

Sustainability Report

2014–15



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Message from our CEO



Dear stakeholders,

We are glad to provide you with the Gazprom Group's fourth Sustainability Report.

Sustainability efforts at the Gazprom Group are focused on strengthening energy security, developing harmonious business relations with our partners, improving the quality of life of all people and protecting the environment.

One of our primary goals is ensuring a reliable energy supply to consumers. In order to fulfil this objective, we are constantly expanding our reserves and building more production infrastructure: the Company is establishing new upstream centres, expanding gas transportation capacity and improving productivity at our subsurface storages. This systematic approach allows our Company to respond promptly to abrupt changes in demand and reach our maximum output level, which is especially important during the peak winter periods.

As a result of exploration works, our natural gas reserves have increased by 1.3 tscm. Bovanenkov gas field, the largest field on the Yamal peninsula, saw its annual gas production capacity reach 90 tscm thanks to the launch of a second production area. We have built over 2,000 kilometres of gas trunklines in the Russian Federation. The potential maximum daily capacity of Gazprom's underground gas storage facilities in Russia increased to an all-time high of 789.9 mscm in advance of the 2015/2016 peak season.

Preliminary work has begun to implement the Nord Stream-2 and Turkish Stream projects. These new direct gas trunklines will substantially improve the security of Russian gas supply to both European countries and Turkey.

Gazprom's gas is also in demand in the Asia-Pacific Region. In 2014, our Company signed the largest long-term contract for gas supply in Russian history, to supply gas to China, the most promising and fastest growing gas market in the world. This deal has jumpstarted large-scale infrastructure projects in the Russian East: the development of major fields in the Sakha Republic and the Irkutsk Region, construction of the Power of Siberia pipeline and construction of the Amur gas processing plant, which will have the highest capacity in the country.

Gazprom's projects substantially boost the development of allied industry sectors, primarily metallurgy, machinery and construction. Our Company's purchase orders, including those for innovative and import-substituting products, spur facility upgrades and the development of technology. Gazprom exchanges experience and knowledge with leading world energy companies to create new technological and environmental solutions, and to further improve the performance of the global energy sector.

Gazprom's activities promote social and economic development of the country's regions and improve the standard of living of millions of people – the Programme to Improve Access to Gas Supply in the Rus-

sian Regions being a key example. Between 2005 and 2015 our Company built 27.8 thousand kilometres of pipeline, as a result of which natural gas lines reached more than 3,700 communities. The share of the population with access to gas in Russia grew from 53.3% to 66.2% in the period, while for rural areas the number of people with access increased by 60% to reach an access level of 56.1%.

The Gazprom Group's persistent efforts to expand the use of natural gas as vehicle fuel is important for society as a whole. Gas is much cheaper and more environmentally friendly than conventional types of fuel. At Gazprom, we are expanding our chain of gas filling stations all over Russia. Thanks to cooperation with our Company, Russian car manufacturers have significantly expanded the product range of their compressed gas vehicles.

Gazprom is working on improving the environmental indicators of conventional types of fuel. All petrol and diesel fuel types produced by the Company in the reporting period were compliant with the highest environmental standard – Euro 5.

Gazprom is also expanding its electricity business. Approximately 2.3 GWh of new generating assets built by the Gazprom Group began operating in Russia in 2014-15.

A crucial tenet of our Company's operations is the rational use of natural resources and protection of the environment. Our efforts during the reporting period allowed us to substantially decrease air emissions. Gazprom is improving its corporate environmental management system and introducing modern energy saving and cleaner technologies.

Dear stakeholders,

The adherence to principles of sustainable development is an essential part of Gazprom's strategy to strengthen our leading position on the global energy market. Our Company aims at improving its performance in all business segments and looks to the future with confidence.

Alexey Miller
Gazprom CEO

A handwritten signature in blue ink, appearing to read 'Miller', is positioned to the right of the CEO's name.

About this Report

The Gazprom Group (“Gazprom” or “the Group”) is a vertically-integrated global energy company focused on the exploration, production, transportation, storage, processing, and marketing of gas, condensate, oil and petroleum products, as well as generation and sales of electricity and heat. The Group’s parent company is PJSC Gazprom (OJSC Gazprom until 17 July 2015).

For Gazprom, the concept of sustainable development as applied to business activities across all of its segments encompasses development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Gazprom Group sees its contribution to sustainable development in meeting the needs of its shareholders, investors, partners, society at large and other stakeholders in an economically and socially sound way.

The perimeter for this Report encompasses the Gazprom Group’s companies consolidated in accordance with IFRS principles (IFRS 10 — Consolidated Financial Statements), unless otherwise stated. Please note that PJSC Gazprom Neft and Gazprom Energoholding LLC also issue their own sustainability reports. Financial indicators used in this Report have also been compiled according to the principles of the IFRS consolidated statements, unless otherwise stated.

This 2014-15 Sustainability Report is the Company’s fourth such report; it continues the Group’s tradition of publishing biennial non-financial reports.

This Report was prepared in accordance with the G4 version of the GRI Sustainability Reporting Guidelines, Core option, taking into account the views of the Gazprom Group’s stakeholders.

We identify the following key stakeholder groups:

- shareholders;
- investors;
- business partners and customers;
- employees;
- population of the country;
- government and municipal authorities of the Russian Federation;
- local communities;
- regulators of EU countries and other market participants;
- non-governmental organisations;
- the media.

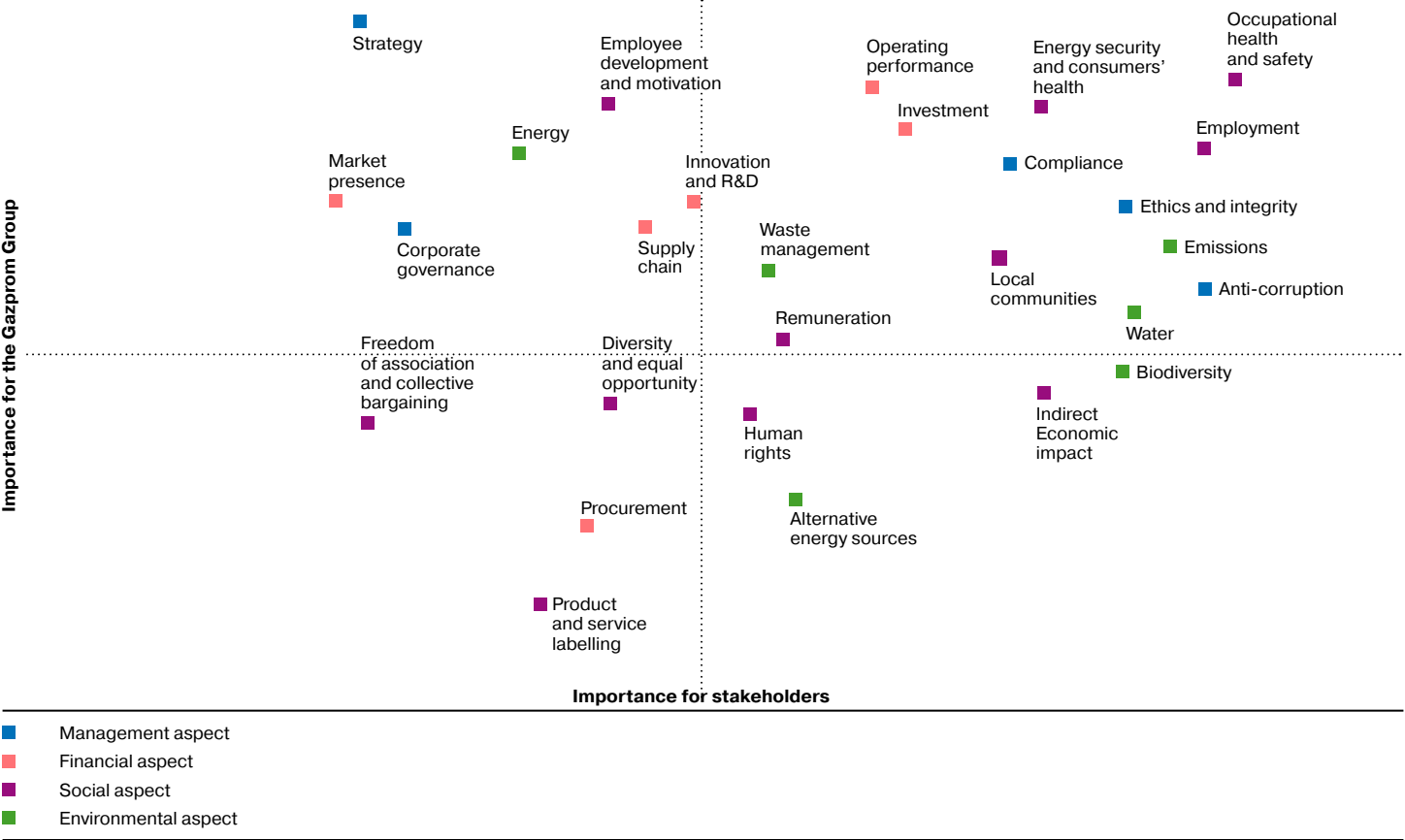
Key developments, the Group’s performance, and its growth prospects were communicated to stakeholders promptly over the reporting period. Professionals employed by Gazprom and its subsidiaries communicated with stakeholders at business meetings, conferences, round table meetings and other events, as well as electronically, to evaluate and analyse information on sustainable development.

Each of the above stakeholders has its own information disclosure needs. In this Report, Gazprom has strived to find the right balance between the reasonable expectations and interests of various stakeholder groups, as well as the financial and organisational implications of disclosing information. To that end, we have made a significant effort to identify the material aspects of our sustainable development activities.

By material aspects, Gazprom refers to any activities that influence or may influence the decisions of the stakeholders and present any risks or opportunities in the field of sustainable development. In view of this, the aspects of Gazprom’s activities were evaluated according to the two main criteria: their importance to the stakeholders and their importance to the Group.

In the course of our materiality assessment, we analysed stakeholders’ opinions, Russian and international energy companies’ reports, relevant information from public sources, industry trends, as well as internal documents of Gazprom and its subsidiaries. Based on the assessment provided, all material aspects were ranked and consolidated in the Gazprom Group Materiality Matrix for 2014-15.

Gazprom Group Materiality Matrix for Key Sustainability Aspects



Based on the materiality analysis, we have identified the following key topics that are covered in the Report.

Topics	Report Chapters
Gazprom and People <ul style="list-style-type: none"> — System of values — Investment in people — Employee motivation and support — Social protection and occupational safety — Importance for society 	<ul style="list-style-type: none"> — What are the goals and principles of human resources management at Gazprom? — Who works at Gazprom and how is the work organised? — What supports social partnership and relations between Gazprom's management and personnel? — How is human resources management organised at Gazprom? — Why is it safe to work at Gazprom? — What is Gazprom's contribution to social development?
Gazprom and the Country <ul style="list-style-type: none"> — Provision of reliable energy to consumers: gas, oil, gas condensate, petrochemicals and gas condensate products — Electricity and heat supply — Creation of conditions for sustainable development of all sectors of the Russian economy, as well as the regions of the Russian Federation — Ensuring employment and social gains for the population 	<ul style="list-style-type: none"> — What is the Gazprom Group's contribution to the economy of the Russian Federation? — What measures does Gazprom take to ensure gas supply and connect the country to the gas system? — What types of vehicle fuel does Gazprom provide to Russian customers? — What measures does Gazprom take to provide Russian customers with electricity and heat? — How does Gazprom manage innovation? — How does Gazprom save energy? — How does Gazprom interact with regions where it operates?
Gazprom and the Planet <ul style="list-style-type: none"> — Contribution to sustainability of the global energy sector — Promotion of gas as the preferred fuel of the XXI century — International cooperation — Contribution to addressing the challenges of protecting the climate — Natural resources and ecosystems 	<ul style="list-style-type: none"> — How do Gazprom's international activities promote sustainable development? — With which international organisations does Gazprom cooperate? — What does Gazprom do to protect the environment? — What is Gazprom's position with respect to climate change?

The Gazprom Group: Key Facts

What are Gazprom's key operating indicators?

What are Gazprom's mission and strategy?

How is Gazprom's Corporate Governance System structured?

How does Gazprom assess its risks?

How does Gazprom plan its business so as to promote sustainable development?

How does Gazprom organise its stakeholder engagement process?

What are Gazprom's key operating indicators?

¹ More information on the properties of natural gas is available on the Gazprom website: <http://www.gazprominfo.com/articles>

² Including shares in companies, investments in which are classified as joint operations

Gazprom is the world's largest oil and gas company in terms of natural gas reserves and production, and the main supplier of natural gas to Russian and international markets. Natural gas is one of the best fuels in terms of long-term economic, resource and environmental indicators¹.

The scale of the Gazprom Group's operations is clear from a number of key operating indicators.

Gazprom Group² key operating indicators

	2012	2013	2014	2015
Hydrocarbon reserves in Russia (A+B+C₁ categories)				
Natural gas, bscm	35,169.8	35,696.6	36,101.4	36,147.3
Gas condensate, mmt	1,386.1	1,384.4	1,447.0	1,499.5
Oil, mmt	1,992.2	2,019.0	2,053.1	2,082.0
Hydrocarbon production in Russia				
Natural and associated petroleum gas, bscm	488.0	488.4	444.9	419.5
Gas condensate, mmt	12.9	14.7	14.5	15.3
Oil, mmt	42.3	42.4	43.5	44.0
Hydrocarbon processing in Russia				
Natural and associated petroleum gas, bscm	32.5	31.5	30.5	31.2
Oil and gas condensate, mmt	61.5	66.1	68.0	66.8

	2012	2013	2014	2015
Hydrocarbon sales				
Gas sales, bscm				
Russia	265.3	243.3	234.0	221.2
Non-CIS countries	151.0	174.3	159.4	184.4
CIS countries	66.1	59.4	48.1	40.3
Total	482.4	477.0	441.5	445.9
Oil and gas condensate sales, mmt				
Russia	3.5	2.6	4.7	5.3
Non-CIS countries	14.8	9.2	9.8	9.8
CIS countries	2.5	4.2	1.2	1.9
Total	20.8	16.0	15.7	17.0
Heat and electricity production in Russia				
Electricity production, bn kWh	166.9	161.4	154.6	147.2
Heat production, mln Gcal	101.1	112.5	125.2	117.1
Gazprom Group key financial indicators				
	2012	2013	2014	2015
Capitalisation as of the year-end, RUB trillion ¹	3.41	3.28	3.08	3.22
Sales, RUB mln	4,766,495	5,249,965	5,589,811	6,073,318
Profit for the year, RUB mln	1,252,415	1,165,705	157,192	805,199
Capital expenditures, total, RUB mln	1,233,210	1,213,850	1,221,328	1,344,829
including by segments:				
Gas production	232,705	257,407	254,881	220,214
Transportation	563,825	380,547	434,433	420,874
Gas supply	47,166	36,085	23,709	25,962
Gas storage	18,247	23,524	15,530	48,486
Oil and gas condensate production	121,167	223,557	227,421	324,330
Processing	134,163	113,254	135,158	136,299
Electricity and heat production and sales	54,851	77,191	82,019	98,963
All other segments	61,086	102,285	48,177	69,701

¹ Capitalisation is disclosed for PJSC Gazprom

Key social indicators

	2012	2013	2014	2015
Headcount as of the end of the reporting period, thousand persons	431.2	459.5	459.6	462.4
Social expenses, RUB mln	31,344	35,498	46,429	32,485
Payroll expenses, RUB mln	374,838	43,214	516,778	590,981

Key environmental, health and safety performance indicators

	2012	2013	2014	2015
Current environmental expenditure, RUB mln	24,648.8	31,456.5	31,656.2	32,169.0
Air emissions, thousand tonnes	3,410.9	3,076.4	2,797.6	2,830.6
Greenhouse gas emissions, mmt of CO ₂ -equivalent	236.4	229.1	228.3	220.0
Contaminated land as of the year-end, ha	453.2	562.2	140.2	35.1
Lost-time injury frequency rate (LTIFR) ¹	0.328	0.230	0.181	0.175

¹ For companies within the scope of the Uniform Occupational Safety Management System. The indicator is calculated as follows: number of persons injured in an accident/total working hours × 1,000,000

² More details are available on the Gazprom website: <http://www.gazprom.com/investors/disclosure/reports/2015>

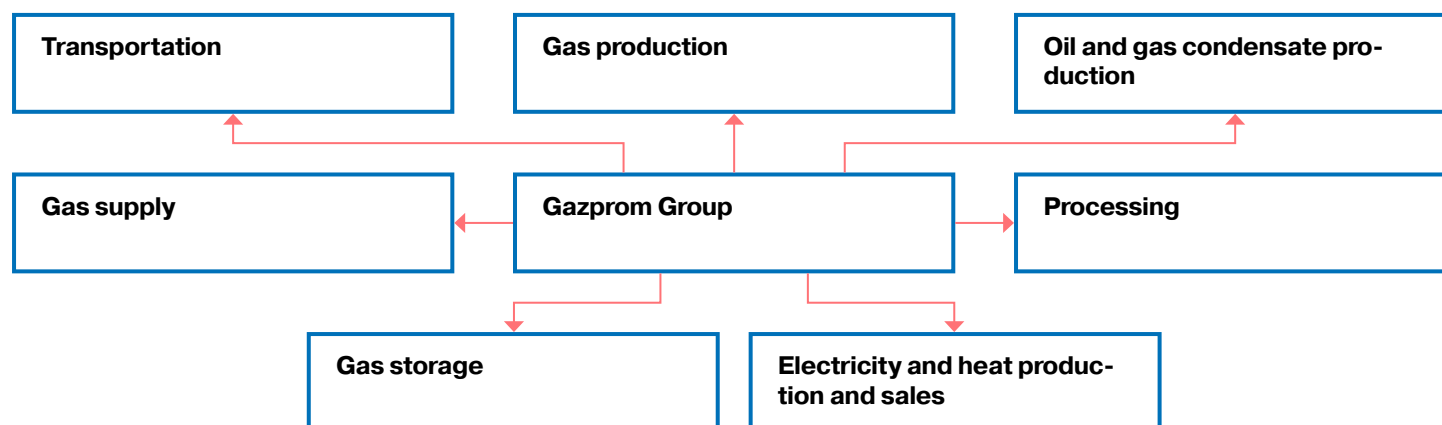
The following rates demonstrate Gazprom Group's place in global and domestic gas exploration and production:

- 17% of global gas reserves;
- 11% of global gas production;
- 72% of domestic gas supplies;
- 66% of domestic gas production.

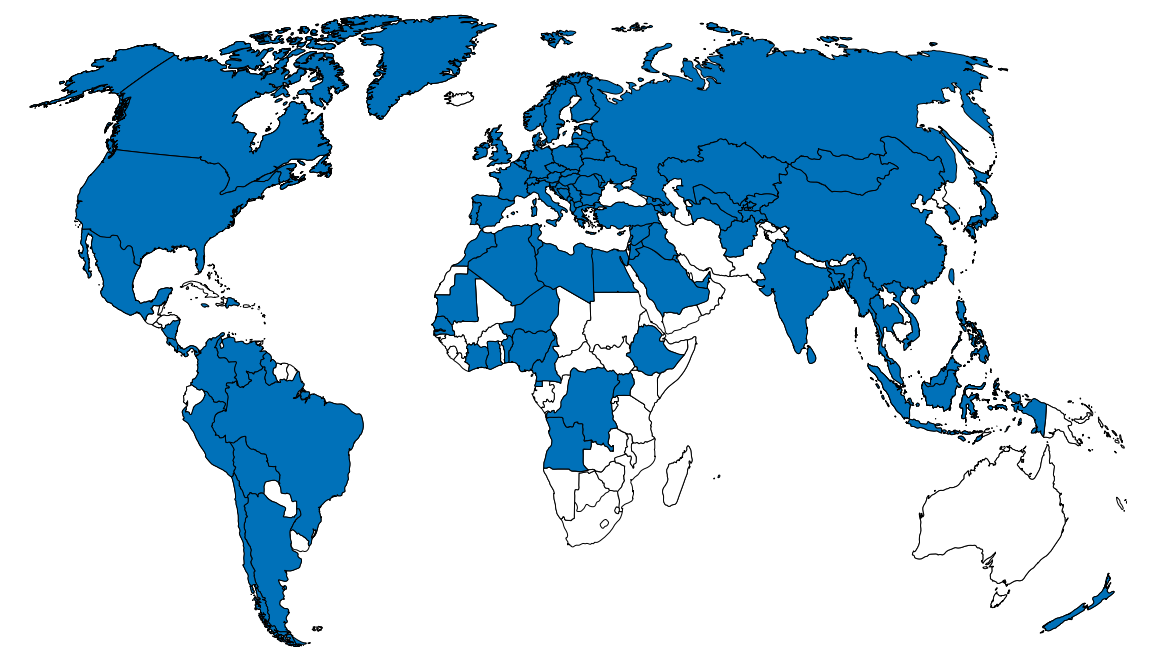
The Group's position is also strong in the other power and energy segments²:

- 18% of domestic oil refining and stable gas condensate processing;
- 14% of domestic electricity generation.

Key operations of the Gazprom Group



Geography of the Gazprom Group’s business



Geography of the Gazprom Group’s production and distribution businesses

	Production										Distribution						
	Hydrocarbon prospecting and exploration	Gas and gas condensate production	Oil production	Gas transportation	Underground gas storage	Gas distribution	Gas processing	Oil refining	Electricity and heat production	Manufacturing of oil and gas chemical products	Trunk pipeline gas sales	Sales of refined hydrocarbon products	Oil and gas condensate sales	LNG sales	Gas sales to end consumers	Electricity and heat sales	Product sales through gasoline stations, NGV-fuelling compressor stations, LHG filling stations, or multi-fuel filling stations
Russia																	
CIS countries																	
Europe																	
Africa																	
Middle East																	
Asia-Pacific																	
USA and Canada																	
Central and South America																	
Other countries																	

Gazprom Group operations encompass a vast geography. In Russia alone, our operations cover 81 out of 85 regions. At the end of 2015 the Group was involved in production and distribution in 109 countries on four different continents.

The favourable geographic location of the Group's core regions of operations and hydrocarbon reserve areas in the centre of the Eurasian continent allows Gazprom to focus on the world's two largest distribution markets: Europe and the Asia-Pacific Region (APR). Its reputation as a reliable supplier of energy resources has provided the Company with an impressive portfolio of long-term gas supply agreements with its European partners, while also supporting the expansion of the Group's presence in Asia and Latin America.

What are Gazprom's mission and strategy?

Gazprom sees its mission as providing a reliable, efficient and balanced supply of natural gas and other energy resources and their derivatives to consumers. Our strategy is to establish Gazprom as a leader among global energy companies by diversifying sales markets, maintaining reliable supplies, improving our financial performance, and utilising our R&D capabilities.

A further strategic objective is to grow our oil and electricity businesses. The Group is the largest owner of generating assets in Russia and the largest producer of heating in the world.

What are Gazprom's sustainable development priorities?

Given the scale and unique nature of the Group's business, we have identified the following priorities with respect to sustainable development:

- grow shareholder value;
- maintain rational operations to meet current and future production targets while protecting natural resources and ensuring a clean environment for future generations;
- provide financially viable and environmentally supportive energy resources to the population and industries of Russia and other countries;
- contribute to the energy security of Russia;
- ensure the reliable and safe production and transportation of raw hydrocarbons and derivatives;
- improve the performance of exploration works;
- protect the environment;
- ensure responsible business practices, including strictly observing all contractual obligations;
- meet all agreed social commitments;
- adopt responsible labour practices and continuously monitor workplace health and safety;
- contribute to social and economic development of the regions where the Company operates, through building infrastructure and running sponsorship programmes;
- contribute to the technological development of the Russian energy sector by implementing large-scale innovation programmes.

How does Gazprom implement its strategy?

Our strategic planning system is based on two documents: Energy Strategy of Russia to 2030, and the Gas Industry General Development Programme to 2030.

Gazprom's main long-term planning instrument is its strategic targets system.

Strategic targets are set taking into consideration the nature of Gazprom's operations and development prospects, as well as factors specific to the Group's operations, such as social responsibility for reliable gas supply to consumers, the unique gas transportation network, and established corporate values.

The strategic targets system consists of two levels.

The Gazprom Board of Directors sets high-level strategic targets to be reached by the end of each ten-year period.

Operating-level strategic targets add flesh to the high-level targets, and they are set separately for each of the business segments. These include detailed objectives for production and distribution, marketing, finance, organisational procedures, R&D, and HR operations.

Resolution of the Board of Directors No. 756 dated 28 September 2005 approved the following list of high-level strategic targets:

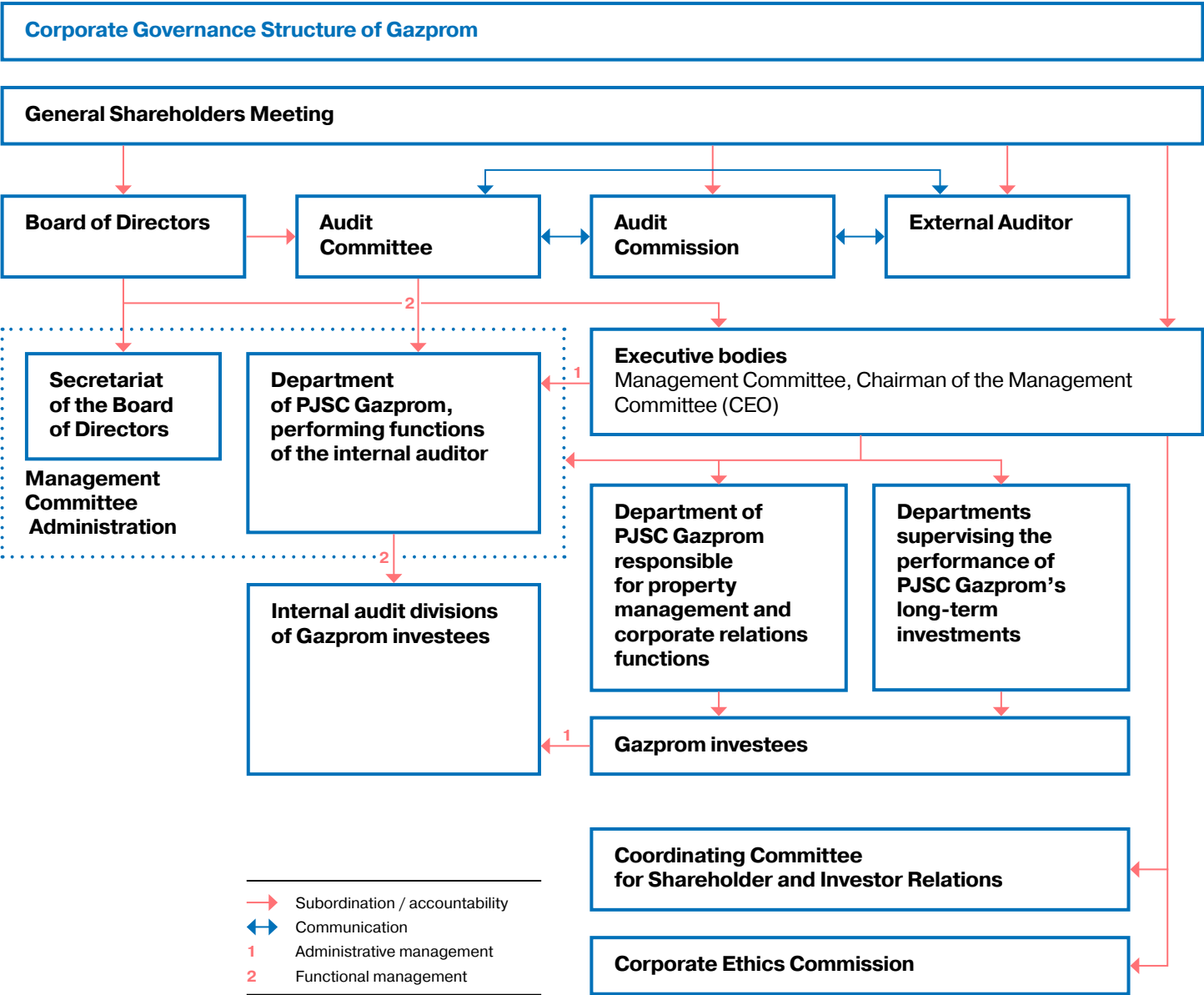
- profit growth;
- return on equity;
- equity to debt ratio;
- production volumes;
- sales;
- total reserves;
- reserve-replacement ratio.

