA) Location: Saint Petersburg, Russian Federation Address: 8/2 Bolshaya Zelenina St., Bld. A, Room 42H, Petrovsky Intra-City Municipal District, 197110, Saint Petersburg Phones: 8 800 302 0773, +7 499 550 8818, +7 812 775 0081 Website: www.draga.ru