To achieve these strategic targets, the Company develops a Long-term Development Programme that is then approved by the Board of Directors. It contains detailed operating-level strategic targets, as well as indicators used in budgeting. Based on the Long-term Development Programme, the Company sets mid- and short-term investment, financial, and operating plans (for three years and one year, respectively); it also develops a system for planning and monitoring performance indicators during the budgeted period.

How is Gazprom’s corporate governance structured?

Gazprom’s corporate governance system is designed to comply with international standards. Its transparency and regular reporting are key to ensuring a partnership with shareholders, investors and other stakeholders. The Company’s corporate governance ensures the protection of shareholder rights regardless of the market situation and conditions in which industrial and commercial projects are implemented.

The key corporate governance provisions adopted by Gazprom are based on the equal treatment of all shareholders and the protection of their rights and interests, irrespective of the number of shares they hold.



Given the importance of corporate governance to achieving operating results, the Company's corporate governance system is constantly reviewed.

Particular attention is paid to analysing and applying both Russian and international standards, as well as best practices of international industry leaders and the latest methods of employee motivation.

In November 2014, the Company carried out a comparative analysis of its existing corporate governance standards with the key provisions of the Corporate Governance Code ("the Code") approved by the Board of Directors of the Russian Central Bank on 21 March 2014. Our analysis identified that the corporate governance practices of the Company conformed with the recommendations of the Code to a considerable extent. Nevertheless, work on further improving corporate governance standards continued in 2015.

In particular, the Company took measures aimed at complying with the recommendations of the Code to ensure that it discloses information no later than seven days prior to the date that the list of persons entitled to attend the Annual General Shareholders Meeting is compiled. Relevant changes were introduced to the new edition of the Company's Charter, approved by the Annual General Shareholders Meeting on 26 June 2015.

Further, the Company approved several important corporate documents that took effect in 2015, including:

- Gazprom's Regulation on internal audit, based on the recommendations of the Code (approved by the Board of Directors on 6 November 2015);
- Gazprom's Risk Management Policy (approved by the Board of Directors on 30 October 2015);
- Regulation on the Risk Management System of the Gazprom Group (approved by the Board of Directors on 26 November 2015).

In addition, the Company worked on further improving the transparency of its operations.

For the benefit of shareholders and investors, we upgraded Gazprom's corporate website taking into account the Bank of New York Mellon recommendations and based on a benchmarking study of websites of major international corporations.

On 19 May 2015 the Board of Directors expanded the list of materials provided to shareholders at the Annual General Shareholders Meeting. This list now includes, among other items, reports on the progress of Gazprom's Long-term Development Programme and approved key performance indicators (KPIs).

We always study global best practice when creating incentive schemes for board members and key executives.

In the reporting period we continued to fine tune the incentive schemes for the Company's¹ management.

To reinforce the incentive system for the Company's senior managers, the Board of Directors approved the Regulation on Key Performance Indicators at Gazprom on 21 October 2014.

When drafting this Regulation we considered both Gazprom's existing KPIs as well as guidelines prepared by the Ministry of Economic Development of the Russian Federation and the Federal Agency for State Property Management.

The Board of Directors approved a new edition of the corporate Regulation on Remuneration of Gazprom's Board of Directors on 15 April 2015.

This edition is aligned with the best international practices and incorporates the company-wide KPIs Return on Shareholder Investments and Return on Equity when calculating compensation; it also designates a clearer compensation structure (the bonus part of remuneration for meeting KPIs is segregated into a separate segment). The ratio of the remuneration components was also changed: the basis for the calculation of bonuses was increased in order to motivate the members of the Board of Directors to further enhance Gazprom's operating performance.

Moreover, the Board of Directors approved the Regulation on Remuneration of the Members of Gazprom's Audit Commission on 9 December 2015.

The Company and its main subsidiaries have an incentive system in place for key executives, including members of Gazprom's executive bodies. It includes the annual bonus system and share-based compensation for executives. The annual bonus system is based on common principles and approaches to rewarding executives depending on their KPIs achieved.

¹ More details on the remuneration of senior executives are available in the 2015 Annual Report.

How does Gazprom assess its risks?

The Company’s management understands that business sustainability and compliance with sustainable development standards depend on the company’s ability to identify and assess risks and uncertainties in the business environment. Risk management was a key priority for senior executives in the reporting period; it was at the top of the agenda of the Board of Directors and other executive and supervisory bodies of the Company. Risk management is intended to create conditions that enable the Company to achieve its goals, as well as meet the interests of its shareholders.

Gazprom’s risk management system consists of a combination of organisational structures, local regulations, corporate culture standards, methods and procedures. These elements are aimed at creating the conditions to achieve Gazprom’s targets and support the management and staff at Gazprom’s structural divisions and subsidiaries in their decision-making in a context of uncertainty. This system covers all levels of management and operations of the Company.

The Board of Directors, the Audit Committee of the Board of Directors, the Management Committee and structural divisions and subsidiaries of the Gazprom Group all participate in the risk management system. The structural units, subsidiaries and Company employees responsible for the design, implementation and monitoring of risk management measures are the risks holders.

Subdivisions of Gazprom and its subsidiaries identify the opportunities and risks for the Company, as well as assessing, designing and implementing risk management and monitoring activities.

Key Risk Management System Principles at Gazprom Group	
Consistency	Responsibility
Compliance with targets	Uniform regulatory environment
Reasonable confidence	Assessment of results
Resource provision	Structure formation
Adaptability	Collective responsibility
Continuity	Economic feasibility

We designed and introduced the main risk management system regulations in 2015, including Gazprom’s Risk Management Policy (approved by the Board of Directors on 30 October 2015) and the Regulation on the Risk Management System of the Gazprom Group (approved by the Board of Directors on 26 November 2015).

The risk management system at Gazprom Group takes into account key sustainability risks and outlines measures to mitigate them.

More details on sustainability risks can be found in Appendix 2 (the Appendix to the *Gazprom Group: Key Facts* section). Key climate change risks are covered in the chapter entitled *How does Gazprom assess its climate change risks?*

How does Gazprom plan its business so as to promote sustainable development?

1 More information on strategic targets can be found in the *What are Gazprom's mission and strategy?* chapter

Gazprom's policies provide an overview of the Group's measures to achieving its sustainability goals.

The Company's Long-term Development Programme is the key mechanism and tool for planning operations over a long period of time.

Gazprom annually contributes to the Long-term Development Programme in accordance with the *Gazprom Planning Procedure on the Basis of Strategic Targets*¹ and by taking into account the *Guidelines for setting long-term development programmes for strategic open joint-stock companies and federal state unitary enterprises, as well as for open joint-stock companies in which the aggregate share of the Russian Federation in the charter capital exceeds fifty per cent*. The Programme has been approved by the Company's Board of Directors.

The Long-term Development Programme is a comprehensive integrated plan for the balanced and profitable growth of the Company, the achievement of strategic targets and the maximisation of economic gains throughout the Group taking into account analysis of the risks and opportunities.

The key targets of the Programme are as follows:

- identify promising growth areas for Gazprom, taking into consideration trends in both global and Russian energy markets, as well as analysis of the competitive environment;
- draw up growth options and a list of priority projects;
- carry out a financial evaluation of the Company's development options;
- carry out a qualitative and quantitative assessment of strategic risks;
- develop a set of recommendations and measures aimed at achieving the Company's strategic goals and sustainable development targets.

Gazprom carefully designs and implements large-scale and unique projects for the production, transportation and processing of natural gas. It develops and implements new technologies, and raises the efficiency and security of existing industrial facilities. This is carried out as part of the Company's mission to support sustainability principles, as well as to ensure the reliable and uninterrupted supply of gas, electricity, and heat to consumers.

The Gazprom Group's commitment to sustainable development is reflected in its other strategic documents, including agenda for the Company's governance and supervision bodies, as well as in its approach to the design of specific processes, projects and other activities.

As the Group designs further measures to explore for and extract gas in Russia in the coming years while maintaining existing fields, it will continue to build new gas production centres on the Yamal Peninsula, the continental shelf, in Eastern Siberia and the Russian Far East. This will include developing the Bovanenkovo, Prirazlomnoye, Kirinskoye and South Kirinskoye fields, as well as establishing gas production centres at Yakutsk and Irkutsk.

Developments in gas transportation will comprise both growing production volumes and diversifying gas export routes, as well as further expansion and upgrades of the Unified Gas Supply System (UGSS). We will continue to build our gas transportation network (GTN) in the east of the country and construct gas storage and liquefied natural gas (LNG) production facilities. We will continue to construct the Bovanenkovo – Ukhta and Ukhta – Torzhok trunk gas pipeline systems, which are designed to transport gas from the Yamal Peninsula, as well as the Power of Siberia gas pipeline. This is in addition to implementing the Baltic LNG project and constructing the third production line of the Sakhalin-2 project.

The Group's initiatives in the gas processing and gas chemicals segments are aimed at growing the recovery rate of valuable components from natural gas and associated petroleum gas (APG), and their efficient use for further processing into a liquid product with high added value. We plan to upgrade the existing gas processing and gas chemical facilities, as well as to build new ones in both Eastern Siberia and the Russian Far East. We continue to construct both the Amur gas processing plant (GPP) and a pentane-hexane fraction isomerisation unit at the Surgut condensate stabilisation plant, while upgrading our vehicle fuel production facilities at the Astrakhan gas processing plant.

Day-to-day management of sustainability issues is the responsibility of a special department at Gazprom, whereas concrete measures are taken by the heads of the Group's subsidiaries if they need to resolve any problems in this area. The Group's companies are entitled to design their own sustainability regulations and programmes in line with the general principles of the Gazprom Group, incorporating issues relevant to their specific local business environment.

Responsibility for implementing sustainability principles is mostly assigned to the subsidiaries and affiliates of the Group. These locally manage operations and communicate directly with the stakeholders.

How does Gazprom organise its stakeholder engagement process?

The Group demonstrates its commitment to sustainable development through its public and open dialogue with all stakeholders. The Gazprom Group believes that contributing to sustainable development means fully meeting the needs of its shareholders, investors, partners, as well as society as a whole and other stakeholders, in an economically and socially sound way.

To strengthen sustainable development outcomes, the Group’s companies regularly hold public events (consultations, negotiations, round tables, conferences, and exhibitions) where stakeholders discuss a wide range of issues, including technological, economic, environmental and social aspects. This allows us to understand in detail the opinions of stakeholders on the effectiveness of business operations and to mitigate operational risks by means of identifying stakeholders’ concerns in the course of the dialogue. Our annual Investor Day (see the section entitled *Gazprom and the Planet*) and the Energy Forum in St. Petersburg which we organise are vivid examples of such public events.

Principles for Communication with Stakeholders	
Materiality	Gazprom engages with all stakeholders who have a material influence on the Gazprom Group or who are materially impacted by its activities.
Inclusiveness	Gazprom considers the opinions of all significant stakeholders and takes their interests into consideration when conducting its business.
Responsiveness	Gazprom has built a system for responding to any significant questions raised by its stakeholders.

During the reporting period, the Gazprom Group engaged with all categories of its stakeholders. The Group’s subsidiaries used various communication channels to maintain a dialogue with stakeholders, depending on the circumstances of their region and industry, as well as on their specific operations. The procedure for handling inquiries from external stakeholders is one of the permanent communication mechanisms. We register and monitor officially received complaints and appeals in the corporate document flow system, which is used to manage the Company’s operations. We have set up hotlines at several subsidiaries in order to ensure direct communication with the population. We even record and process anonymous calls.

Sustainability Management System at the Gazprom Group

Stakeholder group	Corporate unit/body responsible for engagement	Engagement mechanisms
Shareholders and investors	<ul style="list-style-type: none"> — Coordinating Committee for Shareholder and Investor Relations — Shareholder Relations Department — Investor Relations Department 	<ul style="list-style-type: none"> — Implementation of the Shareholder and Investor Relations Plan — Meetings and teleconferences — Information disclosure — Responses to inquiries
Business partners	<ul style="list-style-type: none"> — Relevant units of PJSC Gazprom — Relevant units of subsidiaries and dependent companies ("SDCs") 	<ul style="list-style-type: none"> — Contractual relations — Cooperation agreements — Conferences — Summits — Industry associations
Employees	<ul style="list-style-type: none"> — Human Resources Department 	<ul style="list-style-type: none"> — Internal communications system — Feedback — Meetings between senior executives and other employees — Employee satisfaction surveys
Government and municipal authorities of the Russian Federation	<ul style="list-style-type: none"> — Regional Policy Commission — Government Relations Department 	<ul style="list-style-type: none"> — Contribution to draft regulations — Agreements with governments of the Russian regions — Presentations on Gazprom Group's activities to heads of government bodies — Cooperation under business contracts, agreements and partnership memoranda

Examples of engagement

- General Shareholders Meeting;
 - Gazprom's Investor Day (in London and New York in 2014, in Hong Kong and Singapore in 2015);
 - Quarterly teleconferences to discuss the Group's IFRS consolidated financial statements;
 - Annual press conferences featuring senior executives on the eve of the General Shareholders Meeting;
 - Conference calls and direct meetings between investors and Gazprom senior executives and other officers;
 - A quarterly publication entitled *Management Analysis of the Financial Standing and Operations of the Company* – Appendices to the Group's IFRS financial statements;
 - Publication of reference books such as: *Gazprom in Figures*, *The Analyst Data Book* (Gazprom Neft), *Gazprom Neft Statistics*, and *Gazprom Energoholding in Questions and Answers*;
 - On-site meetings between management, analysts and investors at the Group's key production facilities;
 - Regular participation by management and other officers of Gazprom, Gazprom Neft and Gazprom Energoholding at investment conferences;
 - Open access to corporate periodicals, including *Gazprom Magazine* and the *BLUE FUEL* corporate newsletter published by Gazprom Export;
 - Providing information about the Group to shareholders and investors in Annual Reports;
 - Disclosure of financial information via: IFRS and RAS statements, Quarterly Reports of the Issuer, and Material Facts;
-
- The Russian & CIS Oil & Gas Executive Summit (February 2015);
 - Summit of the Heads of State and Government of Countries of the Gas Exporting Forum (November 2015);
 - St. Petersburg International Economic Forum (June 2015);
 - St. Petersburg International Gas Forum (October 2015);
 - The 26th World Gas Conference (2015, Paris);
 - Annual General Meetings of the International Business Congress and its operating committee meetings (2014-15);
 - The 12th RAO/CIS Offshore International Conference and Exhibition (September 2015);
 - Meetings with top universities and high schools that are special partners of Gazprom (a meeting at the St. Petersburg State University of Economics on 27 November 2015).
-
- Drafting and approval of the General Collective Agreement of Gazprom and its Subsidiaries for 2016-18;
 - Workshop meetings for representatives of personnel management departments at Gazprom's subsidiaries;
 - Hotline on combatting fraud, corruption and theft in the Gazprom Group;
 - Regular meetings between personnel representatives and management to discuss relations between Gazprom and its employees;
 - Entertainment and sports activities of the Group (Gazprom fraternity contests, annual team-building trips, Torch corporate festival);
 - Round table events: in Orenburg and Muravlenko (in 2014), in Tomsk and Noyabrsk (in 2015) (Gazprom Neft).
-
- The Moscow International Energy Forum on the Russian Fuel and Energy Complex in the XXI Century (April 2014, 2015);
 - The XII International Gas of Russia Forum (December 2014) and the XIII International Gas of Russia Forum (December 2015);
 - Parliamentary hearings of the State Duma Committee on Land Relations and Construction concerning the draft Federal Law "On Amendments to the Land Code of the Russian Federation to improve the procedure for allocating state or municipally-owned land plots" (April 2014);
 - Parliamentary hearings of the State Duma Committee on Regional Policy and the North and Far East regarding the state programme of the Russian Federation on social and economic development of the Far East and the Baikal region (June 2014);
 - Parliamentary hearings of the State Duma Committee on Land Relations and Construction concerning the challenges of dividing land into categories and the transition to land zoning (May 2015);
 - Participation in a round table on improving legislation for developing hydrocarbon resources on the continental shelf of the Russian Federation of the Energy Committee of the State Duma with the participation of federal and municipal officials (Yuzhno-Sakhalinsk, April 2015).
-

Stakeholder group	Corporate unit/body responsible for engagement	Engagement mechanisms
Government and municipal authorities of the Russian Federation (continued)		
Local communities	<ul style="list-style-type: none"> — Environmental departments of SDCs — PR departments of SDCs — Regional Policy Commission 	<ul style="list-style-type: none"> — Open public hearings — Information centres — Information disclosure — Charity and sponsorship projects — Educational environmental events — Surveys within the Group and in the regions of its presence
Regulators of the EU countries and other market participants	<ul style="list-style-type: none"> — International Business Department — Prospective Development Department 	<ul style="list-style-type: none"> — International energy conferences and participation in the work of international organisations — Participation in the development of roadmaps — Preparation of regulatory documents on the energy sector
Non-governmental agencies	<ul style="list-style-type: none"> — Environmental department of SDCs — PR departments of SDCs — Social services and units 	<ul style="list-style-type: none"> — Joint programmes and research projects — Open public hearings — Information disclosure — Membership of public and expert associations
Mass media	<ul style="list-style-type: none"> — Information and Communications Department 	<ul style="list-style-type: none"> — Press conferences — Press tours, visits to Gazprom's industrial sites — Senior executive meetings with the media — Press releases

Examples of engagement

- Participation in the round table of the State Duma on Resources of the Russian continental shelf: technological challenges, problems of investment, and import substitution. The role of hard-to-recover hydrocarbons in the oil and gas production system against a background of sectorial sanctions (May 2015);
 - Participation in the round table of the State Duma on Legislative support for hydrocarbon production, including in the Russian section of the bottom of the Caspian Sea (Astrakhan, May 2015);
 - Participation in the round table of the Federal Council on marine spatial planning as a strategic tool for developing the Russian Arctic and its continental shelf (September 2015);
 - Participation in the discussion of draft regulations on the use of natural gas as vehicle fuel, development of gas production on the continental shelf of Russia, improvement of tax, land, natural resource and environmental legislation, and other issues;
 - Cooperation agreements with 81 regions of the Russian Federation;
 - Conclusion of 67 contracts to improve access to gas in the regions;
 - Agreements on expanding the use of natural gas as vehicle fuel in 45 constituent territories of the Russian Federation;
 - Round table events in Orenburg and Muravlenko (in 2014), in Tomsk and Noyabrsk (in 2015) (Gazprom Neft).
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- Information centres based at libraries located along the Transsakhlin pipeline route (Sakhalin Energy);
 - Public hearings into environmental impact;
 - Implementation of the Rodnye Goroda (“Home Towns”) social investment programme (Gazprom Neft);
 - Organisation of public hearings and consultations, charity and volunteer activities (annual support for orchestras and the Moscow Synodal Choir, running the Football for Friendship project – an annual Gazprom event for vulnerable children; assistance for children’s and youth sports schools and clubs);
 - Round table events in Orenburg and Muravlenko (in 2014), in Tomsk and Noyabrsk (in 2015) (Gazprom Neft);
 - Cooperation with the indigenous peoples of the North.
-
- Negotiations on the continuous supply and secure transportation of natural gas, and the construction and supervision of trans-border energy infrastructure facilities;
 - Participation in the Energy Dialogue: Russia – the European Union. Gas Aspects international conference (May 2014);
 - Annual General Meetings of the International Business Congress and its operating committees (2014-15);
 - The 8th Annual European Gas Conference (January 2015).
-
- Participation in the Carbon Disclosure Project (CDP) initiative — an international community of investors engaged in disclosing information on greenhouse gas emissions and risks associated with climate change;
 - Bilateral cooperation on a wide range of issues, including support for vulnerable groups, the construction and expansion of sports facilities, social and economic infrastructure, support for local culture and renewal of cultural heritage.
-
- Official press releases — 246 (in 2014) and 259 (in 2015);
 - Press conferences and briefings — 10 (in 2014) and 9 (in 2015);
 - Interviews with Gazprom senior executives — 35 (in 2014) and 47 (in 2015);
 - Press tours to Gazprom’s traditional gas-producing regions and gas transportation facilities — 20 (in 2014) and 8 (in 2015);
 - Comments and responses to journalists’ questions – over 1,500 annually in 2014-15.
-

Sustainability Management System in the Gazprom Group

Gazprom's Board of Directors

- Reviews and records information on sustainability issues (introduction of energy conservation solutions, improvements to regional customers' access to gas supply, etc.)
- Approves high-level corporate documents with respect to various sustainability aspects (e.g., environmental policy)

Gazprom's Management Committee

Overall sustainability management

Relevant departments and directorates

Day-to-day sustainability management to the extent of their functional responsibility (Personnel Management Department, Energy Conservation and Environmental Directorate)

Coordinating Committee for Environmental Protection and Energy Efficiency

Ensures an integrated approach and coordination of environmental protection and energy efficiency activities of corporate departments and SDCs

SDCs of the Gazprom Group

- Develop local corporate regulations with respect to individual sustainability aspects
- Implement local initiatives and programmes

The system of internal controls, prevention of corruption, independent audit and corporate ethics is charged with resolving any serious relationship issues between senior executives of the Group companies and their staff.

Independent audit

To promote openness and transparency, the Company initiated and carried out an independent audit of the corporate governance procedures in those subsidiaries that have free floating shares traded on an organised securities market and/or have issued or are planning to issue publicly traded bonds or other securities. Following the audit, the subsidiaries drafted and implemented action plans to improve their corporate governance. In February 2014, the Board of Directors reviewed and resolved to revise Gazprom's Corporate Governance (Behaviour) Code.

Prevention of corruption

Gazprom does not tolerate any form of corruption: measures to prevent corruption are undertaken in all of the Group's operations and business processes.

Gazprom's Corporate Protection Service and the corporate security divisions at its subsidiaries work in accordance with Russian legislation and the Company's regulations to prevent and detect any elements of corruption in the Gazprom Group. Gazprom has developed and adopted preventive measures to combat corruption, including:

- the establishment of business units responsible for prevention of corruption and other offences;
- cooperation with law enforcement bodies;
- the design and implementation of procedures aimed at ensuring an honest approach to work in the company;
- the prevention or resolution of conflicts of interest;
- the prevention of false reporting or use of forged documents.

Since 2014, there has been a corporate hotline to combat fraud, corruption and embezzlement within the

Gazprom Group. Gazprom's Headquarters, as well as the Group's buildings and other facilities, are equipped with special mailboxes so that any potential elements of corruption can be reported in a prompt manner.

The Internal Control System and corporate ethics

Gazprom's Internal Control System is an important tool for protecting the interests of its shareholders and investors. It consists of a set of bodies and methods of internal control, norms of behaviour and actions for employees in order to achieve corporate goals.

Bodies responsible for internal control include the Board of Directors, the Audit Committee of the Board of Directors, the Audit Commission, the executive bodies (the Management Committee and the CEO), heads of structural divisions and other employees who are in charge of internal control to the extent of their functional responsibilities:

- the Board of Directors and the executive bodies are responsible for maintaining a proper control environment in the Company and implementing the internal control culture;
- the Board of Directors and the Audit Committee are responsible for implementing the corporate Internal Control Policy;
- the Audit Commission operates in accordance with the scope defined in Gazprom's Articles of Association;
- the CEO is responsible for the reach and performance of the internal control system by approving local regulations and procedures for implementing internal control by-laws at the Company's business units in the areas of their operations;
- heads and employees of relevant structural divisions are responsible for designing, documenting, launching, implementing, monitoring and improving internal control procedures.

The Company's internal control system is a mechanism to supervise the use of powers and authority granted to Gazprom officials. Control ensures the accountability of the CEO (the sole executive body) and the Management Committee (the collective executive body) to the Company's Board of Directors and General Shareholders Meeting.

Control over the authority granted to officials is carried out in accordance with the Regulations On Key Performance Indicators at Gazprom, the Provision On the Annual Bonus System for Gazprom's Executives, and the Guidelines for incorporating individual goals into Gazprom's annual bonus system. These documents include the following mandatory individual goals:

- ensuring a strong performance of duties subject to internal control by the CEO and the Administration of the Management Committee;
- ensuring the achievement of the target indicators set under Gazprom's Innovative Development Programme;
- ensuring the achievement of the target indicators set for the procurement of goods, works and services from small and medium-sized enterprises (SMEs), including the purchase of innovative goods (works and services), R&D, and experimental design and technology work.

Gazprom created the Corporate Ethics Commission, composed of representatives of various Company departments, to prevent, eliminate or to minimise conflicts of interest and their consequences.

The Corporate Ethics Commission arranged for Company executives to sign a commitment to comply with the Code of Conduct in 2014-15. Further, it carried out work to implement the Code's sections related to relatives working together and relations with competitors and counterparties, as well as provisions on how the Commission should review conflicts of interest involving the CEOs of Gazprom's subsidiaries.

Gazprom has adopted a Code of Corporate Ethics, developed according to corporate governance standards and Russian and international best practices. The Board of Directors of the Company approved the updated Code of Corporate Ethics in February 2014.

Amendments to the Code of Corporate Ethics were made to specify certain provisions that were needed due to the introduction of business ethics principles at PJSC Gazprom and its SDCs.

1. Gazprom and People

1.1. What are the goals and principles of human resources management at Gazprom?

1.2. Who works at Gazprom and how is the work organised?

1.3. What supports social partnership and relations between Gazprom's management and personnel?

1.4. How is human resources management organised at Gazprom?

1.5. Why is it safe to work at Gazprom?

1.6. What is Gazprom's contribution to social development?





The Gazprom Group works hard to provide energy, electricity and heat to people. This is the mission of its gas, oil and electricity businesses

Human development is the Gazprom Group’s focus in terms of personnel management and engagement with its stakeholders. Investment in human capital aims to motivate and support staff, while providing social security and a safe working environment. The Company’s management believes that ensuring stability for its employees, customers and consumers is one of the main principles behind sustainable development initiatives.

One of the most important factors driving the successful growth and significant competitive advantages of the Gazprom Group is the high level of professionalism and extensive professional experience of its employees.

The main objective of Gazprom’s HR policy is the retention and periodic renewal of the established team of highly-qualified professionals capable of promptly addressing both every-day and strategic tasks. To achieve this goal, it is especially important to support the professional development of the employees; thus, considerable attention is paid to staff training and transferring new knowledge and technologies to the employees. To this end, we have developed and implemented a system of continuous professional education for our staff.

Gazprom appreciates and respects its employees and expects a high level of commitment, creativity and contribution to the ongoing growth of the Company from them. Attention to employees’ needs and respect for the work of each employee helps us to foster a high level of personnel loyalty and commitment to achieving the best results.

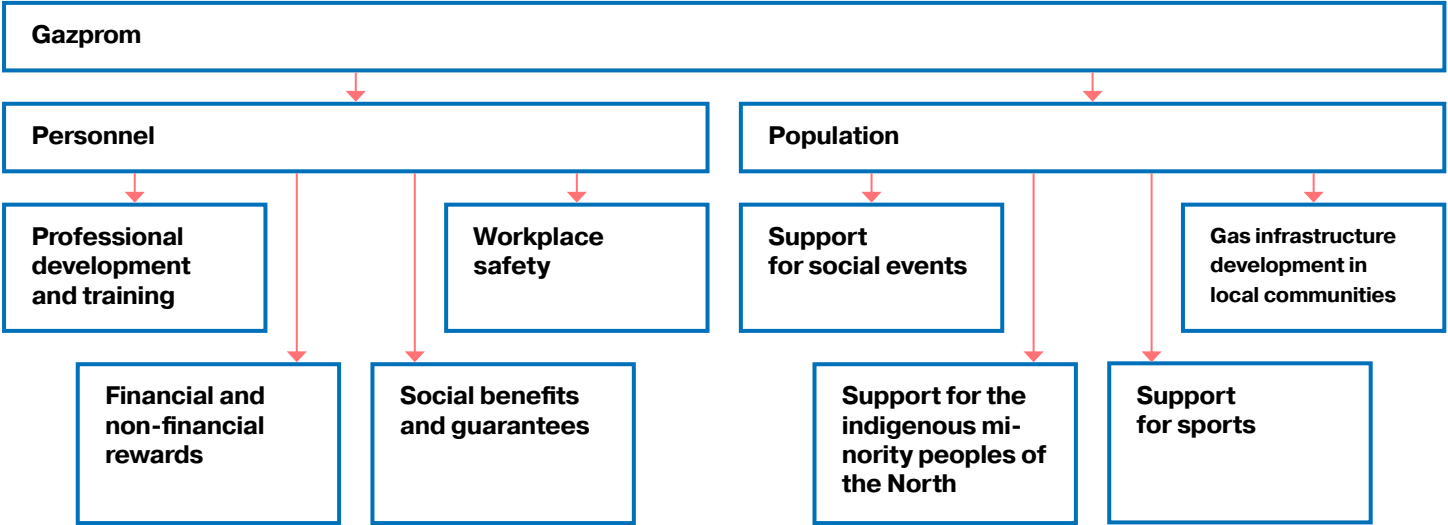
Gazprom pays significant attention to creating the best possible conditions for mentoring young professionals, developing their workplace skills and organisational talent, and driving their professional growth and innovation initiatives.

Occupational health and safety are of paramount importance to Gazprom. The Group constantly works on reducing the number of accidents and mitigating the detrimental effects of production on employees’ health.

Gazprom is concerned not only about its own employees, but also about contributing to the creation of decent living conditions for the population in regions where it operates, supplying clean fuel to every home by developing infrastructure projects, establishing job centres, participating in social programmes, and preserving the culture of the indigenous minority peoples of the North.

Gazprom grants significant organisational and financial resources to healthcare programmes. Priority is accorded to promoting a healthy lifestyle, developing a physical fitness culture, and sports activities. For the younger generation, we create conditions for physical self-improvement, and as well as health and wellness initiatives.

In addition, Gazprom implements cultural and spiritual development projects, providing support to museums, theatres, and other social infrastructure. Our goal is to maintain and strengthen national cultural and moral values.



1.1. What are the goals and principles of human resources management at Gazprom?

The main goal of human resources management is to ensure maximum return on investment in personnel development, based on:

- the maintenance of our “preferred employer” reputation;
- the motivation of each employee to achieve Group objectives through a combination of incentives;
- the design and development of a fair and efficient system for evaluating the individual contribution of each employee.

Human resources management at the Gazprom Group aims at building a professional and motivated team that is capable of solving both current and long-term goals in an efficient manner. This team is one of the Group's clear competitive advantages.

The principles of Gazprom's HR policy include:

- maximum flexibility in personnel management;
- continuous improvement of HR management practices;
- the ability to adapt quickly and effectively to changing social, political, and external economic factors;
- staff professionalism;
- high performance in HR management;
- continuity in HR management planning;
- continuity and transparency of HR management.

Application of the principles set forth in Gazprom's Human Resources Management Policy contributes to the successful growth of the Company and to the achievement of its strategic goals. The key objectives of Gazprom's HR management for 2014-15 were as follows:

- improving the remuneration system for employees;
- improving the efficiency of the organisational structures of the Gazprom Group;
- staffing planning;
- development of a system of professional standards;
- development of young professionals.

The Company has approved the following set of documents on HR management:

- Gazprom's Human Resources Management Policy;
- Comprehensive Programme of HR Management Performance Improvement at Gazprom and its Subsidiaries for 2016-20;
- Salary Management Policy for Gazprom's Employees;
- General Collective Agreement.

Gazprom supports international labour standards regulating the issues of salary, working hours and working conditions, labour compensation, social security, paid leave, and occupational health and safety.

Our management regularly communicates the Group's vision, strategy, and key short and long-term goals to the employees, so that each of them understands the Gazprom Group's development potential, and demands and expectations towards employees' performance.

1.2. Who works at Gazprom and how is the work organised?

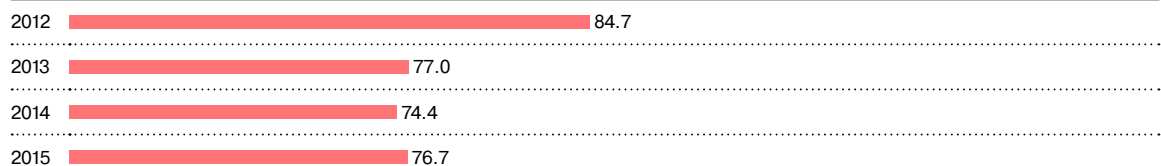
The Gazprom Group is one of the largest employers in Russia. As of 31 December 2015, its headcount exceeded 462 thousand persons, including Group companies registered abroad.

Gazprom Group headcount in 2012-15, thousand persons

Subsidiaries performing core operations



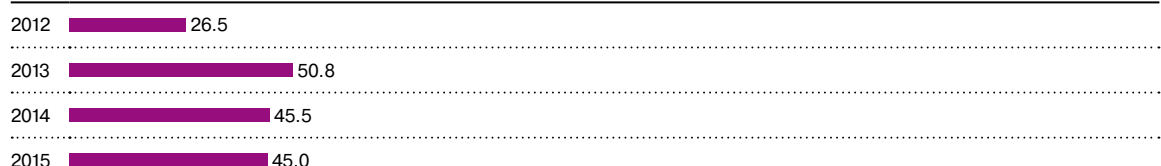
Other subsidiaries



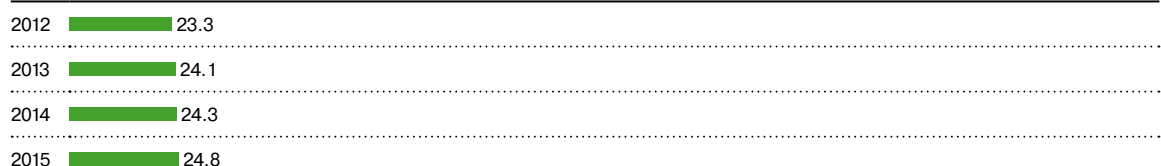
Gazprom Neft Group



Gazprom Energoholding



Gazprom, including subsidiaries and representative offices



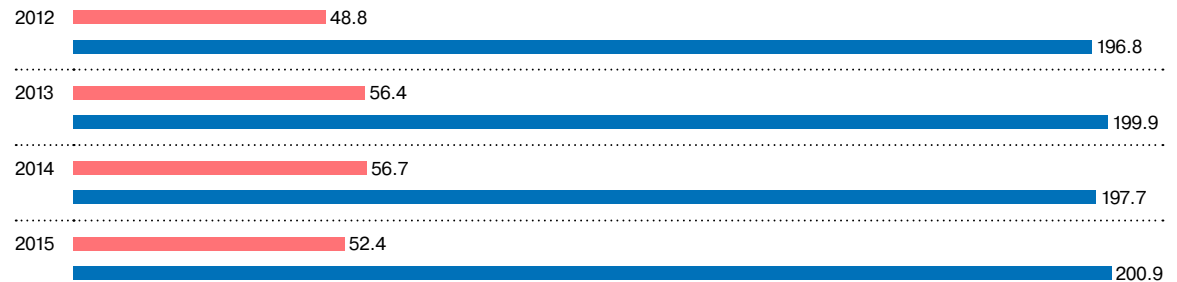
Gazprom Neftekhim Salavat and its subsidiaries



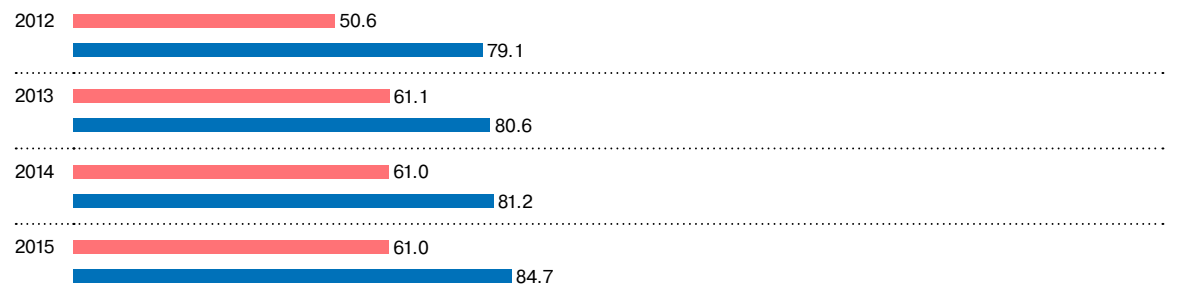
The Group's headcount has been steadily growing, and male employees make up the majority due to certain operations requiring strenuous activity at some of Gazprom's units.

Gazprom Group headcount broken down by categories and gender in 2012-15, thousand persons

Blue collar workers 54.8 %



Professionals and other employees 31.5 %



Managers 13.7 %



Female
Male

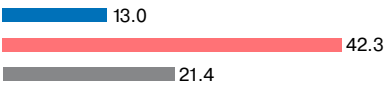
Gazprom aims to create a unique team of like-minded professionals, a team in which the experience of the older generation is combined with the energy and enthusiasm of younger people, where everyone can develop and fully use their skills and abilities, contributing to the successful implementation of the Group's set goals.

Gazprom Group headcount broken down by age in 2015, thousand persons

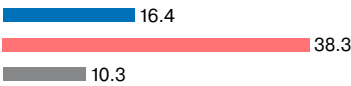
Subsidiaries performing core operations



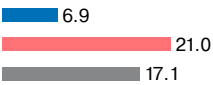
Other subsidiaries



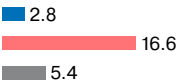
Gazprom Neft Group



Gazprom Energoholding



Gazprom, including subsidiaries and representative offices



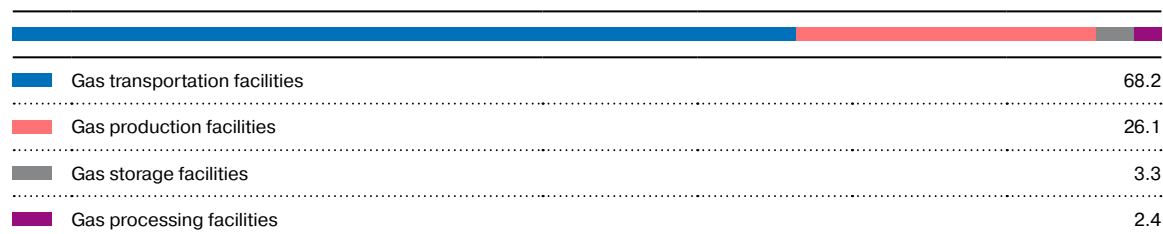
Gazprom Neftekhim Salavat and its subsidiaries



- Under 30 years
- From 30 to 50 years
- 50 years and older

Employees aged from 30 to 50 years make up 57% (the majority) of the Gazprom Group's total. Employees under 30 years account for 18%.

Staff distribution in the gas segment broken down by type of operation (at subsidiaries performing core operations) in 2015, %

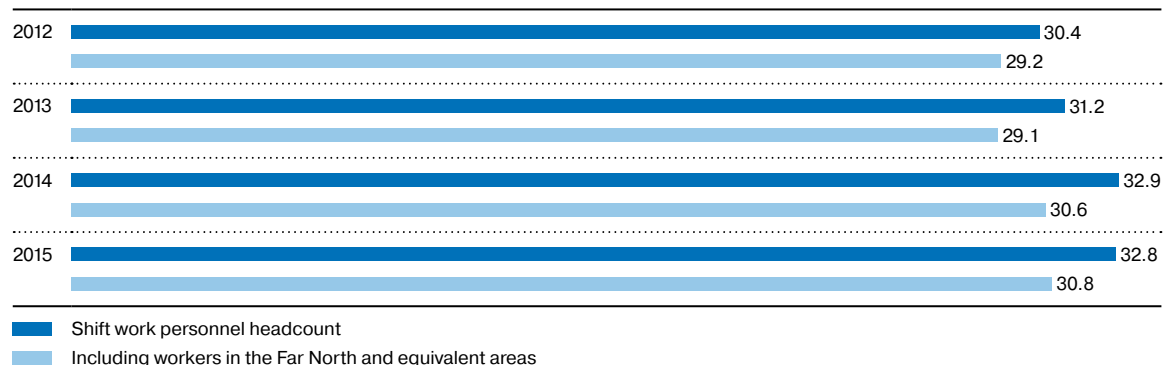


Almost all of the Group's personnel work full time; the shares of part-time or seasonal employees are insignificant. As of the end of 2015, the number of part-time staff stood at 2.9 thousand persons.

The majority of workers have permanent employment contracts. Fixed-term employment contracts are only signed for the temporary replacement of key employees during maternity leave.

A shift work method is used at Gazprom's sites located in remote areas or those with harsh climatic conditions. We provide special conditions in terms of remuneration and social security for shift workers, and we make strong efforts to organise a comfortable life and leisure for them.

Gazprom Group shift work personnel headcount and structure in 2012-15, thousand persons



As of the end of 2015, the shift work method was utilised at 33 of the Group's companies. The number of shift work personnel amounted to 32.8 thousand persons, 94% of whom worked at facilities located in the Far North and equivalent areas.

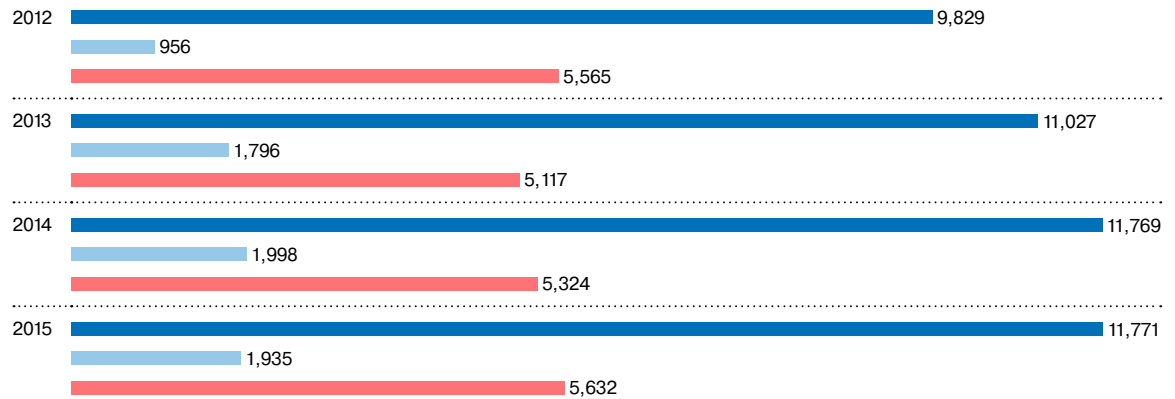
Blue collar workers traditionally make up the majority of shift personnel. We apply two types of shift work: inter-regional (53.1% of the total number of shift workers) and intra-regional (46.9%).

Intra-regional shifts involve short distances and short periods of time (one to two weeks), and regular transport and communication between the base settlements and shift camps.

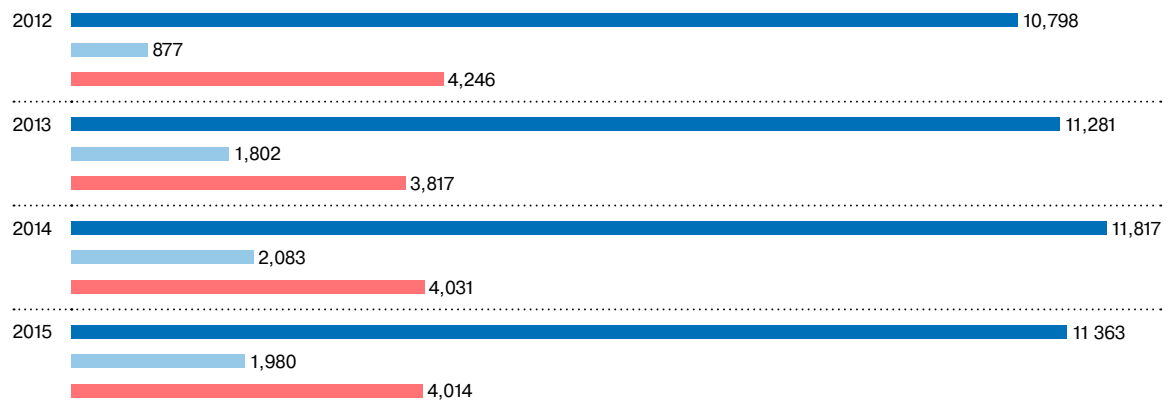
Inter-regional shift workers commute over considerable distances (sometimes up to several thousand kilometres), crossing territories with different climatic conditions and time zones. The duration of such shifts can be up to one month.

Gazprom Group shift work personnel structure broken down by categories and shift regime in 2012-15, persons

Inter-regional shifts



Intra-regional shifts



■ Blue collar workers
■ of these, drivers
■ Professionals

The Group's employment rates are relatively stable. Employee turnover at the Gazprom Group amounted to only 3.9% in 2015.

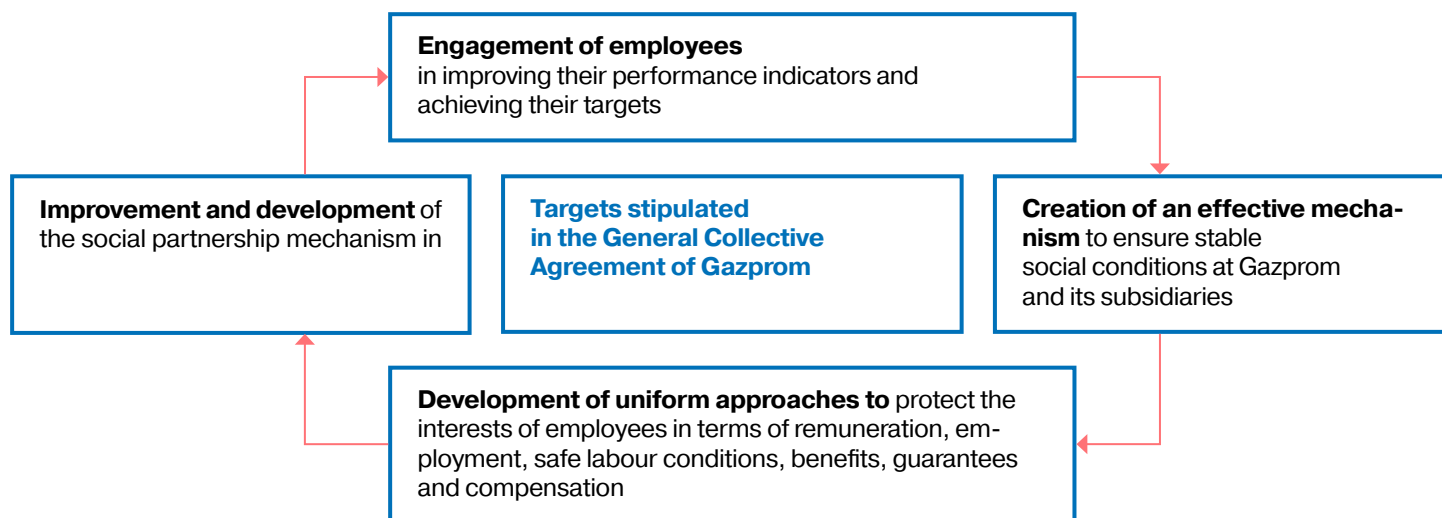
1.3. What supports social partnership and relations between Gazprom's management and personnel?

Social partnership is the basic mechanism for implementing Gazprom's social policy. It implies a constructive dialogue between employees and employers to regulate social and working relations within the framework of labour legislation.

Social partnership helps to achieve the following objectives:

- to form stable teams;
- to motivate employees to perform well over the long-term;
- to maintain our position as an attractive employer;
- to reduce the risk of significant labour disputes.

The legal framework regulating social and labour relations in the Company consists of the labour legislation of the Russian Federation, the Industry Agreement for oil and gas companies and companies constructing oil and gas facilities for 2014-16, the Rates Agreement for the electricity industry of the Russian Federation for 2013-15 (extended to 2016-18), the General Collective Agreement of Gazprom and its subsidiaries for 2013-15 (extended to 2016-18), and collective agreements and other local regulations of Gazprom subsidiary companies and organisations.



The interests of the Company's employees are represented by the Interregional Trade Union of Gazprom (ITU Gazprom), a member of the All-Russian Trade Union of Employees in Oil, Gas and Construction Industries. As of the end of 2015, the structure of ITU Gazprom included 71 trade union entities. The number of trade union members amounted to 347 thousand persons.

The fulfilment of social obligations is monitored by the members of social partnerships in the form of reports and conferences.

Due to the successful implementation of social partnership principles, the Gazprom Group does not experience any conflicts between the employees and management of Gazprom subsidiaries leading to strikes, suspension of work, or labour disputes.

1.4. How is human resources management organised at Gazprom?

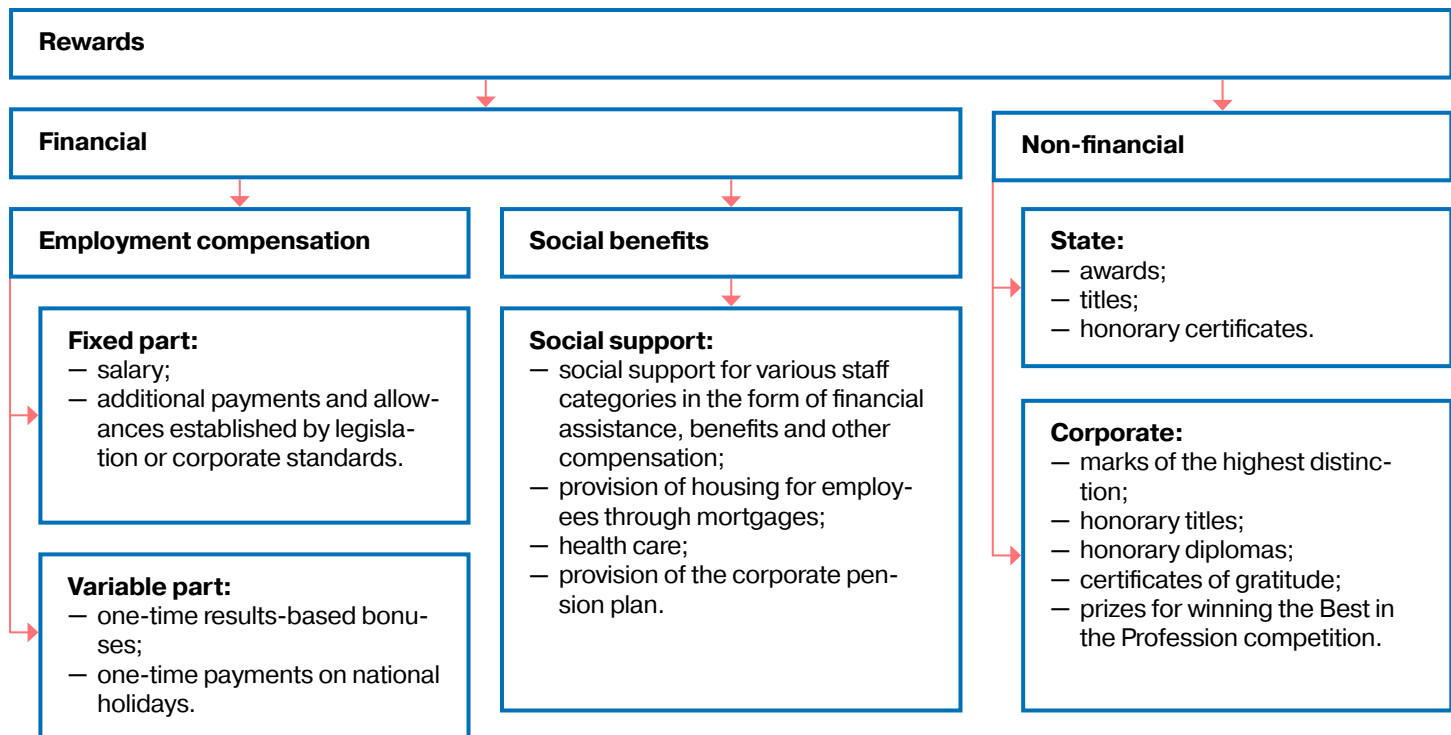
HR management policy includes the following main areas:

- staff training and development;
- attraction, selection and mentoring of young professionals;
- staff motivation and social benefits;
- corporate communications.

For many years, the Gazprom Group has occupied first place in attractiveness rankings among Russia's employers.

1.4.1. What motivates Gazprom's employees?

Gazprom is a responsible employer, offering decent salaries to its employees. The Gazprom Group offers both financial and non-financial types of reward to motivate the Group's staff.



The current remuneration system includes:

- salaries and rates depending on qualifications and business skills;
- regular bonuses;
- additional payments and allowances depending on work conditions and volume of work performed;
- lump-sum bonuses;
- annual bonuses.

Every year, the Group indexes salaries in accordance with the General Collective Agreement, which takes price increases into account. In compliance with the Labour Code of the Russian Federation, compensation for Gazprom employees working in specific climatic conditions is calculated according to the

relevant regional coefficient (1.8) and salary supplements (up to 80%), depending on the area of operation. Non-financial incentives include professional competitions that allow the Company to:

- assess the knowledge and professional skills of participants;
- assess the use and degree of implementation of up-to-date techniques and methods for organising production processes;
- create conditions for the exchange of experience and information, identification and distribution of the best work techniques and methods.

The following competitions were held in 2014-15:

- Best operator at gas distribution stations of Gazprom in 2014;
- Best corrosion protection specialist at Gazprom in 2015;
- Best welder at Gazprom in 2015;
- Best cable splicer at Gazprom in 2015;
- the XV and XVI Gazprom computer engineering and information technology contests;
- the VI and VII corporate competition for PR services at Gazprom subsidiaries;
- competition for the best environmental services and ecologists at Gazprom subsidiaries.

In order to motivate staff to make significant contributions to the Group's development, achieve high production volumes, and meet financial targets, the Company nominates its employees for state awards, awards from the Ministry of Energy and other Russian agencies, and corporate awards (including the highest distinctions at Gazprom: For Special Merits, Honourable Employee of Gazprom, Veteran of Gazprom, Certificate of Merit of Gazprom, Gratitude of Gazprom, and Letter of Gratitude of Gazprom).

Gazprom's social benefits are widespread, including mentoring of young professionals, prevention of occupational diseases, comprehensive social support, and non-state pension programmes.

System of corporate values, social benefits and medical services

Health and fitness activities

- physical and moral development of employees and their families, promotion and maintenance of a healthy lifestyle, and preservation of Gazprom's corporate traditions
- fraternity contests:
 - in winter: up to 1.5 thousand participants annually
 - in summer: up to 2.5 thousand participants annually

Corporate housing programme

- functions on the basis of the principle of co-financing: from both the employee's funds and Gazprom funds via bank mortgages
- ensures competitive advantages on the labour market

Medical insurance and prevention of diseases of employees and their families

- health resort and rehabilitation treatment
- availability of own health centres and medical institutions

Social payments

- to all categories of employee:
 - health resort stays for leisure
 - various kinds of financial assistance
- to certain categories of employees:
 - working women and other persons with family responsibilities
 - employees of subsidiaries located in the Far North and equivalent areas
 - to other categories of employees

Corporate pension programme

- follows the long-term development strategy of the state pension system
- its scope depends on what the specific employing entity can afford, on the basis of pension contracts with the GAZFOND non-state pension fund (NPF)
- entitles employees to receive a state pension from NPF GAZFOND upon reaching the age of eligibility for insurance pension for the elderly, including an early pension or a pension due to disability

Social security

1.4.2. Who chooses to work for Gazprom?

Gazprom has a long-term personnel management system that ensures the renewal of staff. It is based on the competitive selection of all categories of blue-collar workers, professionals and executives, without any exceptions. Transparency of the competitive selection system provides us with professionals with the necessary knowledge and experience across all of the Group's companies. There are almost always job offers on our companies' websites. Requirements for candidates are demanding, especially for management positions.

In addition to professional education, the nature of the Group's operations requires employees to have relevant professional skills and personal qualities, such as responsibility, initiative and openness to innovation.

When selecting young professionals, Gazprom accords priority to graduates from specialised universities on the Group's approved list, students from targeted training programmes, and highly-qualified specialists.

Internships at the Group's companies or facilities or in energy sector companies abroad, as well as certificates of participation in scientific and educational events of the Group's companies, are also taken into account during the hiring process.

1.4.3. With which universities does Gazprom cooperate?

Our long hiring experience has demonstrated the need for us to be closely involved in staff training, especially for positions requiring higher education. The Gazprom Group:

- supports studies in specialised higher and secondary educational institutions;
- has universities and colleges within its structure.

For several years, Gazprom has been running partnership programmes with leading universities. This collaboration is targeted at staff training and improving educational programmes in order to minimise time and costs needed for the adaptation of young professionals at their new workplace.

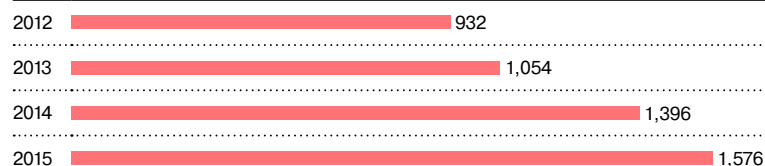
The Gazprom Group has a long tradition of cooperation with universities. Gazprom's Innovative Development Programme to 2020 involves cooperation agreements with leading universities, including:

- Russian State University of Oil and Gas;
- Saint Petersburg State University of Economics;
- National Research Tomsk Polytechnic University;
- National Mineral Resources University;
- Kazan National Research Technological University;
- Ukhta State Technical University;
- Bauman Moscow State Technical University;
- Lomonosov Moscow State University;
- National Research University Higher School of Economics (HSE);
- Ufa State Petroleum Technological University;
- Tyumen State Oil and Gas University;
- State Marine Technical University of Saint Petersburg.

Gazprom subsidiary companies and other organisations took in more than 8,500 graduates from educational institutions of higher and secondary vocational education in the course of 2012 to 2015.

Targeted students of Gazprom and graduates hired in 2012- 15, persons

Gazprom's targeted students



Hired graduates



The targeted student training programme is carried out under the Target Training agreement, including:

- participation in corporate training programmes and internships at the Group;
- rewards for students based on exam grades;
- employment opportunities at the Group's companies.

In order to improve the quality of training of future professionals, the Gazprom Group has supported the creation of specialised departments at selected higher education institutions. Such departments were established to transfer practical knowledge and provide complementary competencies to the students. The Group's leading experts give lectures, delivering both theoretical and practical knowledge to the students.

The Gazprom Group's employees give lectures, seminars, and master classes; they also supervise the students' final-year dissertations and coursework, practical work and internships, and even engage students to carry out research projects.

Developing partnerships with major Russian oil and gas universities is one of the priorities of the Gazprom Group. For example, cooperation between the Ukhta State Technical University and the Gazprom VNIIGAZ research institute has been in place for several decades. This university's graduates make up the potential

personnel of the Ukhta branch of Gazprom VNIIGAZ, and scientists of the research institute deliver courses of lectures at the university. In addition, industry-specific university departments have been opened at the Ukhta branch.

In order to improve the quality of education, the Gazprom Group assists higher education institutions in the harmonisation of academic programmes, the formation of a laboratory and training base, the arrangement of student internships and the engagement of the company's managers and leading experts as mentors.

About 24 thousand college students completed their pre-diploma internship at Gazprom subsidiaries and other entities over 2014-15.

Students who successfully complete their internships have the opportunity to apply for a position in the company if a relevant vacancy is open.

1.4.4. Where does Gazprom train its highly qualified personnel?

The development of the gas industry requires new ground-breaking technologies based on fundamental sciences. In this regard, the Gazprom Group pays particular attention to training highly qualified personnel, namely those employees who hold degrees of candidate or doctor of science. Gazprom VNIIGAZ and Gazprom Promgaz have organised postgraduate centres and two dissertation committees that examine thesis research and award candidate degrees and doctorates.

The Group has established personal grants for postgraduate and doctoral studies on topics of interest for the industry at large, as well as specialised competitive scholarships for university students.

1.4.5. What events does Gazprom organise to attract young people to the gas industry?

Gazprom and its subsidiaries continuously organise Olympiads, competitions, educational and other major public events with the support of the core universities. A good example of these events is the Youth Day, held in 2015 as part of the 5th St. Petersburg International Gas Forum by the Saint Petersburg State University of Economics, one of Gazprom's core universities responsible for training the Company's management. On that day, an international youth break-out session entitled The Dialogue of Generations was first held at the Forum. The event brought together the best students from Russian and European universities, together with the heads of major oil and gas partner companies.

Participation in these events allows students to improve their knowledge and expand their opportunities for further employment at the Group. Youth Day is aimed at attracting the most talented students and graduates from leading Russian and foreign universities to working in the energy industry.

Gazprom continuously searches for and invites graduates from universities and colleges to the Group's companies. The Company holds job fairs and Gazprom Days on a regular basis.

As part of our search for motivated and talented employees, we have begun Gazprom Classes in school – groups of students from the 10th to 11th grades selected on a competitive basis to study relevant subjects deeply and then continue studies at one of Gazprom's core universities, therefore having the prospect of employment at Gazprom companies.

Gazprom Classes give priority to young people who have an average grade of no less than 4 points out of 5, have participated in Olympiads and conferences, and are inclined to study subjects necessary to master engineering professions. Upon passing the unified State Exam, the graduates of Gazprom Classes can obtain recommendation letters from the tender committee for admission to partner universities as targeted students.

1.4.6. How are Gazprom’s employees trained and what do they learn?

Staff training plays an important role in improving the performance of the Group’s operations and the competitiveness of its companies.

The Continuing Corporate Professional Training System (CCPTS) is a priority of HR Management Policy, enabling us to improve our employees’ performance by reaching a set level of professional competence required for a specific position or profession, and to develop each employee’s motivation towards succeeding as a professional and best carrying out their duties.

CCPTS is based on the following principles:

- alignment with our corporate objectives;
- continuing education and training;
- an integrated and individual approach to each employee’s education and training;
- effectiveness of training.

Continuing corporate education involves persistent training of our employees in unique programmes and the use of special educational materials.

Types of corporate training within CCPTS	
Mandatory training	Mandatory training in the expertise necessary for certain positions or professions ensures that employees comply with government and corporate regulations required for them to be allowed to work at hazardous industrial facilities.
Targeted (advanced) training	Advanced training of employees to ensure that their level of expertise addresses changing production requirements driven by: <ul style="list-style-type: none">— improvements in business processes;— the commissioning of new industrial facilities;— the introduction of new equipment and technology;— the planned appointment of the employee to another position, extension or change of their area of responsibility, or their involvement in the mentoring programme for young professionals.
Regular training	Training programmes for employees to maintain their professional qualifications, acquire additional skills and knowledge, and improve their competences.

- Training institutions within CCPTS:
- Gazprom Corporate Institute;
 - Gazprom Industry Research, Training, and Simulation Centre;
 - Novy Urengoy Gas Industry College;
 - Volgograd Gas and Oil College.

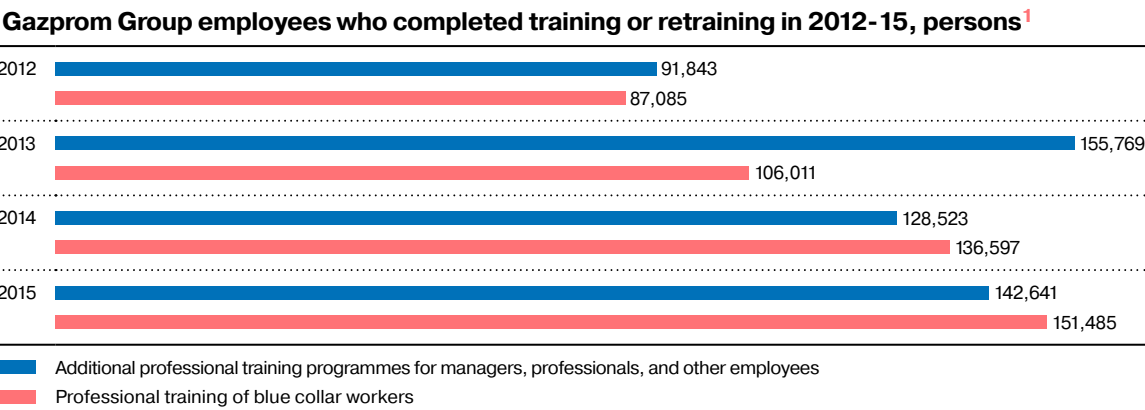
We have established training centres within the structure of 23 core subsidiaries. These training centres were also set up at Gazprom Energo, Gazprom Tsentremont, Gazprom VNIIGAZ and Gazprom Flot, as well as Gazprom Energoholding Group and Gazprom Neft.

The quality of training and methodology, as well as the materials and equipment of both the corporate training units and training centres at the subsidiaries, comply with the requirements for licensing, state accreditation and/or corporate certification of educational activities, as well as with the requirements of the quality management system for educational institutions.

We are focused on using new training methods, which allows us to improve the educational process and adapt it to the challenges of professional training through the use of simulators, various business games, and classes.

When planning, implementing and analysing training outcomes, we target practical orientation and effectiveness of the educational programmes, to ensure that they offer specific knowledge and skills that participants of these programmes can apply in their professional duties. 294.1 thousand people (over 60% of the Group’s employees) took part in our training and retraining programmes in 2015.

¹ The considerable growth of training indicators in 2013 was due to (i) the changed approach to training records as specified in Federal Law No. 273-FZ “On Education in the Russian Federation” of 29 December 2012 (the minimum quantity of training hours under professional development programmes was reduced to 16 hours) and (ii) the addition of new remote and on-site staff training programmes



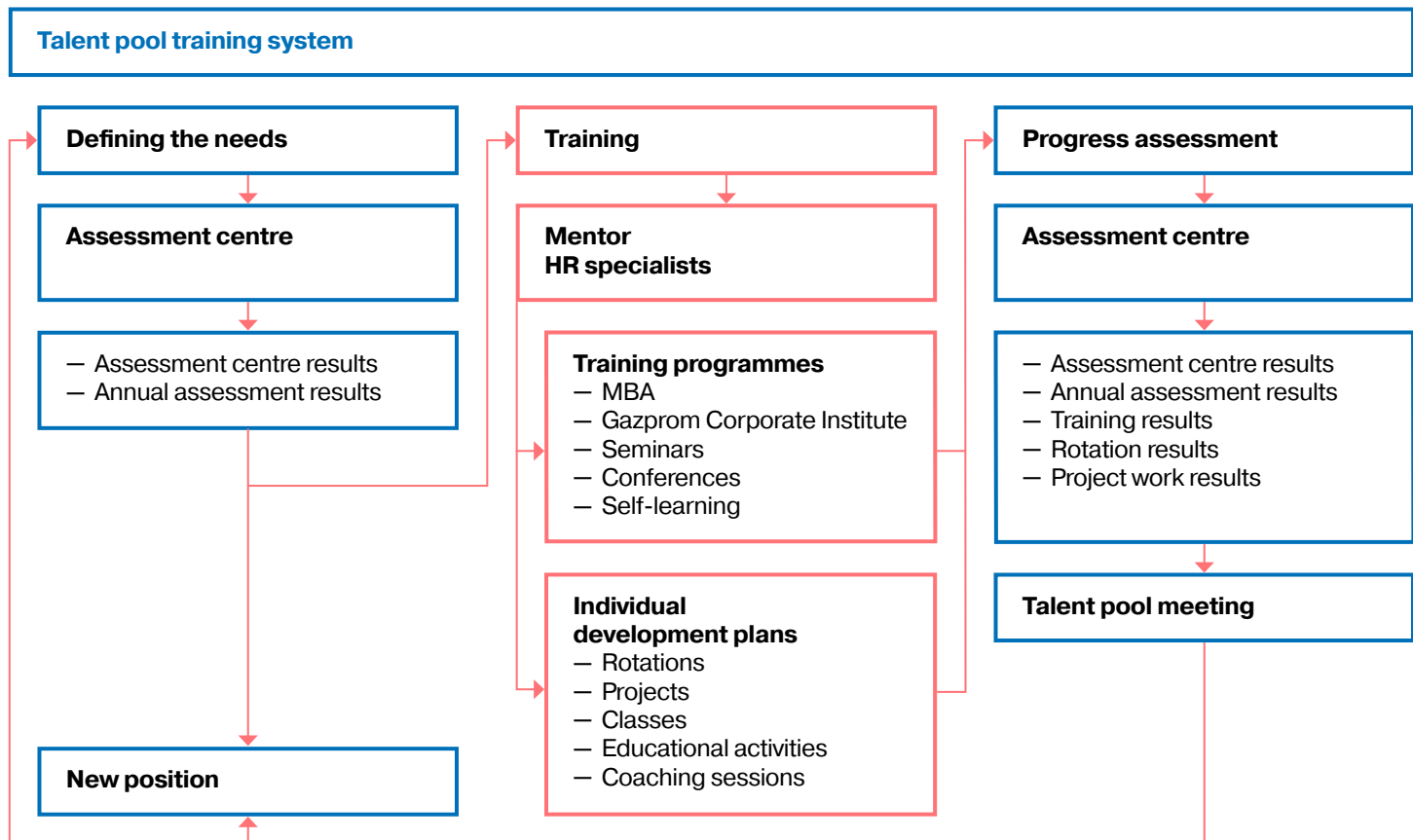
The average number of training hours per employee in subsidiaries performing core operations amounted to 78.5 working hours in 2014; for managers, professionals and other employees it amounted to 38.6 hours; those figures stood at 85.7 and 37.1 hours, respectively, in 2015.

Gazprom’s approach to training and retraining contributes to the professional development of a talent pool who can meet the Company’s innovative development objectives.

1.4.7. How does Gazprom shape its talent pool?

The Gazprom Group identifies ambitious employees on a regular basis to support their professional development and promotion to key management positions. This means that we can promptly and fully meet our hiring requirements and support the Group's performance improvement plans, while providing our employees with opportunities for personal development and professional growth.

Gazprom's talent pool consists of employees with strong practical skills and personal and professional qualities. We provide them with a comprehensive training system.

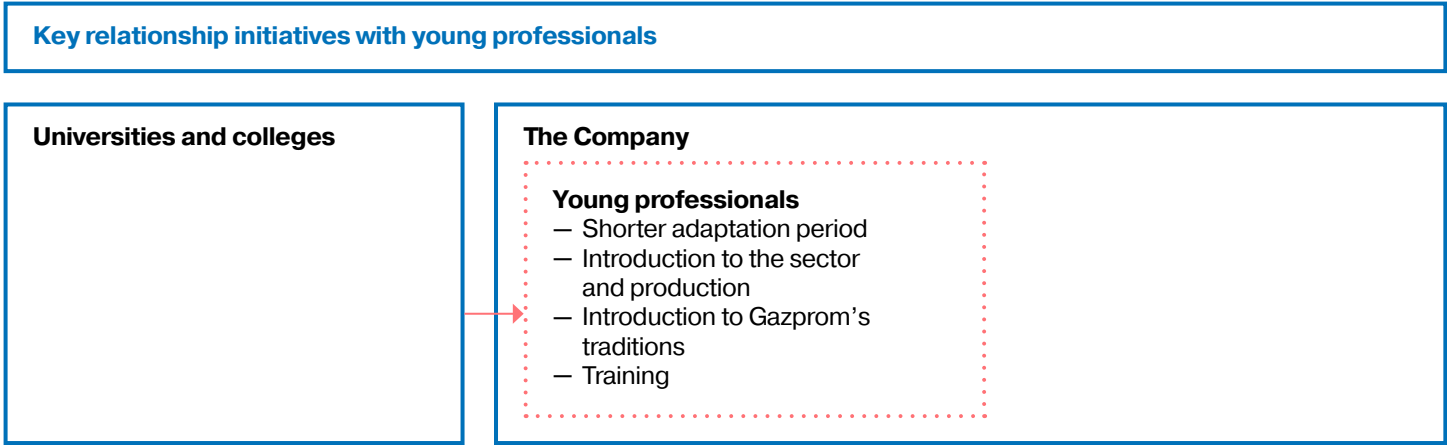


We carried out targeted training in 2015 through two-year programmes (listed below) to shape the talent pool for management positions at Gazprom:

- Gazprom MBA: Management of Oil and Gas Corporation in the Global Environment (St. Petersburg State University of Economics);
- Gazprom MBA: HR Management (Gazprom Corporate Institute);
- Management of Global Energy Company, Talent Pool School, Company Management (Gazprom Corporate Institute).

1.4.8. How does Gazprom work with young professionals?

The Group constantly seeks to attract young skilled employees and offers them opportunities for further development.



Twice a year we hold a traditional event named the Young Professionals Initiation. We also carry out other activities involving young professionals:

- seminars with the Council of Young Scientists and Professionals;
- corporate modular programme of post-graduate training, Gazprom's Training School for Young Professionals;
- research and practical conferences for young professionals.

Research and engineering conferences for young employees at the Gazprom Group have become a corporate tradition, promoting production initiatives and creativity, raising the overall professional level and identifying the scientific and intellectual potential of young gas industry employees.

The inclusion of young professionals into our team and their involvement in our business begins with an adaptation process. Mentoring involves communication between experienced workers and young professionals as the latter acquire the required skills to perform production duties. They are introduced to operations and to the traditions and general rules of corporate conduct. To train mentors, the Gazprom Group has designed a special seminar at production sites.

The mentoring process provides benefits to all of its participants. The mentor develops management skills, enhances his or her status in the company, strengthens his or her reputation and credibility among colleagues, and participates in the creation of a professional team. Young employees receive prompt assistance in adapting to the Group and support in their professional and career development.

Mentoring of employees at the Gazprom Neft Group	
Welcome to Gazprom Neft	The process is arranged to allow the new employee to adapt to working in a team in the shortest possible time and in the most convenient form, to learn all the necessary information about the company and its business processes, and to intelligently plan his or her work during the trial period.
Three stages	A complex three-year programme that includes an adaption stage for young professionals to their first place of work. It includes an introduction and a presentation on the company and its subsidiaries, as well as a mentoring system, a team building event called Dedication to the Oil Industry, work on individual development plans, and other activities.

1.4.9. How is corporate communication at Gazprom organised?

Corporate communications and effective exchange of information, both vertically and horizontally, are a key focus at the Gazprom Group to ensure active and open communication between our employees at all levels.

Corporate communication consists of both internal and external information addressed by the Group management to its employees, target audience and key partners. This information management system is aimed, in particular, at creating the right image of the Gazprom Group. Corporate communication tools used by the Company include official websites of the Group¹ and its subsidiaries², corporate reference and information management systems, corporate magazines and periodicals (*Gazprom* and *Natural Gas Industry* magazines, a scientific and methodology periodical called *Personnel of the Gas Industry*, and corporate regional media).

Corporate communication is aimed at providing clear, transparent, and timely updates to employees, business partners and society about business activities of the Group that may affect their interests, and at providing them with a feedback channel.

¹ <http://www.gazprom.com>

² <http://www.gazprom.com/about/subsidiaries/list-items>

1.5. Why is it safe to work at Gazprom?

An absolute priority of Gazprom's management is to provide safe working conditions, i.e. conditions where any exposure of individuals to hazards is either totally avoided or where the level of exposure does not exceed permissible norms.

1.5.1. Who is responsible for occupational health and safety at Gazprom? How is the process organised?

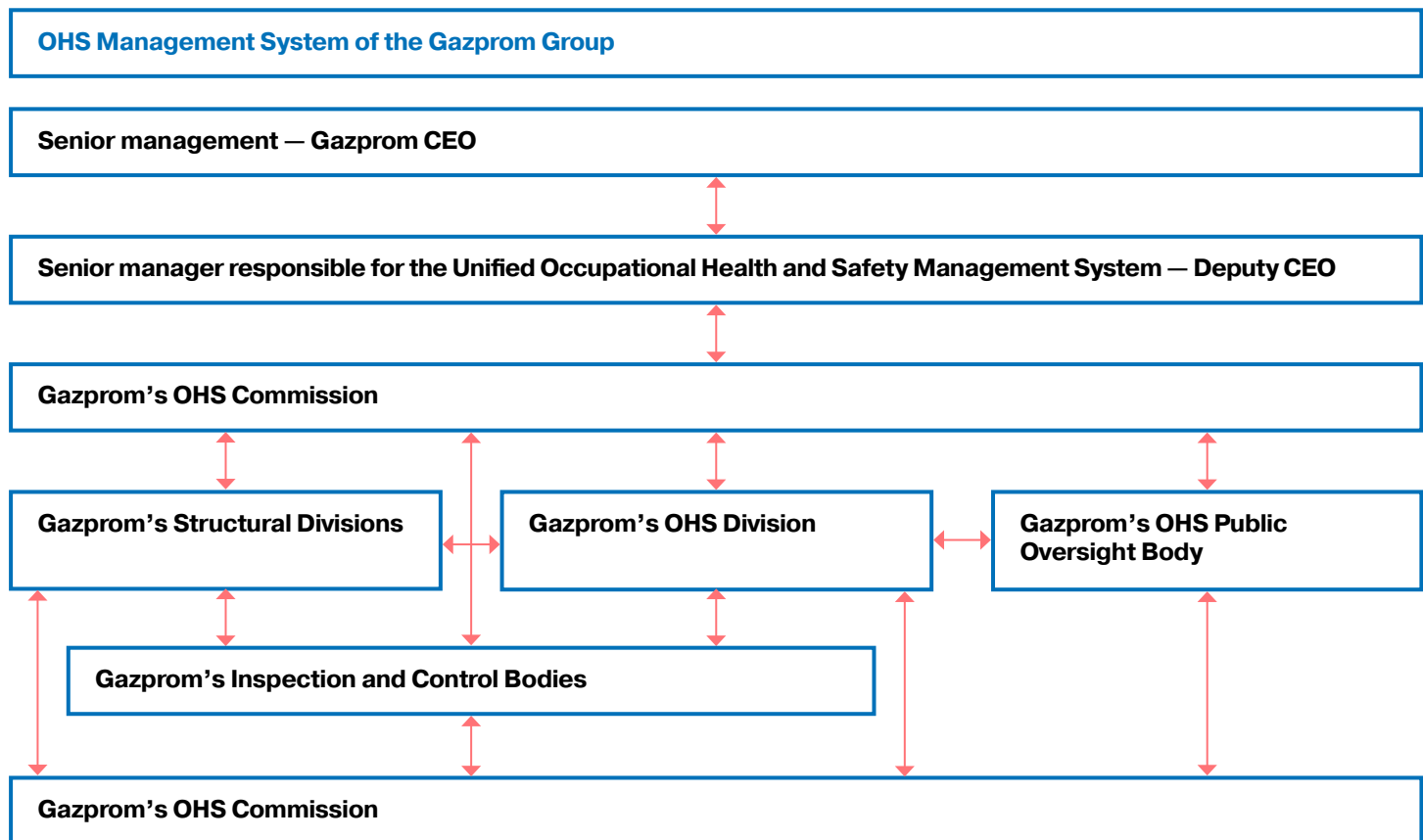
Ensuring a safe and comfortable working environment for each employee is one of Gazprom's fundamental principles. The Gazprom Group's executives are responsible for managing operational risks that can impact the health and safety of our employees, or the state of equipment or other property.

The Group has developed an Occupational Health and Safety (OHS) Policy intended to:

- Create safe working conditions and protect the health and safety of the Company's employees;
- Ensure that hazardous production facilities function reliably;
- Reduce the risk of accidents at hazardous production facilities.

The OHS policy is applied at Gazprom and its main subsidiaries involved in exploration, production, refining, transportation and underground gas storage, as well as at subsidiaries involved in gas supply operations. In the longer term, we plan to involve more of the Group's subsidiaries in the system.

The Deputy CEO for Production is responsible for OHS at Gazprom.



Key OHS responsibilities of Gazprom:

- continuous reduction of accident rates, occupational injuries and diseases;
- effective functioning and continuous improvement of the OHS system;
- the prevention of negative effects of production on personnel and the population;
- continuous improvement of staff expertise;
- active staff involvement in OHS activities;
- requirements for suppliers and contractors operating at the Company's facilities to comply with Gazprom's OHS standards and norms.

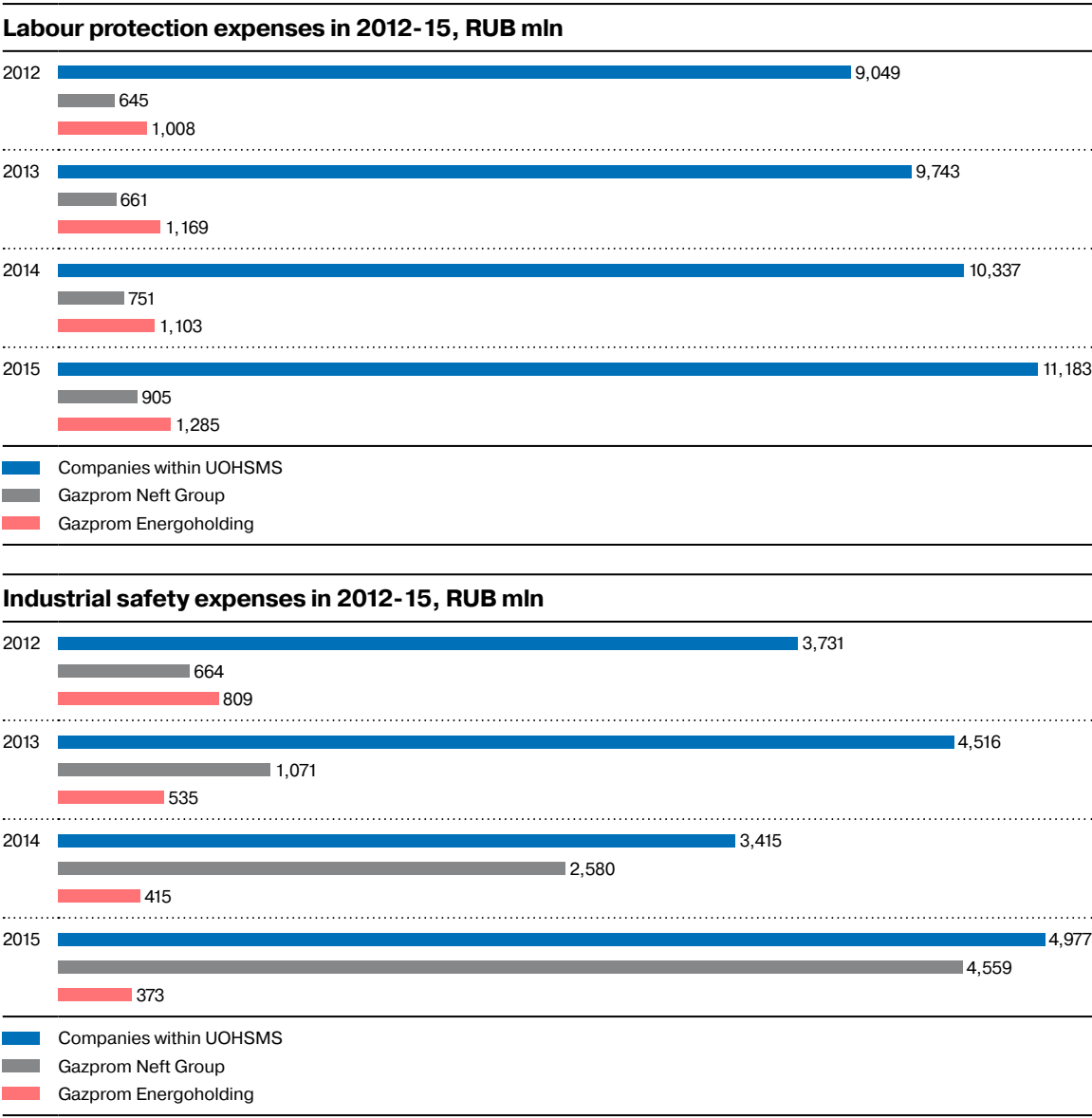
The Company has received a certificate of compliance of its Unified Occupational Health and Safety Management System (UOHSMS) with the OHSAS 18001:2007 requirements in terms of production, preparation, transportation, processing, distribution and storage of natural gas, gas condensate and oil. This certificate covers Gazprom's Administration and 26 subsidiaries that carry out core activities.

The Gazprom Neft Group has an integrated management system covering both environmental safety issues and occupational health and safety issues.

At Gazprom Energoholding, OHS policy is determined by the requirements of Russian legislation and effective legal acts in the relevant areas. The CEOs of the generating companies are responsible for compliance with the above requirements, while chief engineers of the subsidiaries and branch power plants manage these activities on a day-to-day basis.

1.5.2. What are Gazprom’s achievements in occupational health and safety?

What are Gazprom’s OHS expenses?



Gazprom has declared that 2016 will be the Year of OHS.

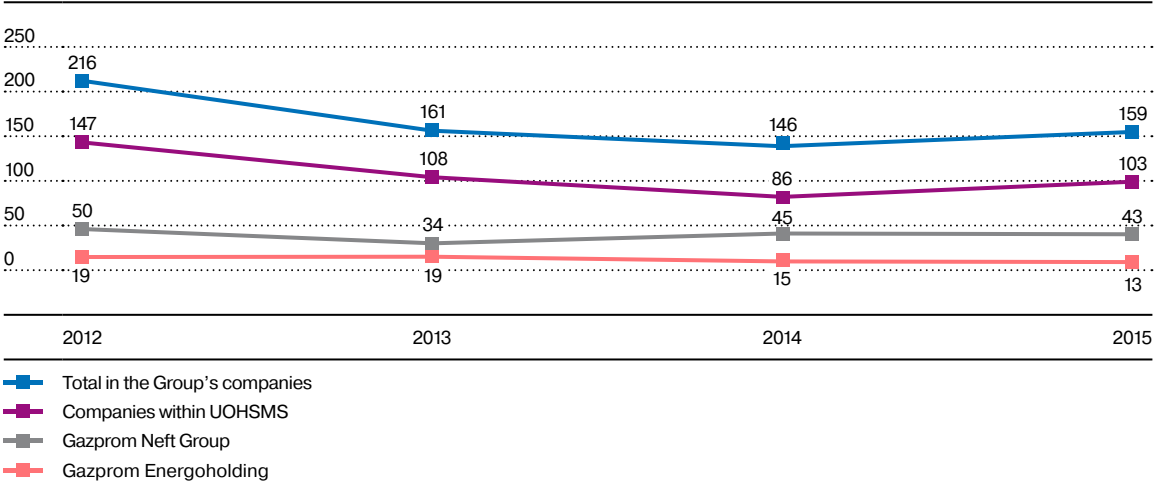
In 2016, extra training sessions, workshops, thematic conferences, and professional contests will be organised for employees. The Company will expand its cooperation with the federal authorities and educational institutions, and shall continue to exchange experience with foreign companies such as Shell and Wintershall.

What does Gazprom do to ensure the occupational safety of its employees?

- Gazprom’s OHS events:
- training of employees;
 - prevention of occupational accidents;
 - provision of personal protection equipment to employees;
 - mandatory medical inspections;
 - special assessment of labour conditions;
 - improvement of ongoing operations, and introduction of new safety technologies.

The OHS Policy helps to reduce the number of injuries and fatalities caused by work-related accidents. The number of occupational injuries in the Gazprom Group decreased by 26% over 2012- 15, while the number of fatalities decreased by half in the period (9 persons in 2015 vs 18 persons in 2012).

Occupational injuries at Gazprom in 2012- 15, persons

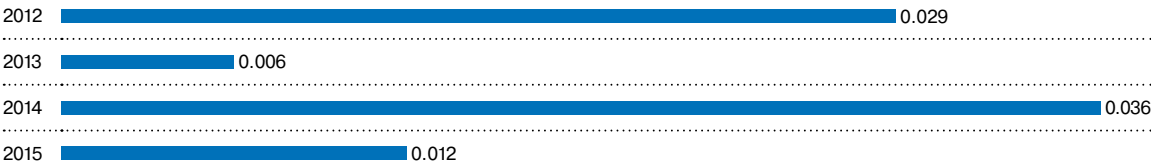


Rates of fatal injuries, injuries resulting in loss of working time, and occupational diseases are all declining.

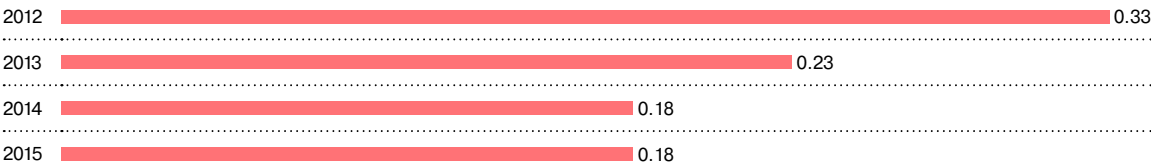
¹ Data for companies within the UOHSMS

Injuries and disability indicators in 2012-15¹

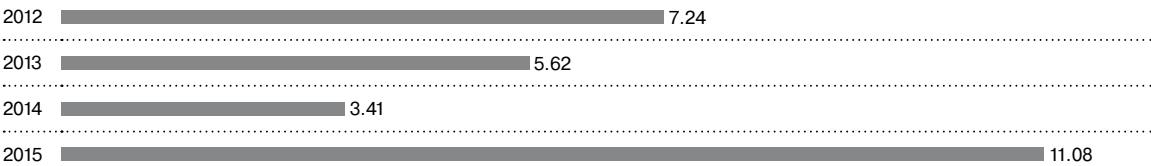
Incidence rate of fatal injuries



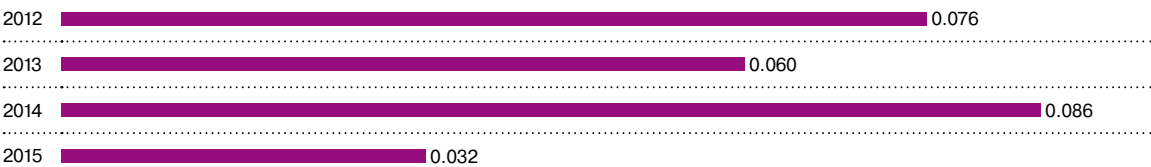
Lost time incident rate



Lost days incident rate



Incident rate of occupational diseases



1.5.3. How does Gazprom monitor compliance with the OHS requirements?

The ignoring of personal safety precautions, poor organisation of work and traffic violations are the most common causes of accidents. To reduce the risk of their occurrence, Gazprom analyses the causes of accidents, takes appropriate measures, and provides advice to staff.

In accordance with the requirements of the UOHSMS, the Company has organised and supervised administrative and industrial health and safety procedures at Gazprom subsidiary companies and other entities. Gazprom's administration audits the UOHSMS at subsidiaries and other entities in order to assess compliance with the OHS standards.

Audits performed by the administrative and operating control commissions



The OHS administrative and operating control commissions carried out 12.8 thousand audits in 2015. 95.2% of the violations uncovered have already been eliminated.

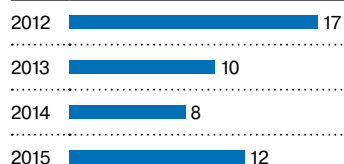
15 audits at Gazprom's subsidiaries were performed in the reporting period in accordance with the OHS Internal Audit Plan.

Gazprom continuously holds events to prevent accidents, incidents and their consequences at hazardous production facilities. As a result, the number of accidents at the Company's hazardous production facilities under UOHSMS decreased from 17 to 12 over 2012 to 2015, while the number of incidents decreased from 59 to 43. Thus, the OHS activities resulted in a reduced number of both accidents and incidents.

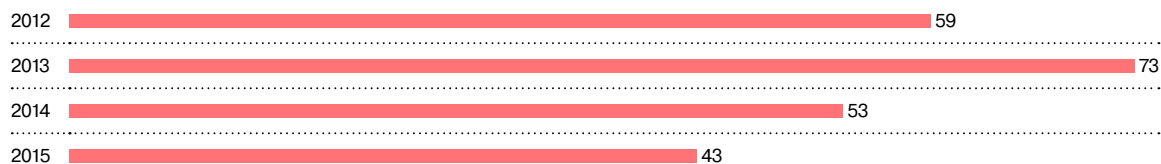
¹ Data for companies within the UOHSMS

Occupational accidents and incidents in 2012-15¹

Accidents



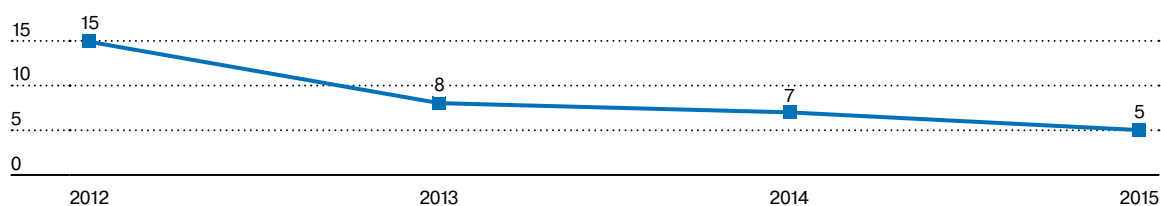
Incidents



Fire safety procedures at Gazprom's facilities are carried out in accordance with Federal Law No. 69-FZ "On Fire Safety" of 21 December 1994, Federal Law No. 123-FZ "Technical Fire Safety Regulations" of 22 July 2008, "Fire safety rules of the Russian Federation", approved by the Resolution of the Russian Government No. 390 of 25 April 2012 and other relevant acts and regulations.

There were just five accidental fires at the facilities of 109 Gazprom subsidiaries in 2015. There were no fires at Gazprom's core production facilities.

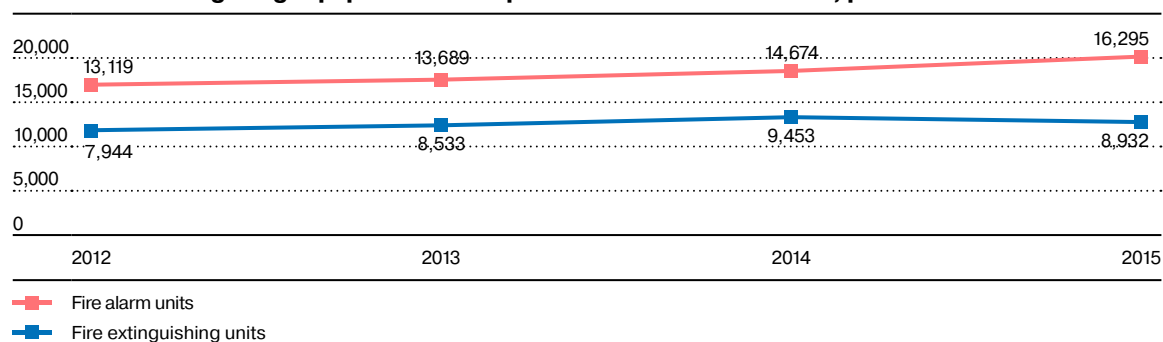
Fires at Gazprom Group facilities in 2012-15



All fires that occur at Gazprom’s facilities are carefully analysed. Following the analysis of the fire incident, relevant information letters describing the causes of the fires and prevention measures taken are sent to the subsidiaries.

Over 25 thousand fire extinguishing and fire alarm systems are in use at Gazprom’s processing and production facilities (8,932 extinguishing units and 16,295 alarm units).

Automatic fire-fighting equipment at Gazprom’s facilities in 2012-15, pc



Over 5 thousand fire training classes were held at Gazprom’s facilities to train staff in fire-fighting skills in 2015. Gazprom Dobycha Urengoy held a competition entitled Safety Training – 2015, under the auspices of the Main Department of EMERCOM of Russia in the Yamalo-Nenets Autonomous District. The competition was held to train staff in the required skills and safety behaviour in emergency situations with the younger generation and to promote the professions of fireman and lifeguard.

1.5.4. How does Gazprom improve safety for its contractors?

To improve production, Gazprom provides information and advice to its contractors, and has strict safety requirements at work sites for suppliers and contractors.

To ensure that contractors perform their work safely, the Gazprom Group carries out the following measures:

- checks contractor’s employees’ documents for confirmation that they have completed OHS and Fire Safety training;
- organises introductory briefings on safety;
- monitors ongoing work and its quality.

We notify and advise contractors about the OHS Management System requirements, risks identified and changes that affect safety and security at introductory briefings, as well as when issuing required permits (work permits, certificates, approvals, etc.).

Agreements with contractors include a mandatory appendix on the contractor’s liability for violating occupational safety, fire safety, and environmental protection provisions for which the most persistent violators may be penalised and deprived of passes to access the Group’s facilities.

1.6. What is Gazprom's contribution to social development?

The Group supports social events organised for the most vulnerable groups of the population, as well as projects in the field of entertainment, education, medicine, sports and other social programmes.

Gazprom Neft's social projects are implemented within a social investment programme entitled Home Towns and launched in 2013. Home Towns is a comprehensive programme that includes a series of projects aimed at improving the quality of life in the cities of presence, increasing the access of citizens to a high-quality urban environment, with education, sports and entertainment facilities. The Gazprom Neft Group takes an informal approach to social challenges – by investing in the “home towns” to implement the projects, some of which are unique for the Russian Federation, it achieves excellent results.

1.6.1. How does Gazprom promote creativity?

Gazprom provides employees with the opportunity to implement their ideas not only in professional activities, but also through creative arts, helping them to discover their intellectual potential.

Among the Gazprom Group's employees, we have many talented people ready to demonstrate their abilities and talents to their colleagues. The Group's subsidiaries regularly host shows involving amateur creative teams and performers. These shows are held during the corporate Torch festival, which has been held once every two years since 2003.

Keeping a traditionally friendly and informal atmosphere, the festival constantly expands its creative and geographical boundaries, widening the programme and the list of its participants. Sochi hosted the final round of the VI Torch festival in May 2015, attended by about 2 thousand visitors and participants from 37 of Gazprom's subsidiaries from Russia and Belarus. Delegates from China, France, Germany, Slovenia, Armenia and Kyrgyzstan also attended the event. It saw 135 performances in vocal, instrumental, choreography, circus and folklore genres.

The festival has a particular focus on the harmonious development of future generations. Children from creative studios and clubs supported by Gazprom participate in the festival together with adults.

1.6.2. What cultural programmes does the Gazprom Group hold jointly with its partners?

Support for culture and science is a core focus of Gazprom's social activities.

Gazprom sponsored a gala concert in 2015 dedicated to the 70th anniversary of VE Day, held at the Konzerthaus concert hall in Berlin. The debut concert of the Russian-German Academy of Music orchestra took place in Berlin, after the successful performances at the Mariinsky Theatre in St. Petersburg on May 31. Gazprom sponsored the performance of the Russian orchestras and the Moscow Synodal Choir as part of the Mission of the Russian Orthodox Church in the Contemporary World project at the Expo-2015 World Exhibition in Milan (Italy).

Gazprom actively supports science in Russia; the Company is the founder of a number of Russian public research organisations and foundations, in particular, the Vernadsky non-governmental environmental foundation. The Gazprom Group annually sponsors an international Global Energy award for significant discoveries, inventions and developments in the field of energy.

Gazprom also supports literature. Readings by Evgeny Yevtushenko of his anthology of Russian poetry were held across 25 Russian cities in summer 2015, including Siberia and the Russian Far East. The event was devoted to the Year of Literature and the launch of his anthology of Russian poetry entitled *A Poet in Russia is More than a Poet*.

Gazprom organised major events in Russia to mark the 70th anniversary of VE Day. The Group sponsored the arrangement of 67 eternal flame memorials in hero cities and towns of military glory in Russia – Moscow, St. Petersburg, Volgograd, Tula, Kursk, Rzhev, Grozny, Nalchik, Sevastopol, Kerch and others.

The Company has special support programs for retired employees of Gazprom and its subsidiaries who are WWII veterans. Veterans are accorded annual financial assistance and corporate events are held in their honour. They take part in events to educate the youth in Russian military history. Veterans speak at the events and give interviews to Gazprom's periodicals.

1.6.3. What does Gazprom do for children?

The creative and spiritual development of the younger generation is impossible without taking care of their health. Therefore, one of the main activities in Gazprom Group social policy is support for sporting activities and cultural education of the younger generation. Our goal is to promote harmonious development of individuals through cultural education and a healthy lifestyle.

There are several focus areas:

- support for children's physical education (both friendly and more serious competitions);
- social projects for children (support for creativity, arrangement of festivals, concerts, social and cultural projects);
- protection of orphans and children with disabilities.

The Gazprom for Children programme is the Company's largest social project. The main objectives of this programme are:

- creating conditions for harmonious spiritual and physical development of children and adolescents;
- increasing the number of children in sports, artistic, and amateur clubs.

Since 2007 the programme has been in place in 73 Russian regions. 1,302 sporting and entertainment facilities were built or repaired prior to 2015. The total amount of financing, including facilities still under construction, stands at RUB 48.8 bn. During these years the amount of charitable aid aimed at developing children's sport and creativity, purchasing sports equipment, and organising sports clubs amounted to over RUB 1.1 bn.

Football for Friendship

The Football for Friendship project is part of the Gazprom for Children programme. Its goal is to combine the younger generation's passion for sports with key values: respect for other cultures and nationalities, equality, and interest in a healthy lifestyle. The key event of the programme is the International Children's Forum, where Gazprom annually welcomes hundreds of young players from leading football clubs from Asia, Africa, Europe and South America.

The Forum also hosts the International Street Soccer tournament attended by boys and girls aged 12-14.

The Forum is covered by the world's leading media and young journalists, who gather together every year at a specially arranged International Children's Press Centre.

The Football for Friendship programme is supported by famous players such as Vitor Baia, Didier Drogba, Anatoly Tymoshchuk, Luís Neto, Ralf Fährmann, and international football federations, including FIFA and UEFA.

A special award, the Nine Values Cup, has been granted at the forum since 2015. The cup is awarded to the professional football club demonstrating the greatest commitment to the nine values of the Football for Friendship programme: friendship, equality, justice, health, peace, devotion, winning, tradition and honour.

1.6.4. How does Gazprom support vulnerable groups?

The Group renders substantial financial assistance to vulnerable groups. In particular, Gazprom regularly sends money for the treatment of children with disabilities, the purchase of medicines and medical equipment for clinics and children's institutions, as well as special and adaptive equipment. Significant funds are granted to large and low-income families and to the disabled.

Gazprom held an annual event for vulnerable children at the Meridian Cultural Centre in Moscow in 2015, where it hosted a music show entitled The Mystery of the Enchanted Mirror. As is traditional, each little guest received a Christmas gift at the end of the show. The event brought together over 1,000 children from orphanages, residential schools and other social institutions from Moscow and its surrounding territories.

The Izmailovo concert hall in Moscow annually hosts Gazprom events for vulnerable children. There in 2015 we arranged the Belka and Strelka musical, named after two Russian dogs who flew into space.

1.6.5. Why does Gazprom support wellness and professional sport?

Creating positive conditions for fitness and sports, and organising fraternity contests, are important components of Gazprom's social policy, contributing to:

- promoting a healthy lifestyle among employees;
- ensuring professional longevity;
- developing sports infrastructure in residential areas near Gazprom's operations.

Support for Wellness

To promote healthy lifestyles and accustom employees to regular fitness and sports activities, the Gazprom Group traditionally holds fraternity contests. These competitions are regularly held in both winter and summer, among both adults and children, at PJSC Gazprom and its subsidiaries.

OJSC Gazprom's winter sports contest in 2014 was held in Yekaterinburg.

PJSC Gazprom's summer sports contest in 2015 was held in the Tuapse district of the Krasnodar region.

Young staff of the Gazprom Group have participated in athletics, swimming, table tennis, football, and volleyball events in recent years.

Team building trips have a high sports component. These programmes include an extensive number of creative, intellectual, and sports competitions. Team games are aimed both at improving participants' health and promoting teamwork.

Support for the Olympic Movement

Contribution to the development of sports in Russia is an important social objective of Gazprom, in particular, support for the Olympic movement. Gazprom built industrial and sports facilities in advance of the Sochi Winter Olympics: the Company constructed a mountain Olympic village for 1,100 athletes, modern cableways and infrastructure for a mountain tourist resort area, as well as a unique mid-altitude skiing and biathlon complex, the only one of its kind in Russia.

We will continue to contribute to the Olympic victories of Russian athletes. The Company has become the general sponsor of our national team at the 2016 Summer Olympics in Rio de Janeiro, and at the 2018 Winter Olympics in Pyeongchang.

Support for Professional Sports

The Gazprom Group supports many sports organisations and events at both international and national levels.

In this respect football has a special place on the Group's agenda, as its wide popularity instils enthusiasm for sport in hundreds of thousands of teenagers. Participation in the promotion of football is one of

the most important social investment areas for Gazprom. The company is an official partner of the main European club football competition, the UEFA Champions League.

Gazprom supports the UEFA Super Cup competition, as well as a number of world-famous football clubs, including Germany's Schalke 04, England's Chelsea, and Serbia's Red Star Belgrade.

Gazprom is the permanent sponsor of FC Zenit. With our support, the club has become a source of national pride, having turned into a leading football club not only in Russia but in Europe as a whole. The Zenit football academy, which trains new players, searches for talented young athletes all over Russia.

The Gazprom Group also supports ice hockey, due to the history of success of Russian ice hockey stars at major international competitions. The Company sponsors two hockey clubs: SKA (St. Petersburg) and Avangard (Omsk Region). Gazprom is a major sponsor of the Russian Rhythmic Gymnastics Federation, the Volleyball Federation of Russia, the Russian Swimming Federation, the Russian Chess Federation, the Russian Biathlon Union, the Russian Canoe Federation, the Federation of Billiard Sports of Russia, Zenit Kazan volleyball club and the St. Petersburg Open tennis tournament. The Company rendered financial support to the Davis Cup team for the Russia vs Denmark match at the beginning of 2015.

For several years Gazprom has rendered financial support to the most important horse race in Russia – the President of the Russian Federation Stakes. The annual Nord Stream Race is also held with the financial support of the Gazprom Group. The Company contributes to projects of the Yacht Club of Saint Petersburg aimed at promoting sailing.

Competitive sports bring people together across countries and even continents, helping them to make friends with others who may have different worldviews or lifestyles. The development of professional sport is one of the most important areas of Gazprom's social investments.

1.6.6. What does Gazprom do to support the indigenous minority peoples of the North?

Preservation of minority peoples' national and cultural identity is one of the most important tasks of socially responsible companies. A key focus for Gazprom is supporting the unique multinational culture of Russia, preservation and development of national traditions, moral and aesthetic education of the younger generation, and strengthening ties via cultural exchange.

The Gazprom Group has considerable experience of working with local communities. While working in this area in close cooperation with local authorities, self-governing bodies and non-governmental organisations, the Group follows the regional policy set by PJSC Gazprom. Our relationships are underpinned by signed agreements on social and economic partnerships between the Gazprom Group's subsidiaries and municipal administrations. We have wide examples of support for local communities.

For the third year in a row, Gazprom Geologorazvedka delivered firewood to remote areas of the Yamal Peninsula from February to May in 2015 to meet the needs of the indigenous peoples. During this period, we delivered 100 tonnes of wood briquettes and over 200 cubic meters of firewood and lumber along winter roads from the port of Sabetta to the village of Seyakha, to the Tambei trading post and to the traditional places of residence of the indigenous people.

The Company renders charitable assistance to the families of the tundra inhabitants, financing activities supporting the national and cultural traditions of the indigenous peoples living on the peninsula. Gazprom Geologorazvedka managed over 30 charity projects in 2014 in its areas of production: the Krasnoyarsk Territory, the Republic of Sakha (Yakutia), Sakhalin, Irkutsk, and the Tyumen and Kamchatka Regions.

Employees of Gazprom Dobycha Yamburg annually take part in traditional festivals of the indigenous inhabitants of the Far North. For example, Fishermen Days were held in the villages of the Taz and Nadym regions of the Yamalo-Nenets Autonomous District in July 2014. The main participants of the Fishermen Days are the indigenous peoples of the North who earn their living solely from fishing. Granting gifts to the winners of national competitions, the best fishermen and fishing veterans, was a key part of the event. Gazprom Dobycha Yamburg granted a significant amount of money for prizes as part of the charity programme. This money was spent on purchasing and delivering 7 Yamaha outboard motors, as well as 7 tents, 5 chainsaws, 20 professional fisherman sets, 20 sleeping bags and many other necessities for the fishermen and tundra inhabitants. Gazprom Dobycha Nadym has traditionally assisted in the organisation of festivals for reindeer herders and fishermen on the territory of the four municipalities of the District: the Nadym, Yamal, Purovsky and Priural'sky districts.

The Company provided financial and organisational support in March 2014 to the 19th traditional public competitions of the reindeer herders for the Yamal Governor's Cup, held in Nadym. The northern multi-disciplinary competition was attended by over 160 reindeer herders. Women also had the chance to demonstrate their skills in the Nomadic Family competition: in arts and crafts, knowledge of the native language, culture, and traditions. In the reindeer sleigh racing, which was the most spectacular contest of the event, the herders of the Nadym Region proved to be the fastest. The CEO of Gazprom Dobycha Nadym awarded a special prize to the winner – a snowmobile.

Gazprom Transgaz Surgut also provides financial assistance to the indigenous peoples of the North. In the Yamalo-Nenets Autonomous District, assistance was granted to three heads of tribal communities living in the service area of the Gubkinskoye local gas transmission facility belonging to Gazprom Transgaz Surgut. Financial assistance was also accorded to the Purovskoye local social movement Yamal to the Descendants, which protects the rights and interests of the indigenous peoples of the North.

The world's largest livestock of domestic reindeers resides on the Yamal Peninsula, in the area of the Bovanenkovo field: over 300 thousand deer. About 20% of them belong to three municipal reindeer businesses, while the rest belong to private herders and communities of indigenous minorities.

In summer months the deer herd run away from parasitical gnats and they tend to head north, returning to the south when it gets colder. The routes of two reindeer-breeding teams and the nomadic migration of reindeer accompanied by the herders run through the territory of the Bovanenkovo field. Gazprom did its best to preserve the traditional lifestyle of the indigenous tundra when developing the Yamal peninsula. To this end, during the initial construction stage of the Bovanenkovo field, Gazprom's specialists and the herders agreed on the routes of the reindeer herd and people in the field, arranging special transition points at the intersections of industrial communications and migration routes. In total, 11 transition points were arranged. The busiest motorway in the field and the Yamal peninsula as a whole connects the Yamal gas field and the industrial base with the rotation camp. During the reindeer herds' migration driving on the motorway is suspended. Every year, before the deer herd migrates through the field, a task force, consisting of officials from the Yamalo-Nenets District and the Yamal region administration, the Yamal social movement and Group subsidiary Gazprom Dobycha Nadym, checks if the transition points have been fully prepared for deer migration.

Working with the indigenous peoples of the North, Gazprom contributes to improving their quality of life, thereby helping to develop the potential of both individual residents and entire communities.

2. Gazprom and the Country

2.1. What is the Gazprom Group's contribution to the economy of the Russian Federation?

2.2. What measures does Gazprom take to ensure gas supply and connect the country to the gas system?

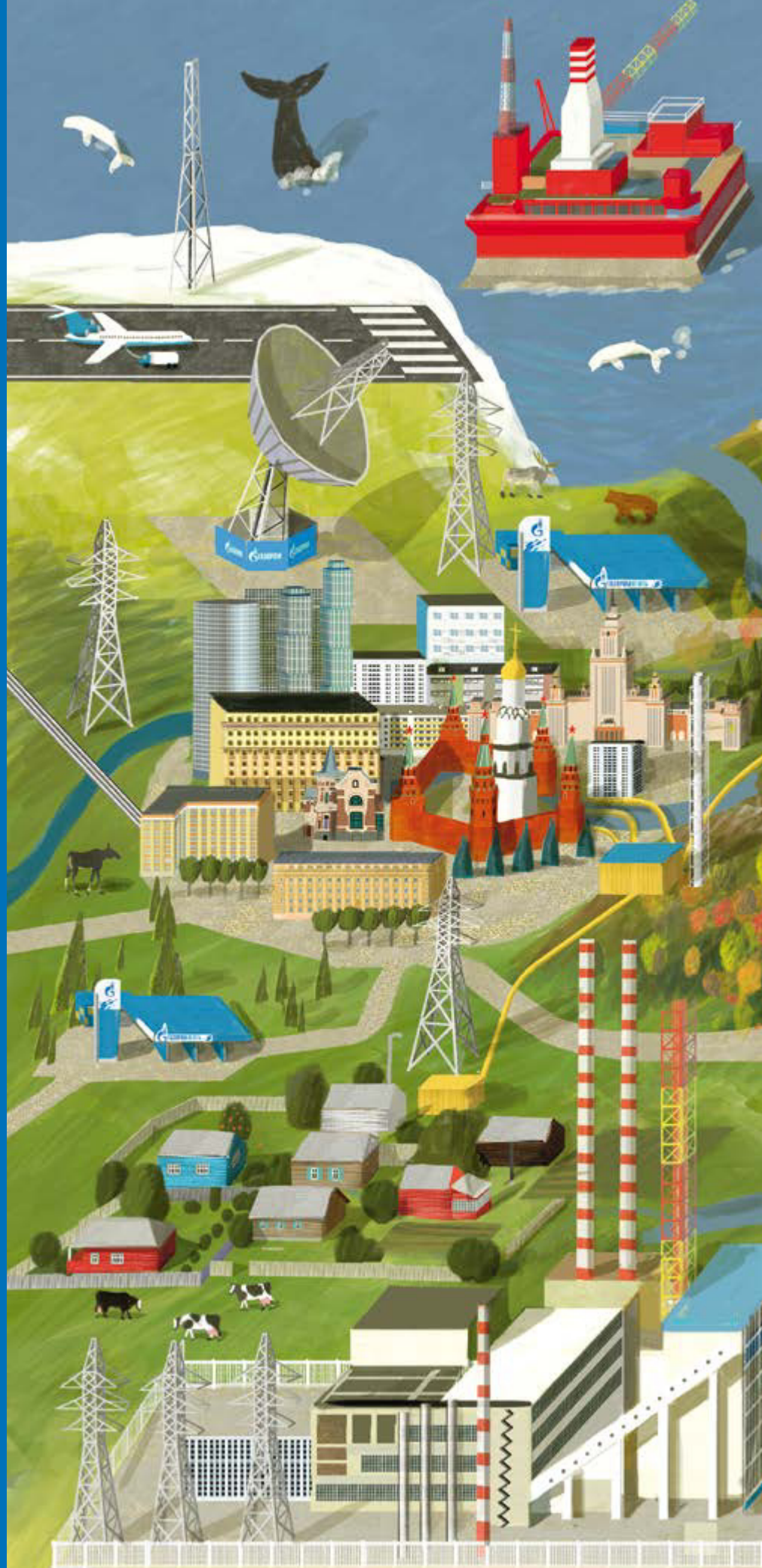
2.3. What types of vehicle fuel does Gazprom provide to Russian customers?

2.4. What measures does Gazprom take to provide Russian customers with electricity and heat?

2.5. How does Gazprom manage innovation?

2.6. How does Gazprom save energy?

2.7. How does Gazprom engage with regions where it operates?





As the largest natural gas supplier in the Russian Federation, Gazprom's mission is to guarantee the nation's energy security and the stability of energy supplies to the country

The territory of the Russian Federation is large, and a significant part of it features severe climatic conditions. This makes stable energy supplies vital for the proper functioning and development of the country. The supply of raw materials, fuel, electricity and heat by the Gazprom Group to the domestic market is one of the key factors determining not only the growth rates of the country's economy but also the quality of life of the Russian population.

Significant volumes of gas, oil, petrochemical products, electricity and heat supply to domestic and international markets provide cash inflows from customs duties and tax payments to budgets at all levels.

The Gazprom Group's companies, as well as their contractors and suppliers, have a significant impact on the country's employment rates. As of the end of 2015, Gazprom Group employed more than 462 thousand people. Moreover, the number of people employed by contractors, subcontractors and suppliers significantly exceeded that figure. Gazprom's projects are responsible for employment and growth in many domestic industries.

The Gazprom Group contributes to the growth of Russian business. Many contracts and partnership agreements are concluded with large, medium, and small businesses. Gazprom simplified the procedure for the procurement of small volumes of products in 2015 in order to improve the access of small and medium-sized enterprises to Gazprom Group procurements.

The Group distributes gas across the vast regions of the Russian Federation. The Gazprom Neft Group continues to expand its chain of filling stations in Russia. Currently, the gas vehicle fuel market is seeing rapid development.

Moreover, Gazprom Group is the largest owner of generating assets in Russia, as well as the largest supplier of heat not only in Russia but also in the world. Gazprom Energoholding supplies heat to 12 regions of the Russian Federation.

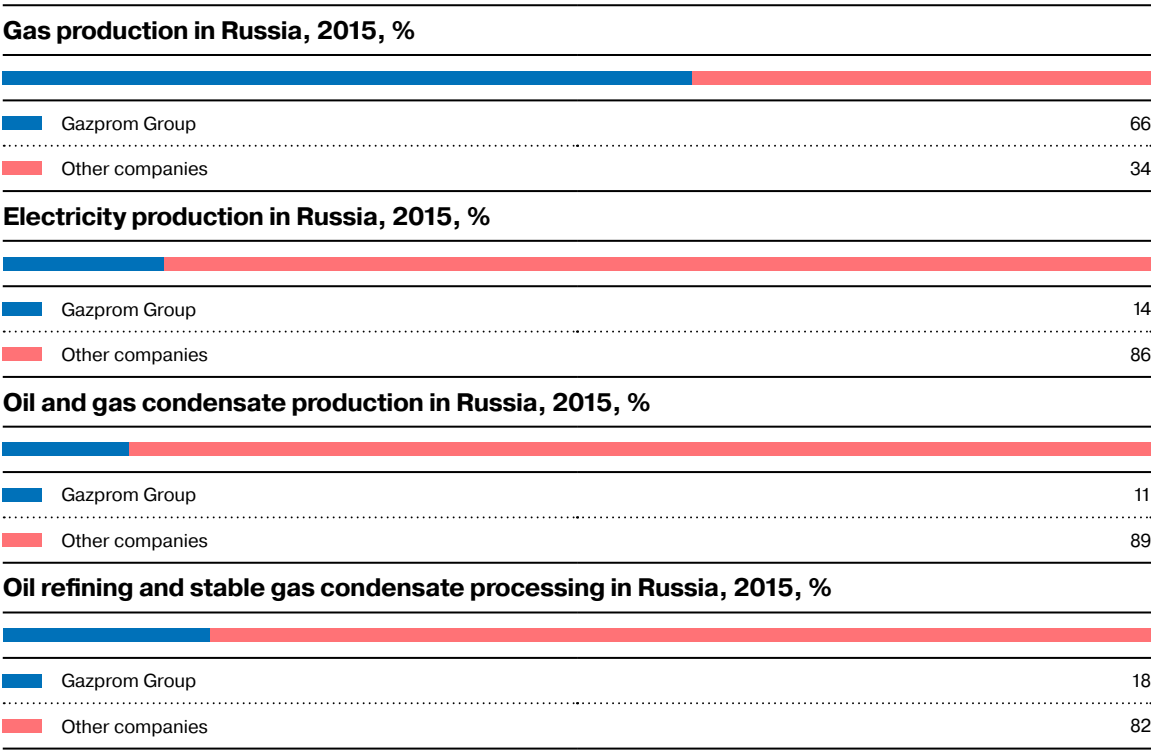
Gazprom acts in compliance with the Import Substitution Plan for 2014-15 introduced by the government. The Company cooperates with municipal authorities and contributes to the development of the regions where it operates.

2.1. What is the Gazprom Group’s contribution to the economy of the Russian Federation?

- The Company’s contribution to the social and economic development of the country includes:
- creating significant total value added and a considerable contribution to the GDP of the Russian Federation;
 - attracting capital investments to the country;
 - providing cash inflows to budgets at all levels of the Russian Federation through tax payments, customs duties and other payments made by the Company;
 - providing employment across the country;
 - developing fields from the south of the country to the Arctic shelf;
 - implementing modern systems aimed at monitoring environmental indicators and the ecological performance of Gazprom’s operations.

2.1.1. What is the Gazprom Group’s contribution to Russia’s production and economic indicators?

The Gazprom Group accounted for 66% of gas production in Russia in 2015. The Company’s share of electricity production in Russia was 14%, its share in the production of oil and gas condensate was 11%, while its share of oil refining and stable gas condensate processing was 18%.



The Gazprom Group is one of the biggest employers in Russia. As of 31 December 2015 the Group's total staff comprised 462.4 thousand people (compared with 459.6 thousand people in 2014), including 26.8 thousand employed by organisations registered abroad.

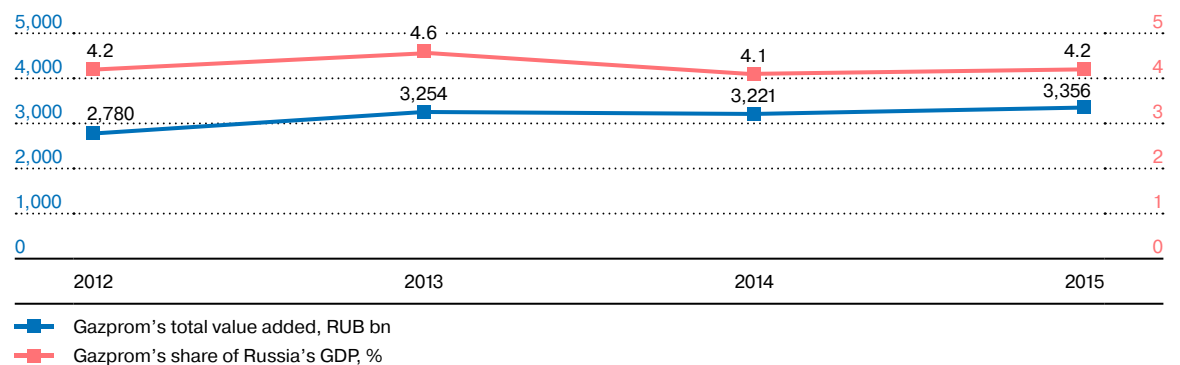
By providing employment opportunities on such a large scale, Gazprom plays an important role in the social and economic development of the country. This role is even greater when people employed by contractors or suppliers in metallurgy, mechanical engineering, petrochemical, transportation and other industries are taken into consideration.

2.1.2. What is the size of the economic value generated by the Company?

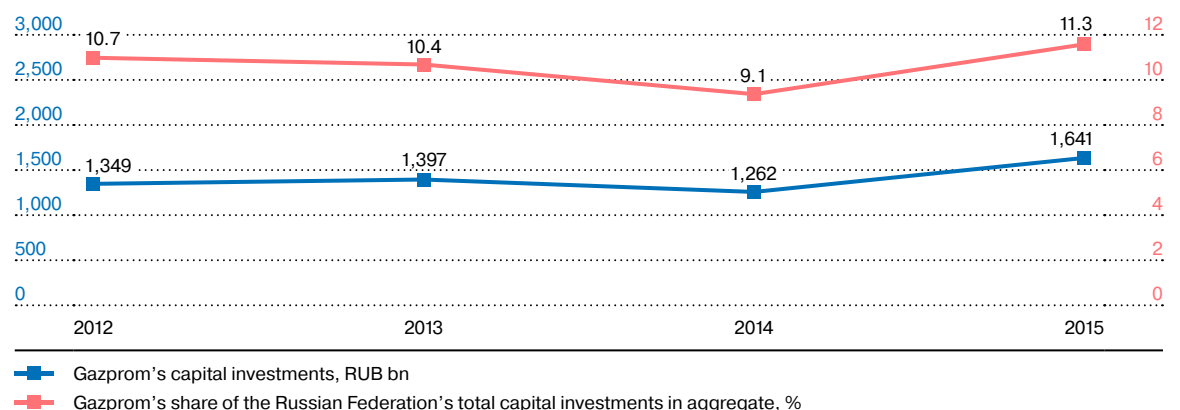
In the reporting period, the Gazprom Group demonstrated a stable financial and operating performance. Despite the tough macroeconomic environment, the volatility of global markets and the sanctions, the Group remained financially sound.

Gazprom demonstrated positive sales revenue dynamics. Revenue increased by 6% in 2014 to comprise RUB 5,589,811 mln, whereas in 2015 it increased by 9% y-o-y, totalling RUB 6,073,318 mln. Taking into account trading gains, financial income, and the income of associated companies and joint ventures, the total direct economic value generated by the Group grew by 18% throughout 2014-15.

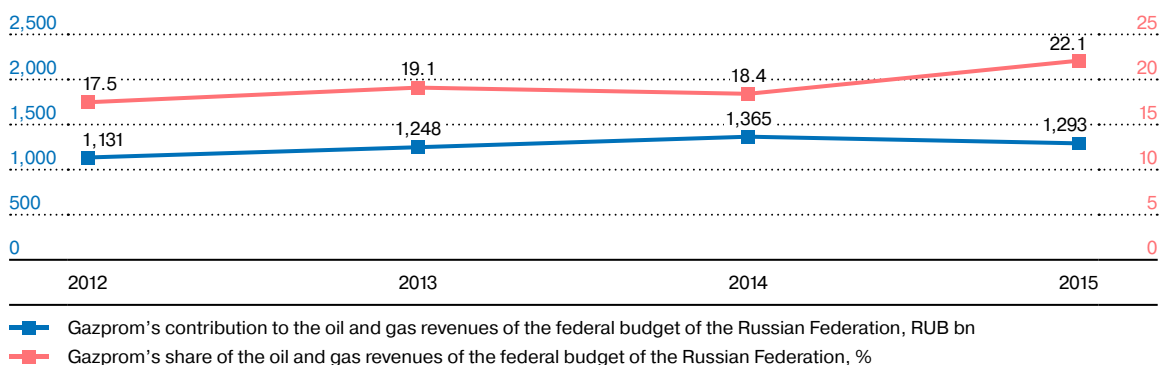
Gazprom's contribution to the GDP of Russia in 2012-15



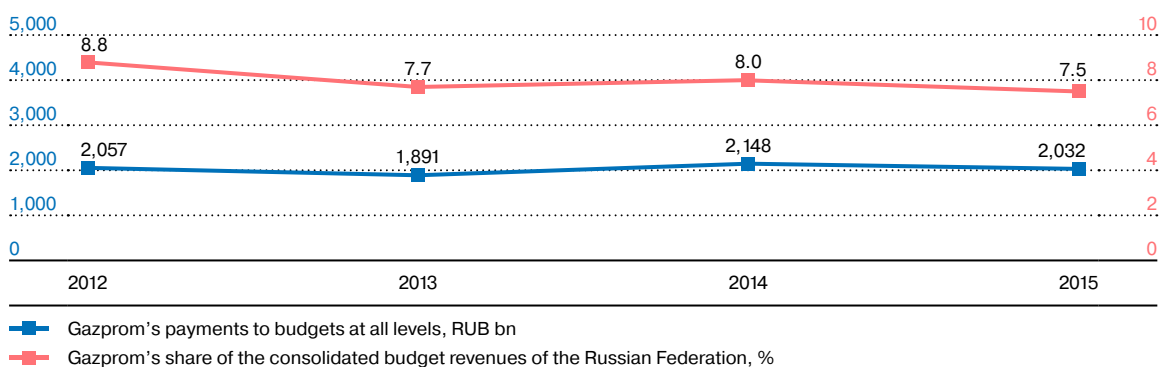
Capital expenditures of the Gazprom Group and its share of total capital expenditures in the Russian Federation, 2012-15



Gazprom's contribution to the oil and gas revenues of the federal budget of the Russian Federation, 2012-15

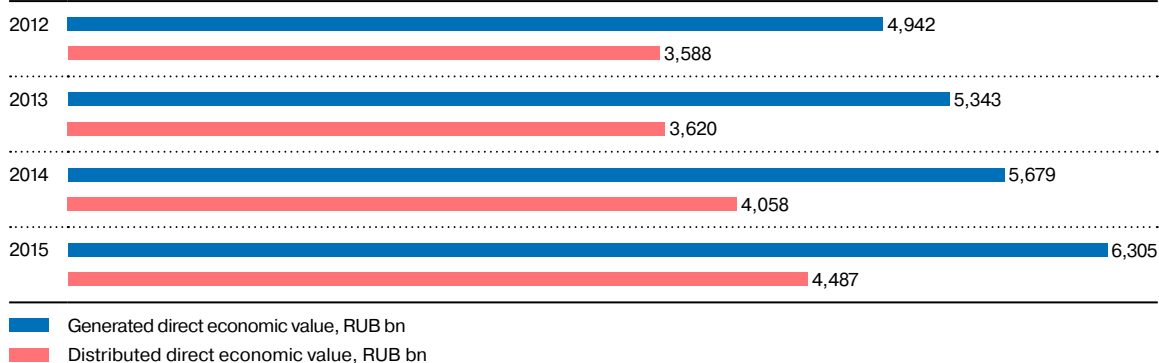


Gazprom's payments to budgets at all levels and its share of the consolidated budget revenues of the Russian Federation, 2012-15



¹ More details on Gazprom's contribution to the country's economy are available in Appendix 2 in the *Gazprom and the Country* section

Direct economic value generated and distributed, 2012-15¹



2.1.3. How does Gazprom engage with business?

In accordance with the Import Substitution Plan, the Gazprom Group cooperates with Russian business. Gazprom and its subsidiaries concluded more than 17 thousand contracts in 2015, worth a total of over RUB 1 trillion. By working with large, medium, and small enterprises, the Group has consistently reduced its share of imported goods, which has resulted in reduced costs and the acquisition of high-tech equipment. In turn, many Russian companies have significantly increased the quality of their goods and broadened their product range, as well as developing unique technical solutions.¹

¹ More details on the mechanisms of management of and internal control over procurement are available on the Company's official website <http://www.gazprom.com/f/posts/53/331565/sustainability-report-2012-2013-en.pdf>

Collaboration with large businesses

At present, the Group puts a lot of effort into spurring the industrial potential of the Russian regions to produce domestic goods that are used, or planned to be used, by the Group's companies. As part of its core activities, Gazprom has relationships with gas equipment producers, in particular, with Kirovsky Zavod – Gas Technologies, OMZ and Amira. Moreover, Gazprom invests money in the development of regional enterprises. The list of products recommended for use by domestic companies is updated on a regular basis. 527 products were on this list in 2015. Gazprom intends to expand its partnerships with large businesses. In the reporting period, the Company concluded:

- a master agreement on strategic partnership with LUKOIL for 2014-24;
- an agreement with Kamaz to focus strategically on expanding the Russian natural gas vehicle (NGV) market;
- a contract with Pipe Metallurgical Company (TMK) and Tomsk Machine-Building Technologies covering the large-scale production, supply and maintenance of import-substituting products.

An association for equipment producers called New Technologies for the Gas Industry was created in 2012 with the support of the Group in order to help major domestic producers join efforts in the development and implementation of innovative technologies in the electricity industry.

Contribution to the development of small and medium enterprises (SMEs)

The Gazprom Group is constantly working on improving the transparency of its procurement. Full information on procurement is published in the Unified Information System of Procurement (zakupki.gov.ru) and is publicly available. Gazprom's Automated Electronic Purchases System began operation in 2015. It covers the full procurement cycle, from the planning stage to the conclusion of contracts. The share of electronic purchases in the total volume of competitive procurement by Gazprom and its subsidiaries exceeds 95%.

Gazprom continues to take measures to expand the access of SMEs to procurement. We concluded more than 1,000 contracts with SMEs in 2015, worth a total of RUB 12.4 bn. More than 700 SMEs are contractors of the Company and a pilot programme for partnership with SMEs is now in place. The Company aims to simplify procurement procedures to the greatest possible extent: the whole process has been digitalised, and it uses functionality of Gazprombank's Electronic Trading Platform (ETP-GPB) in the Automated Electronic Purchases System. Furthermore, a smaller amount of documents is now required to participate in procurement procedures.

The Small Trade Procurement Portal was launched on ETP-GPB in order to facilitate small value procurements. More than 2,100 suppliers have used it to upload their price lists, including a total of 47,000 items (goods, works and services). Gazprom held competitive tenders electronically in the second half of 2015, in which only SMEs were allowed to participate. The winners of tenders worth over RUB 42.5 bn have been selected and contracts worth over RUB 4.5 bn were concluded on their basis in 2015.

2.2. What measures does Gazprom take to ensure gas supply and connect the country to the gas system?

As the largest supplier of natural gas to the domestic market, Gazprom's mission is to provide a secure and stable supply of natural gas to its customers and to the nation as a whole, as well as to enhance the efficiency of gas distribution systems and increase access to gas of the entire country. The key development priorities in this area are as follows:

- improve access to gas in the regions, in order to reach the maximum economically viable rate of access to gas, while meeting demand for gas, enhancing the nation's quality of life, and ensuring economic growth of the regions of the Russian Federation;
- increase cooperation between Gazprom and the municipal authorities aimed at synchronising efforts to create a "pipeline to customer" system and utilising already existing facilities as soon as they begin operation;
- further connect the regions of the Far East and Eastern Siberia to the gas system.

The main objective of the Group is to ensure a safe, reliable, and accident-free supply of gas to its customers. Centralising the management of gas distribution companies (GDC) is considered a key strategic priority of the Company.

Improving the Dispatch Control business process that regulates gas flows in the UGSS, within Russia as well as abroad, is considered to be a priority area for enhancing the Gazprom Group's overall performance. To that end, the Company introduced an Automatic Dispatch Control System (ADCS) for the UGSS, which is focused on ensuring the reliability and security of gas supplies to customers. The system is designed to collect and process up to 1 million parameters, support 500 users, and perform real-time operations 24/7; its performance is supported by the implementation of modern technologies.

The Gazprom Group's participation in the programme to expand access to gas of Russia's regions is one of its largest and most socially significant areas of activity on the domestic market. The Company has invested approximately RUB 124.1 bn in implementing the Programme to Improve Access to Gas Supply of the Russian Regions.

As part of the Programme, we constructed 192 gas distribution and supply facilities in 2014-15 with a total length of 2.7 thousand km. We provided access to gas to 71.4 thousand households and apartments, and to 463 boiler facilities.

As a result of the Programme the average rate of access to gas across the Russian Federation increased from 53.3% to 66.2% between 2005 and 2015.

The Company applies a diversified approach to ensure access to gas across those regions in the Russian Federation that are located in small residential areas far from gas trunklines. The Company takes into consideration the availability of alternative energy sources such as LNG and liquefied hydrocarbon gases (LHG). Gazprom implemented the first autonomous project to improve access to gas in 2014: the Company built an LNG complex in the Perm Territory, consisting of an LNG mini-plant, as well as three facilities for receiving, storing and regasifying natural gas.

Sakhalin I, Sakhalin II, and the Sakhalin – Khabarovsk – Vladivostok gas trunklines are the main routes for ensuring access to gas for the Khabarovsk and Perm Territories and the Sakhalin Region. In the future, plans have been made to meet the growing demand for gas in the Far Eastern Federal District with energy resources from Sakhalin III.

Priority Far East projects on access to gas include:

- territories of advanced social and economic development in the Primorsky and Khabarovsk Territories;
- the Zvezda shipbuilding complex;
- the Vostochny Cosmodrome in the Amur Region.

The gas supply system is fully autonomous in the Kamchatka Territory. Due to the fact that all of the functioning facilities consume all of the gas produced, an increase in access to gas will be possible only if the resource base is expanded.

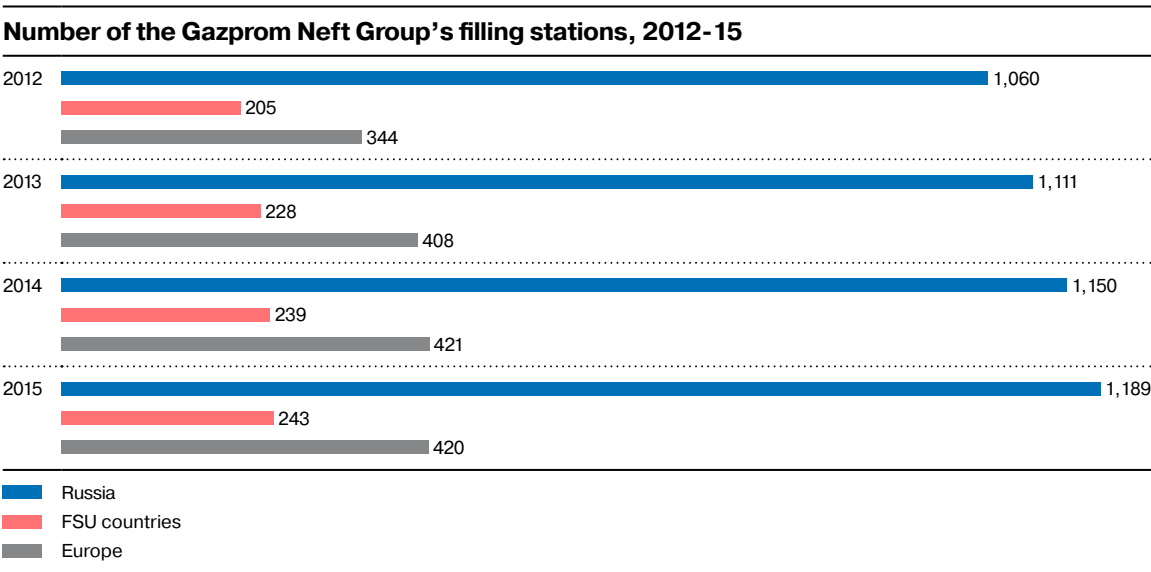
The Programme to Improve Access to Gas Supply for 2016 includes 67 regions in Russia, where investments totalling RUB 25 bn have been planned.

2.3. What types of vehicle fuel does Gazprom provide to Russian customers?

2.3.1. Conventional vehicle fuel supply

Gazprom Neft owns a large chain of filling stations spanning across 28 Russian regions, and the number of these stations is constantly growing. Sales of motor gasoline and diesel fuel in Russia in 2015 comprised 16.45 mmt. Sales of oil products through the Company’s chain in 2015 comprised 10.16 mmt, thus having increased by 2.5% (9.91 mmt) compared with 2014.

Key investments in the sale of oil products in 2014- 15 were aimed at growing the chain of filling stations: a programme for their construction, reconstruction and rebranding is still being implemented.



A customer-oriented approach is a key objective of the Gazprom Neft Group. In order to provide the customer with the highest quality of service at filling stations, Gazprom Neft has developed various quality standards for its oil products and customer service, and it has introduced special monitoring systems.

Standard	Implementation method
Control over filling stations’ functional quality	– Field checks of filling stations
Control over compliance with customer service standards	– Mystery shopper using CRM Sensor technology – Field checks of filling stations
Control over compliance with retail brand standards	– Field checks – Remote monitoring
Management of customer queries	– Customer service centre

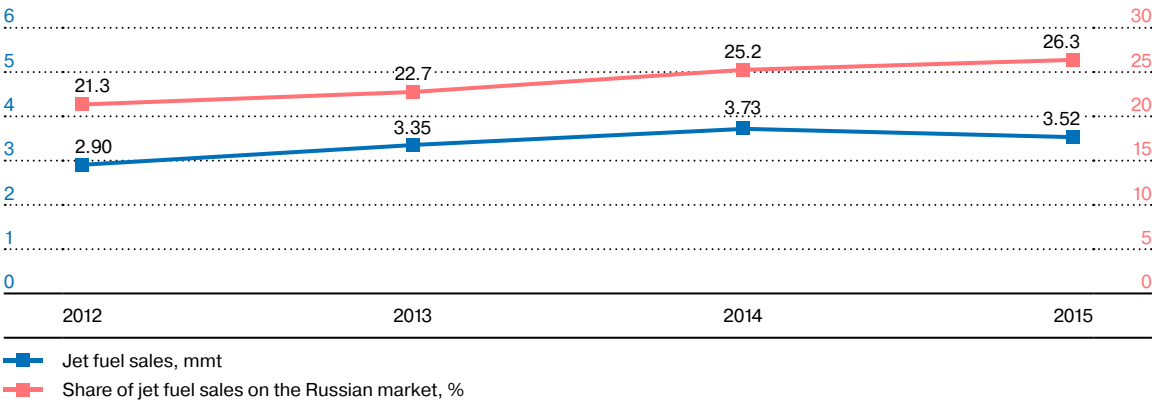
Gazprom Neft plans to increase sales of vehicle fuel in the Russian Federation and CIS countries by 2025, mainly driven by a 20% growth rate in the retail distribution channel. Further expansion of the filling stations chain is planned in order to achieve this goal.

The main suppliers of jet fuel and aircraft refuelling services within our Group are Gazprom Gazenergoset and Gazpromneft-Aero, a subsidiary of Gazprom Neft. Gazpromneft-Aero is the leader on the Russian market for jet fuel. The Gazprom Neft Group endeavours to expand its presence on the domestic jet fuel market, thereby increasing its share of total sales. As part of the expansion of the jet fuel business, the Company

has acquired shares in fuelling complexes at Moscow (Sheremetyevo) and Omsk airports, and continues to work on a reconstruction project covering the fuelling complex of the Ministry of Defence.

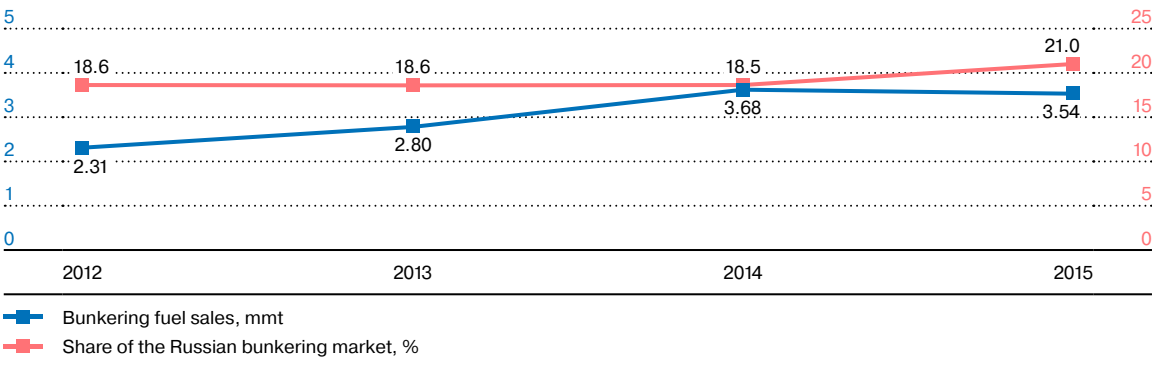
Having its own infrastructure allows Gazpromneft-Aero to provide airports with modern aircraft refuelling technologies and a consistent supply of jet fuel.

Performance indicators for Gazprom Neft Group on the Russian jet fuel market, 2012-15



The Gazprom Neft Group aims at expanding its presence on the Russian bunkering market. The Group is increasing its sales of bunkering fuel, as well as the number of refuelling ships. The Gazprom Group's bunkering fuel business is operated by Gazpromneft Marine Bunker, a subsidiary of Gazprom Neft. This company is the leader on the Russian bunkering market; its share comprised 21% in 2015.

Performance indicators for Gazprom Neft Group on the Russian bunkering market, 2012-15

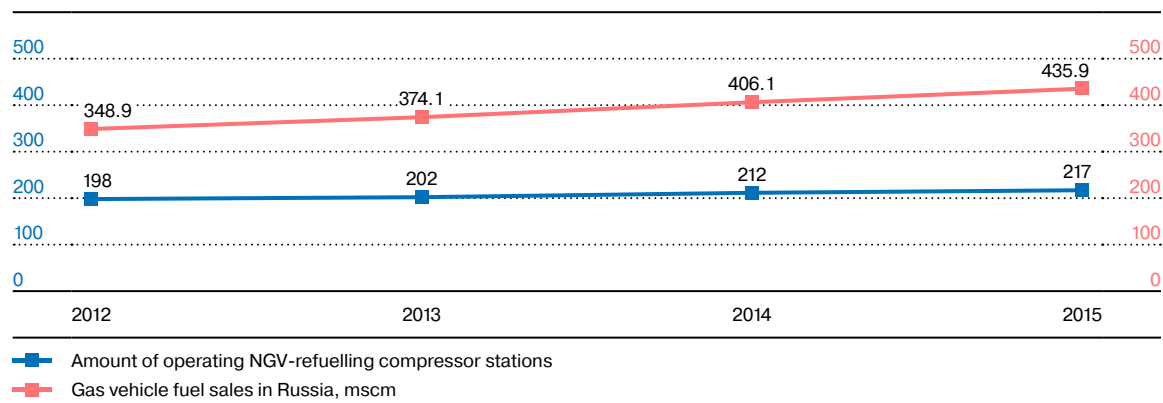


2.3.2. Gas vehicle fuel supply

The Gazprom Group contributes to improved access to natural gas-based fuel for its customers by producing and distributing gas vehicle fuel, as well as producing compressed natural gas (CNG) and liquefied natural gas (LNG).

The gas vehicle fuel market is a promising business for the Gazprom Group. The Company plans to create gas-fuelling infrastructure, stimulate the demand for natural gas as vehicle (NGV) fuel, and spur technological development of the NGV industry. The Group's share of the Russian gas vehicle fuel market (excluding LHG) comprised more than 90% in 2015. The Gazprom Group's CNG network sales volumes have steadily grown at rates of 5-8% per year. The Gazprom Group sold 435.9 mscm of CNG as NGV fuel in Russia in 2015, including sales of 5.8 mscm of CNG by Gazprom Gazomotornoye Topливо.

Gas vehicle fuel sales in Russia, 2012-15



Gazprom is working on marketing CNG as vehicle fuel. Gazprom Gazomotornoye Topливо, created in order to facilitate the development of this market, was designated as Gazprom's single operator.

The advantages of gas vehicle fuel

Cost-effectiveness	Natural gas is almost a ready-to-use vehicle fuel, which is why it is less expensive than gasoline or diesel fuel. The average price of natural gas used by vehicles across Russia (at NGV-refuelling compressor stations) comprises RUB 12 per 1 cubic metre.
Environmental performance	A vehicular engine using natural gas meets Euro-5 environmental requirements. The use of natural gas instead of petroleum-based fuels results in a significant reduction in carbon emissions.
Safety	According to the classification of flammable substances based on their degree of sensitivity of EMERCOM of Russia, natural gas is classified as type IV, the safest type. Furthermore, natural gas is twice as light as air, so should a gas leak occur, it quickly evaporates.
Technological effectiveness	The use of natural gas as vehicle fuel reduces engine wear by 35-45%. Natural gas does not form deposits during the combustion process, nor does it wash off the oily film from the engine cylinder walls, thus reducing mechanical friction and, consequently, engine wear.

Gazprom Gazomotornoye Toplivo is working to make switching vehicles to natural gas transparent and convenient. The expansion of gas-fuelling infrastructure, the adoption of industry-specific legislation, and the increase in demand have all contributed to this process. In order to develop the gas motor market, Gazprom is continually working with the producers of gas-fuelled equipment to expand the range of goods and the production of gas-fuelled vehicles. For example, Kamaz launched a plant in 2015 with the capacity to produce 8,000 gas-fuelled vehicles per year. A cooperation agreement aimed at expanding the range of goods and increasing the quality of goods produced is in force. Furthermore, a roadmap on implementing a pilot LNG project has been signed. The roadmap specifies the design and launch of batch production of LNG-fuelled Kamaz vehicles.

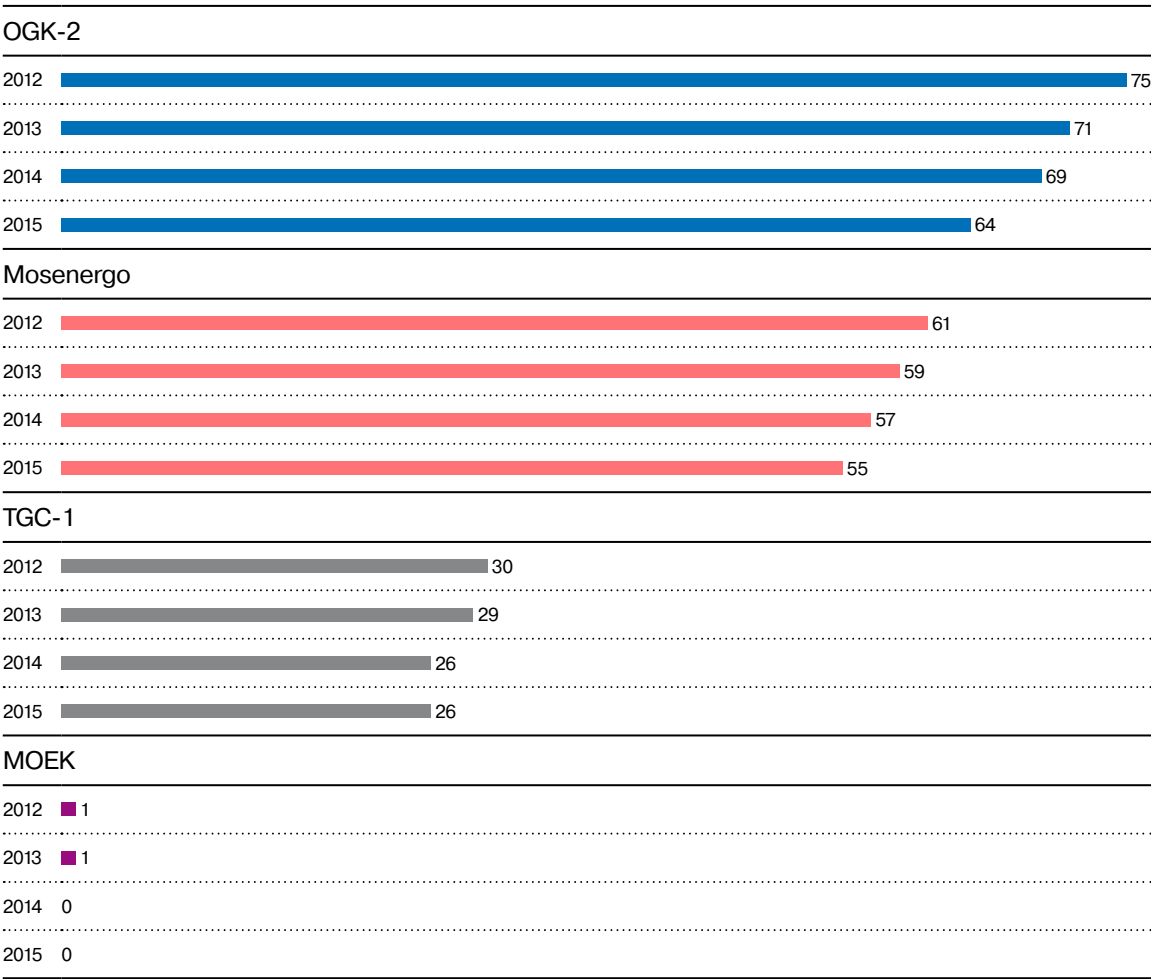
Gazprom Gazomotornoye Toplivo is implementing a project in cooperation with Avtovaz on the launch of CNG-fuelled cars. The production of a pilot batch of 300 gas-fuelled Lada Largus vehicles has been planned as part of the project. Today, the NGV fleet in Russia comprises approximately 110 thousand units. Gazprom owns the biggest NGV fleet in Russia: more than 20% of the Company's total fleet (6,899 units) operate on natural gas. It is worth noting that the switch of vehicles to natural gas under the programme for switching corporate transport to natural gas is now in place at almost all Gazprom subsidiaries specialising in gas production and transportation.

2.4. What measures does Gazprom take to provide Russian customers with electricity and heat?

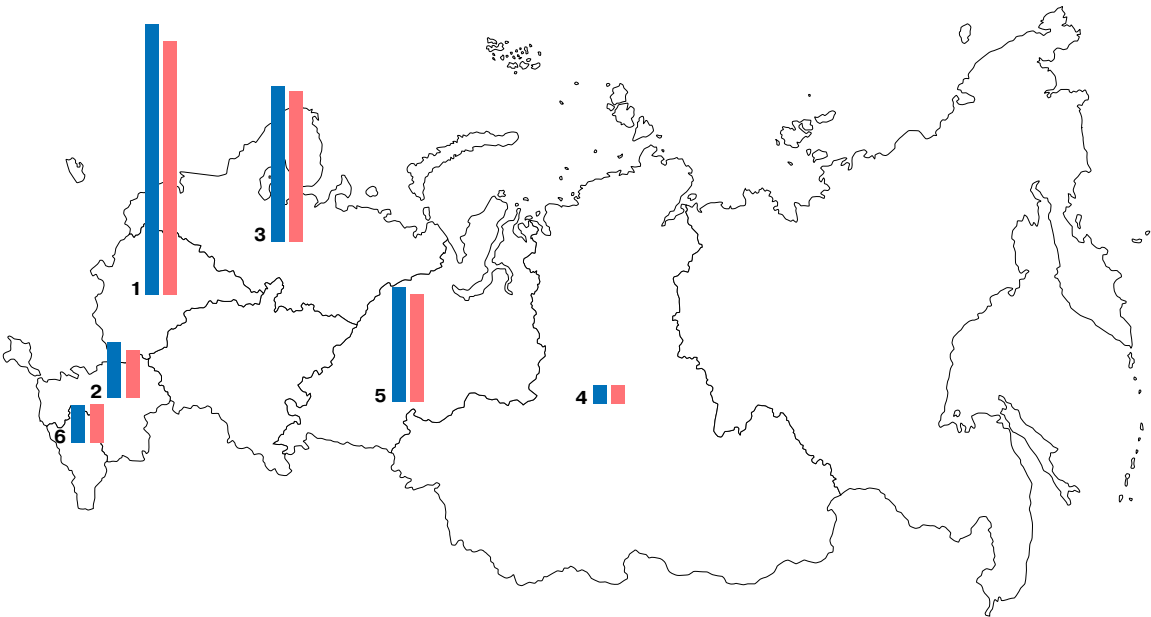
2.4.1. Electricity supply

The development of the electricity business is one of Gazprom’s main strategic objectives. The Gazprom Group is the largest owner of power generating assets in Russia. The capacity of the Group’s main generating assets (Mosenergo, TGC-1, OGK-2, MOEK, and Gazprom Neftekhim Salavat) is approximately 38.7GW, or 16% of the total generation capacity of the Russian power sector.

Electricity production by Gazprom Energoholding’s companies, 2012- 15, bn kWh



Electricity supply from the Gazprom Group’s companies to federal districts of the Russian Federation, 2014- 15, mln kWh

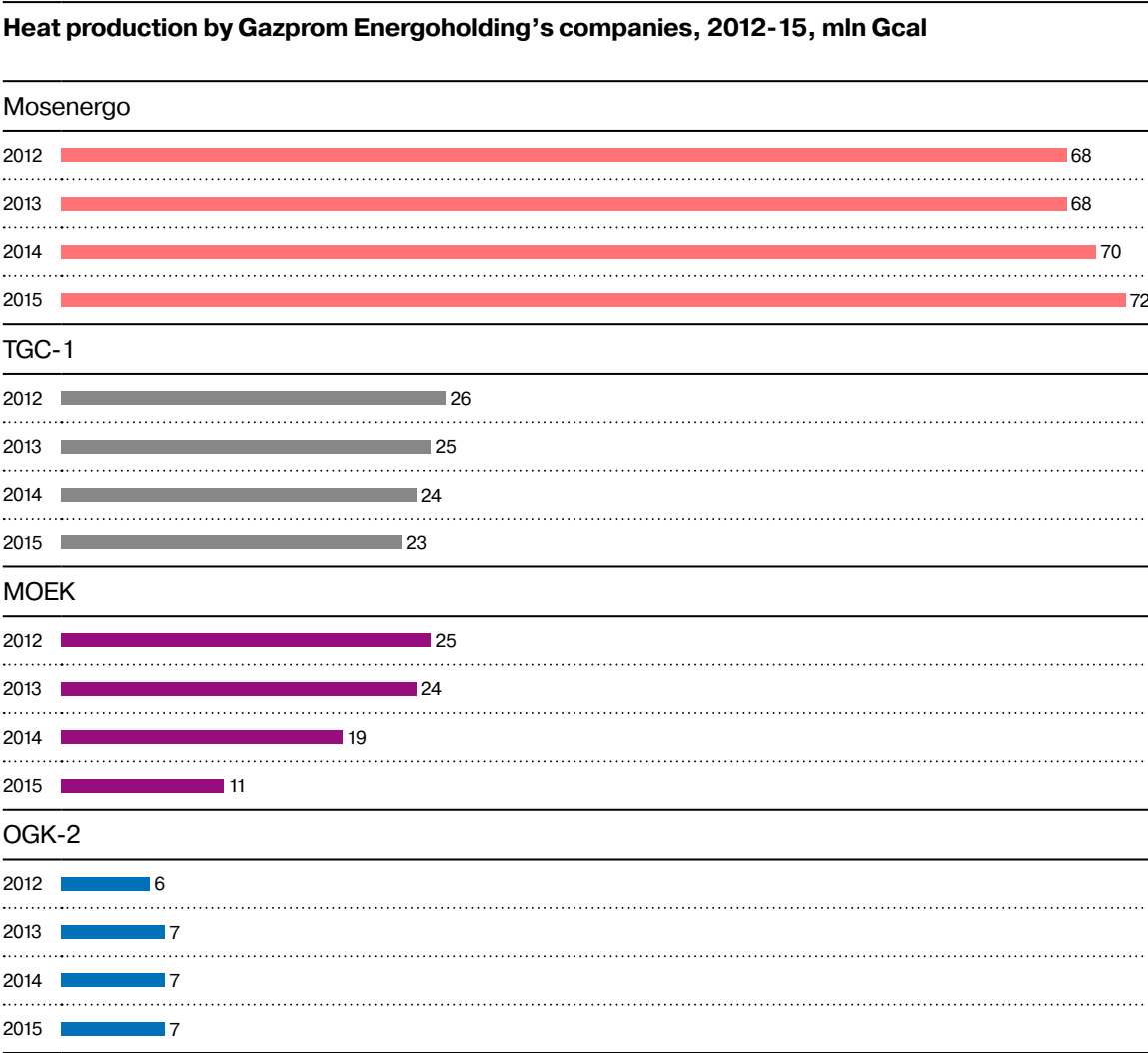


Region	2014	2015
1 Central FD	62,978	59,082
2 Southern FD	13,024	11,172
3 Northwestern FD	36,287	35,003
4 Siberian FD	4,346	4,407
5 Ural FD	26,627	24,976
6 North Caucasian FD	8,496	8,708
Total	151,758	143,348

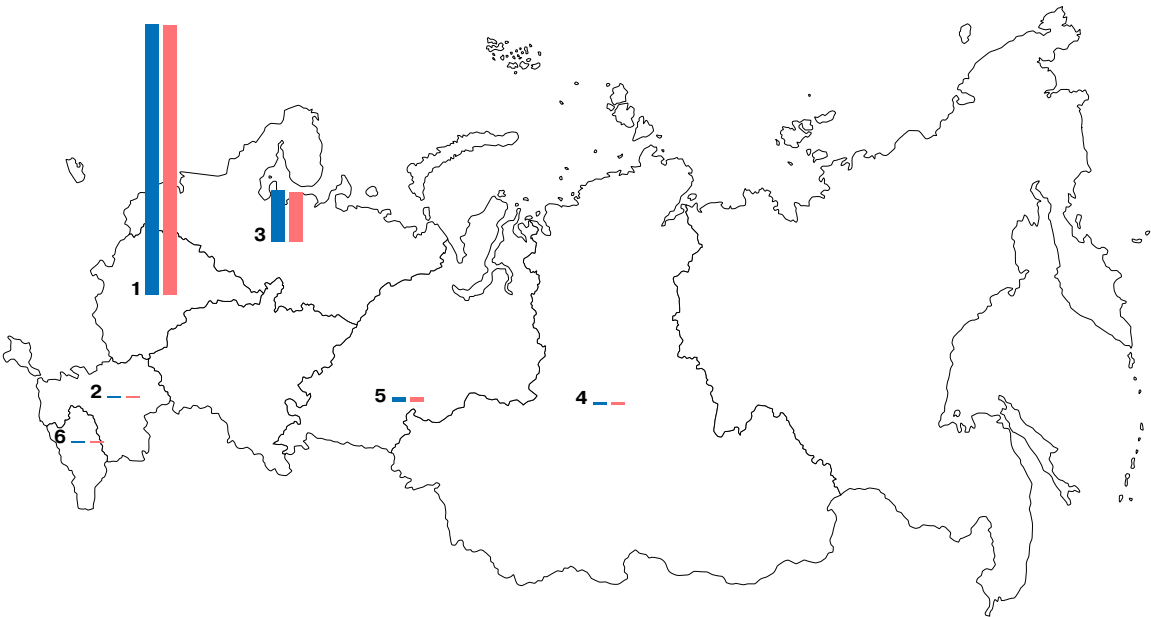
2.4.2. Heat supply

In addition to electricity, the Gazprom Group’s companies also supply heat to the regions where the generating facilities of its subsidiaries are based.

Gazprom Energoholding supplies heat to 12 regions of the Russian Federation. The Company operates more than 70 industrial, industrial-heating and heating boiler facilities with a total capacity of more than 1,700 MW and approximately 600 km of heat grids.



Heat supply from the Gazprom Group’s companies to the federal districts of the Russian Federation, 2014- 15, thousand Gcal



Region	2014	2015
1 Central FD	134,303	133,698
2 Southern FD	254	219
3 Northwestern FD	25,694	24,420
4 Siberian FD	992	943
5 Ural FD	2,079	1,943
6 North Caucasian FD	60	60
Total	163,382	161,283

2.5. How does Gazprom manage innovation?

2.5.1. How are innovation initiatives managed at Gazprom?

The Gazprom Group's key focuses for innovation are defined in our Innovative Development Programme to 2020. The main objective of the Programme is to consistently improve technologies utilised by the Group in order to maintain leading positions in the world energy business while remaining compliant with the highest HSE requirements. Innovative technological advancement improves the Group's competitiveness, financial performance and market capitalisation.

Business segment	Technology development priorities	Main areas for R&D (in order of priority)
Gas business	<ul style="list-style-type: none"> Technologies for hydrocarbon prospecting and exploration, including unconventional resources; Development of hydrocarbon resources in the permafrost areas and on the continental shelf; Hydrocarbon production at existing fields; Enhancement of gas transportation effectiveness, development of technological methods of gas supply diversification; Increased effectiveness of gas storage; Innovative technologies for gas processing, gas chemical industry, gas sales and gas usage. 	<ul style="list-style-type: none"> Creation and improvement of technologies for prospecting, exploration and development of unconventional resources; Increasing efficiency at existing sites; Increased effectiveness of gas transportation and gas supply.
Oil business	<ul style="list-style-type: none"> Seismic survey technologies; Technologies for horizontal directional drilling and multi-stage fracturing; Development of unconventional hydrocarbon technological resources that are to be implemented on the territories of the Khanty-Mansi Autonomous District and the Yamalo-Nenets Autonomous District; Increased production rates at mature fields; Development of rotary steerable systems as part of the Import Substitution Plan; Technologies for deep oil conversion. 	<ul style="list-style-type: none"> Technologies for development of unconventional hydrocarbons; Improvement of efficiency at mature fields; Compliance with the Import Substitution Plan.

Business segment	Technology development priorities	Main areas for R&D (in order of priority)
Energy business	<ul style="list-style-type: none"> — Upgrading generating equipment; — Use of combined-cycle gas turbines in the construction of TPPs with more than 55% efficiency; — Incorporation of units with circulating fluidised beds during the construction and retrofitting of coal TPPs. 	<ul style="list-style-type: none"> — Upgrading of existing capacity; — Use of innovation technologies during construction of new units.

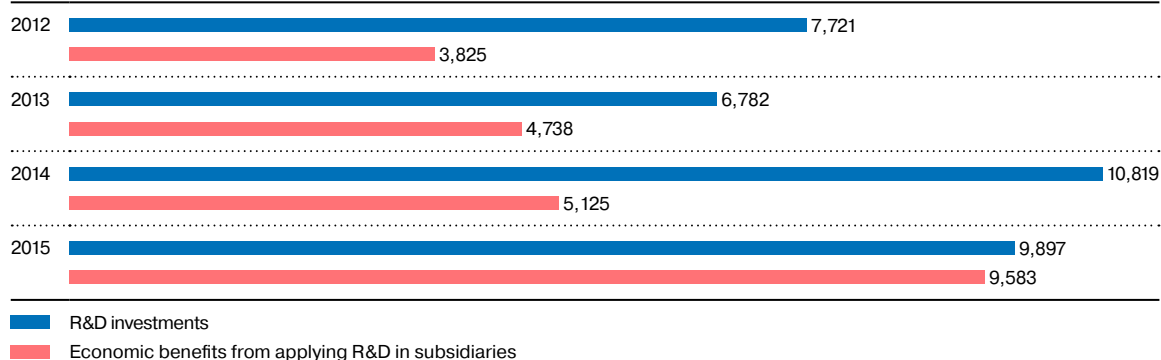
The Group's science and technological complex (STC) plays an important role in promoting innovation. The STC comprises R&D organisations and employs more than 12 thousand people, including 72 doctoral degree holders and 584 candidate degree holders. The organisations of the STC have created unique scientific schools in the field of geology, site development and engineering for multi-stage gas transmission systems.

An increasing number of important research projects are being implemented in the format of integrated scientific and technological programmes. Examples of such programmes include Gazprom's Energy Conservation and Energy Efficiency Improvement Programmes, as well as integrated programmes for the reconstruction and re-equipment of extraction facilities, underground storage and gas processing facilities and vehicles. The Group is constantly searching for ways to improve the performance of its R&D and to expand the scope of its application.

2.5.2. What results are achieved by innovation?

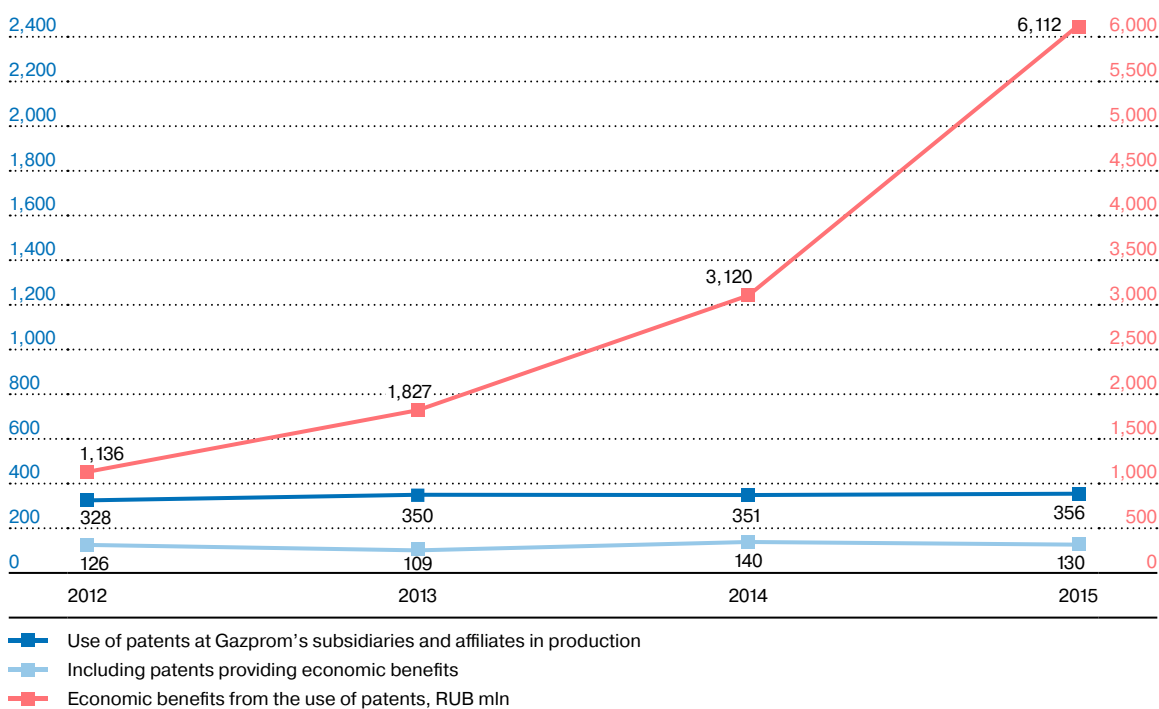
The Gazprom Group invests generously in R&D. We invested RUB 9.9 bn in new research in 2015, which is 46% more than in 2013. The economic benefits from R&D demonstrate a positive trend.

Gazprom's R&D investments and their economic benefits, 2012-15, RUB mln



The Group cooperates with external scientific organisations. 63 organisations participated in R&D activities in 2015, 40 of which were external institutes and research centres. Gazprom ensures that it protects intellectual property created from the research in anticipation of its industrial use.

Use of patents in the Gazprom Group's operations and economic benefits from their use, 2012-15



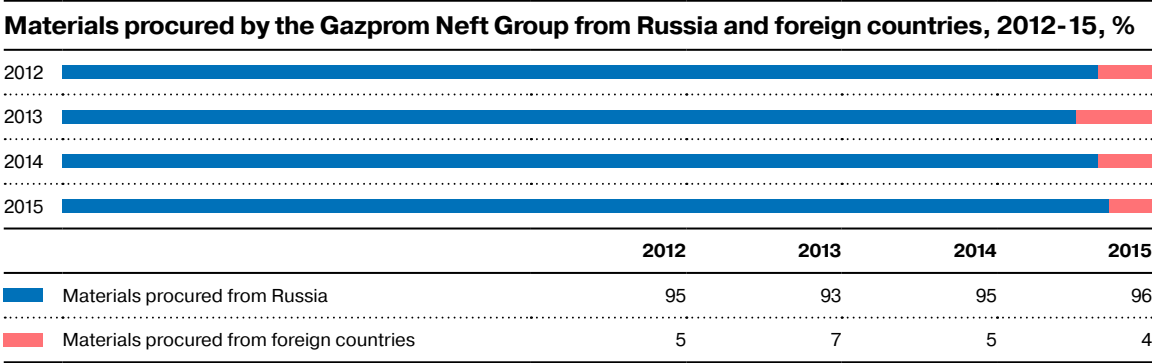
2.5.3. Is Gazprom making an effort to substitute imported products?

The Gazprom Group takes measures to support import substitution and localisation of technology. The Company's procurements in 2014-15 involved a range of events devoted to addressing and mitigating the consequences of the sanctions imposed by the European Union and the USA. *Ceteris paribus*, the Group aims to choose Russian goods and services. Gazprom also provides extensive support to Russian industrial enterprises: for example, Gazprom has signed strategic alliance agreements with Russia's largest producers¹. These agreements ensure the participation of Russian producers in the development and production of new products. Orders by the Group's companies are included in the relevant production programmes of the producers. The Committee on procured materials substitution, including import substitution, is engaged in initiatives to substitute imported goods and services. In turn, Gazprom's Managing Committee on import substitution and production localisation on the territory of the Russian Federation is working on the following tasks:

- determining priorities for import substitution;
- designing an alternative substitution strategy;
- ensuring the technological independence of equipment and software;
- supporting the Group's entities in import substitution strategies and implementing technology in order to create the necessary industrial enterprises in Russia;
- supporting the Group's entities in identifying issues of concern, gathering expert advice on developing import substitution strategies and implementing import-substituting technologies.

¹ More details on the subject are available in the *How does Gazprom engage with business?* section

As part of the import substitution strategy, the Company develops and approves roadmaps jointly with the municipal bodies of the Russian Federation in order to determine the most efficient use of regional resources potential. The Group has approved roadmaps to expand the scope of high-tech import substitution production with the Republic of Bashkortostan, the Republic of Mordovia, the Republic of Tatarstan, the North Caucasian Federal District, and the Kirov and Nizhny Novgorod Regions.



The Group organises presentations for officials from the municipal legislative and executive authorities. The Special Committee for Regional Policy takes part in this activity. The Committee works with regional associations in order to bring together like-minded people and entrepreneurs.

2.6. How does Gazprom save energy?

2.6.1. What is the Gazprom Group's performance in energy conservation and energy efficiency?

The Gazprom Group plays a key role in the long-term reduction of energy consumption in the Russian economy. The Group implements a targeted energy conservation policy in compliance with the legal framework of the Russian Federation.

The Group's energy conservation policy is based on:

- the Energy Strategy of Russia;
- Federal Law No. 261 "On Energy Conservation, Increasing Energy Efficiency and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation", of 23 November 2009;
- Decree of the President of the Russian Federation No. 889 "On Measures to Increase the Energy and Environmental Performance of the Russian Economy", of 4 June 2008;
- Gazprom's Energy Conservation and Energy Efficiency Improvement Concept for 2011-20.

In compliance with current statutory requirements, the Gazprom Group's companies (Gazprom Neft, Gazprom Energoholding, and Gazprom Neftekhim Salavat) develop their own energy conservation and energy efficiency improvement programmes that are not included in Gazprom's Energy Conservation Programme. The aforementioned programmes are based on the general principles of the Gazprom Group's energy conservation and the energy efficiency improvement policy established in compliance with the requirements of the Federal Law and specified in Gazprom's Energy Conservation and Energy Efficiency Improvement Concept for 2011-20.

The Group is engaged in implementing innovative energy conservation technologies in production processes.

We view our key objective in the field of energy conservation as increasing the efficiency of non-renewable energy resources by implementing innovative energy conservation technologies. This approach protects natural resources and reduces the environmental impact at the same time.

Gas business

Gazprom's Energy Conservation and Energy Efficiency Improvement Concept for 2011-20, approved by the Company's Board of Directors, comprises strategic short- and long-term objectives of energy conservation policy, as well as outlining measures devoted to higher energy efficiency at PJSC Gazprom and its key subsidiaries.

The strategic goals of PJSC Gazprom's energy conservation policy for 2011-20 are as follows:

- efficient use of energy sources in order to ensure the Company's sustainable development;
- enhancement of the Company's energy efficiency and competitiveness;
- strengthening of PJSC Gazprom's positions on foreign markets.

The objectives of OJSC Gazprom's energy conservation policy for 2011-20 are as follows:

- a reduction in specific energy resource consumption in production through 2020 of at least 1.2% per year of the previous year's level;
- a reduction in consumption of natural gas in production and losses in core operations of at least 11.4% over 2011-20;
- a reduction in greenhouse gas emissions by at least 48.6 mmt of CO₂-equivalent over 2011-20.

Gazprom's energy conservation potential over 2011-20 is estimated at 28.2 mln tce (tonnes of coal equivalent). In order to achieve its corporate goals, the Company continually develops short-term and medium-term programmes for energy conservation and efficiency.

The combination of measures under the Energy Conservation and Energy Efficiency Improvement Programmes for 2011-15 resulted in total energy resource savings of 12.5 mln tce, including 10.5 bscm of natural gas, 1.26 bn kWh of electricity and 1.0 mln Gcal of heat.

Gazprom's current Energy Conservation and Energy Efficiency Improvement Programme for 2014-16 (the "Programme for 2014-16") is aimed at improving the energy efficiency of production processes as a result of economically driven energy conservation campaigns.

Objectives of the Programme for 2014-16 include:

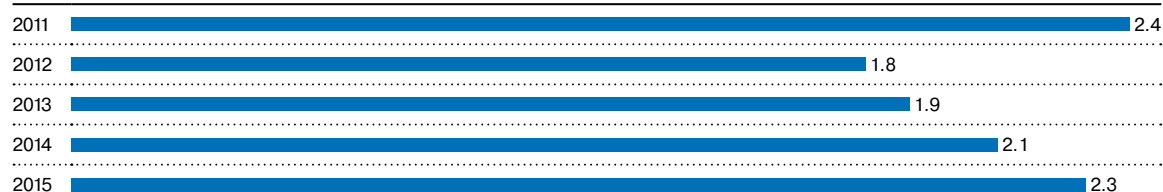
- introducing highly efficient energy conservation technologies in all of Gazprom's operations;
- reducing or stabilising the consumption of specific energy resources for production needs;
- decreasing energy losses and pollutants emissions.

The key energy conservation targets of the Programme for 2014-16 include energy resource savings of no less than:

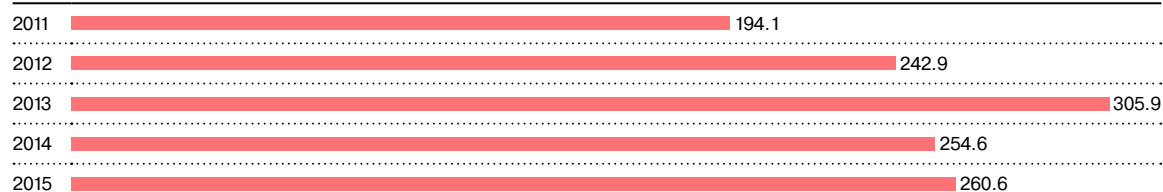
- 5,261.4 mscm of natural gas;
- 566.4 mln kWh of electricity;
- 358.5 thousand Gcal of heat

Energy resource savings by Gazprom's key subsidiaries specialising in gas production, transportation, processing, underground storage and distribution over 2011-15

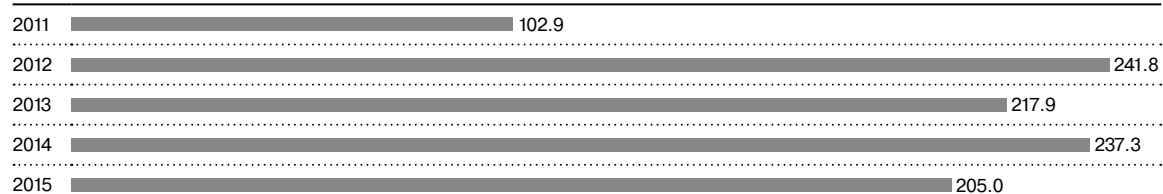
Natural gas savings, bscm



Electricity savings, mln kWh



Heat savings, thousand Gcal



Total energy resource savings, mln tce



At Gazprom, measures to support energy efficiency and the rational use of energy resources are coordinated by the Coordinating Committee for Environmental Protection and Energy Efficiency, while day-to-day sustainability management is the responsibility of the Energy Conservation and Environmental Directorate.

Gazprom is constantly working on implementing innovative technologies. For example, Gazprom Transgaz Yugorsk is working on a waste heat recovery project at the Oktyabrskaya compressor station, and Gazprom Transgaz Tchaikovsky is working on a turbine expander unit to harvest energy from the inlet gas surplus pressure at the Dobryanka gas distribution station. Moreover, we are increasingly using technologies to minimise gas blowdown during repair works with the help, among other resources, of mobile compressor stations.

Oil business

¹ More details are available on the Company's official website <http://www.gazprom.com/f/posts/53/331565/sustainability-report-2012-2013-en.pdf>

At the Gazprom Neft Group, responsibility for improving energy conservation and energy efficiency is shared between the Exploration and Production segment and the Logistics, Refining, and Marketing segment. The company has adopted the Gazprom Neft Energy Policy, as well as the energy conservation programmes of the Exploration and Production segment and the Logistics, Refining, and Marketing segment.¹ Moreover, the Energetika Competence Centre, with its own Energy Efficiency network group, operates within the Group.

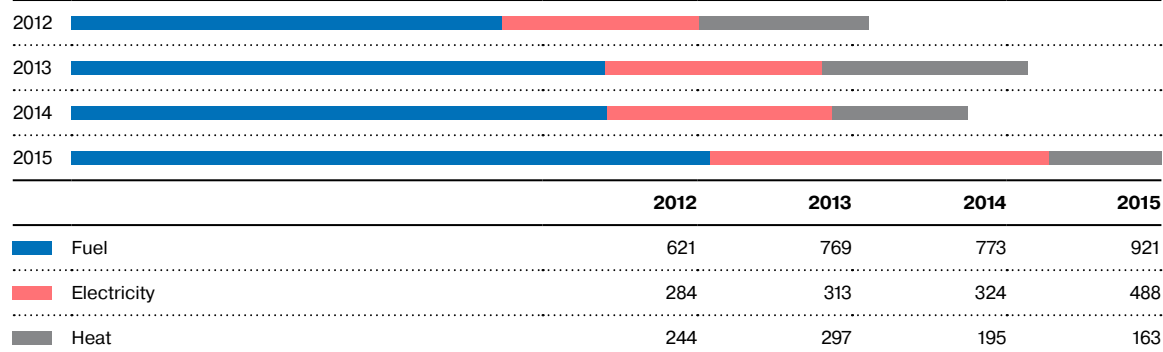
In the reporting period, Gazprom Neft carried out a range of energy saving initiatives, such as implementing electric submersible pumps with increased efficiency, optimising the operational regimes of submersible equipment, shutting down production at non-profitable wells, and upgrading light systems and power generation equipment.

Electricity business

At Gazprom Energoholding, improvements in energy conservation and energy efficiency are managed at the level of the power companies (Mosenergo, TGC-1, MOEK and OGC-2). The energy conservation programme is aimed at saving energy and improving energy efficiency.

In the reporting period, Gazprom Energoholding's companies took a number of measures to improve energy efficiency. These included: re-equipping and reconstructing TGC-1's facilities, upgrading the lighting systems, replacing the pipeline sections at by-product recovery shops, reconstructing the main and local heat pipelines and heating cables, and upgrading the central heat distribution stations.

Electricity savings at Gazprom Energoholding, 2012-15, thousand tce



2.6.2. What are the indicators of energy intensity at the Gazprom Group?

The main indicator demonstrating the achievement of corporate objectives to increase the resource and energy efficiency of operations is the reduction of energy intensity of industrial processes at the Gazprom Group's companies.

Gas business

The key targets of the PJSC Gazprom Energy Conservation and Energy Efficiency Improvement Programme for 2014-16 are:

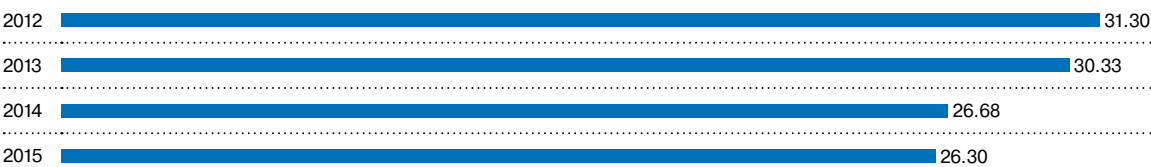
- reducing specific energy resource consumption by at least 1.2% versus the previous year's level in gas transportation, underground storage and distribution;
- stabilising specific energy resource consumption in the production of gas, gas condensate and oil, as well as in gas and liquid hydrocarbon processing.

In the transmission of gas via trunklines, Gazprom's most energy intensive activity, the specific consumption of energy resources (natural gas and electricity) decreased from 34.2 to 26.3 kg ce/mscm • km over 2011-15, due to the implementation of highly efficient technologies. The consumption rate in 2015 was 27% lower than the key target set by the Federal Tariff Service of the Russian Federation (Order No.214-e of 30 March 2012).

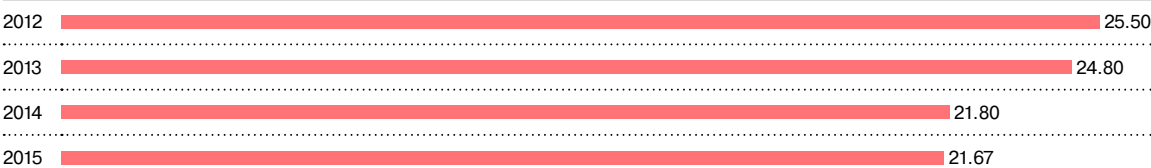
The total energy resources saved over 2011-15 exceeded the target by 30.6%. The majority of these energy resource savings (83%) were in gas transmission via trunklines.

Gazprom's energy efficiency improvement in gas transmission via trunklines

Specific energy resource consumption, 2011-15, kg ce/mscm • km



Specific natural gas consumption for production needs and losses, 2011-15, m³/mscm • km



The key priorities for saving natural gas during transmission via trunklines are as follows: reducing gas consumption for production needs in pipelines and gas distribution stations, optimising operating modes at GTS facilities, repairing compressor units in order to improve their technical condition, reconstructing and upgrading equipment at compressor stations, optimising operating modes and improving equipment condition, implementing variable-frequency drives and soft start technology, as well as introducing administrative and technical measures that contribute to saving electricity.

Gazprom drafted and adopted a range of documents in 2015 in compliance with the Energy Conservation and the Energy Efficiency Improvement Programme concerning the corporate standardisation system for energy conservation. These documents contain requirements for the use and consumption of electricity.

Gazprom's subsidiaries continue to work on the certification of their environmental management systems in compliance with ISO 50001:2012.

Oil business

The key indicator of energy efficiency at Gazprom Neft's companies in the Exploration and Production segment is the consumption of electricity for fluid production: this decreased by 0.2% in 2014 compared with 2013; it decreased by another 1% in 2015 compared with 2014. Thus, the target stated in the Energy Efficiency Programme was surpassed by 92% in 2015. Electricity savings in the Exploration and Production segment comprised 205 mln kWh, with economic benefits totalling RUB 640 mln.

The Logistics, Refining, and Marketing segment experienced a reduction in energy intensity of 2.1% in 2014 compared with 2013. Specific consumption further decreased by 1.8% in 2015. Over two years, the overall reduction of energy resources consumption in the segment comprised 275.6 thousand tce, with economic benefits totalling RUB 1,885 mln.

The results of the Programme were achieved largely due to the implementation of the energy conservation initiatives at oil processing facilities, including the Omsk Refinery, Yaroslavlnefteorgsintez and the Moscow Refinery.

Electricity business

Gazprom Energoholding's companies are working to achieve the following objectives to reduce energy intensity:

- reducing specific fuel consumption for electricity production;
- reducing specific fuel consumption for heat output;
- reducing electricity consumption for process needs during heat and electricity production;
- reducing heat loss during transfer via heating grids.

All of the Gazprom Energoholding's companies have documented programmes on energy efficiency and energy conservation. These programmes are mainly aimed at implementing re-equipment and reconstruction projects (commissioning new industrial facilities), increasing energy efficiency of equipment (as part of overhauls and midlife repairs), conducting administrative and technical operations (upgrades of lighting systems), performing energy audits, as well as developing and implementing guidelines based on rational use of resources principles.


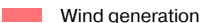
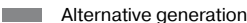
2.6.3. How are renewable energy resources used?

Gas business


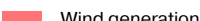

1,560 power generation units using renewable and alternative energy sources, including 1,210 belonging to PJSC Gazprom, were in operation in our gas segment in 2015. The total volume of electricity produced by these units in 2015 comprised 305 thousand kWh (1,100 GJ), including Gazprom's production of 265 thousand kWh (953 GJ).

1 Solar generation – solar modules, solar batteries, solar power generation plants, solar electric generators. Wind generation – wind generators. Alternative generation – turbo expanding units, expander generators, thermoelectric generators

Distribution of power generation units according to generation types¹

	Quantity	%
 Solar generation	772	50
 Wind generation	143	9
 Alternative generation	645	41

Distribution of the volume of electricity generated by generation type

	GJ	%
 Solar generation	397	36
 Wind generation	505	46
 Alternative generation	198	18

Electricity business

115 hydroturbines were used by TGC-1's facilities in the electricity segment in 2015. The total volume of hydro-generated electricity in 2015 comprised 12.3 bn kWh (44 mln GJ).

TGC-1 accounted for the bulk of the renewables-based generation in 2014-15. TGC-1 owns 14 small HPPs with a total installed capacity of 202.4 MW in the Republic of Karelia and the Murmansk Region². TGC-1's small HPPs are a part of the Suna cascade (including a group of 6 small HPPs with a total capacity of 13.1 MW), the Teriberka cascade, the Niva cascade, the Kem cascade, the Vyg cascade, and the Paz cascade. TGC-1's small HPPs contribute significantly to the development of green energy generation in Russia's Northwestern Federal District.

2 In accordance with GOST R 51238-98, hydropower plants with an installed capacity of 30 MW or lower are considered small HPPs in Russia

2.7. How does Gazprom engage with regions where it operates?

The Gazprom Group is very much focused on cooperating with the regions where it operates. At the federal level, Gazprom participates in discussions of government policy objectives for the oil and gas industry by participating in expert communities working on drafts of the relevant regulations. The Regional Policy Concept sets Gazprom's operating principles in regions of the Russian Federation. The main idea of this policy is to create and maintain a system of relations between PJSC Gazprom, its subsidiaries and the municipal authorities, as well as with organisations carrying out business in the regions. Pursuant to this document, the Group has developed a multi-level system of interaction with the regions of the Russian Federation based on partnership agreements.

The most important level of contractual relationships consists of long-term partnership agreements with municipal executive authorities.

When negotiating such documents, PJSC Gazprom takes into consideration the importance of forming stable and mutually advantageous long-term relationships with the municipal executive authorities.

Special attention is paid to creating favourable economic, political and other conditions to support business activity, ecology, environmental protection, and support for traditional activities of indigenous peoples.

So far, the Group has concluded agreements with 81 regions of the Russian Federation (except for the Magadan Region, the Chukotka Autonomous District, the Republic of Crimea and Sevastopol).

Task forces have been created together with the regions of the Russian Federation in order to coordinate work on implementing partnership agreements.

In addition to this, the Group's subsidiaries sign partnership agreements with municipal executive authorities.

The next level of contractual relations is the conclusion of short-term (1-3 year) agreements (with Moscow, St. Petersburg, the Yamalo-Nenets Autonomous District, the Khanty-Mansi Autonomous District, etc.). In some cases, these documents contain obligations of the Group's subsidiaries to participate in regional social programmes, as well as to fund the construction of entertainment, educational or sport facilities, together with housing and gas supply facilities.

The Group signs partnership agreements with regions where large investment projects are planned, for example, with the Krasnodar Territory and the Sakha Republic (Yakutia), for the duration of the projects.

The Group also signs memoranda of understanding and cooperation with the regions should the Group implement promising projects on their territories. For example, such memoranda were signed with the Primorsky Territory and the Leningrad and Kaliningrad regions on the construction of LNG producing facilities.

These agreements are designed to support the interests of Gazprom together with the requirements of the specific regions during preparatory, excavation, construction and other works.

3. Gazprom and the Planet

3.1. How do Gazprom's international activities promote sustainable development?

3.2. With which international organisations does Gazprom cooperate?

3.3. What does Gazprom do to protect the environment?

3.4. What is Gazprom's position with respect to climate change?





As one of the largest suppliers of natural gas in the world, Gazprom has set the objective of strengthening its integration with the global energy business

The world energy industry has faced a number of problems, and the future of the entire energy system depends of the way the challenges below will be tackled:

- The growing world population threatens an energy shortage and has led to the need for additional energy;
- The increase in the global production of non-renewable energy has resulted in the rapid depletion of fossil fuel reserves, especially easily extractable ones;
- Renewable energy technologies have not yet reached a level where we could assert with confidence that the era of fossil fuels is over;
- The increase in hydrocarbon production and the corresponding increase in its consumption have a negative impact on the environment.

On the one hand, it is necessary to increase energy consumption; on the other, there is an urge to reduce the negative impact on the environment. The challenge of choosing the best possible energy mix is key to maintaining the balance between the objectives of economic development, social progress and environmental protection. This balance would allow us to preserve the planet for subsequent generations with minimum damage from anthropogenic activities, and to ensure an adequate level of research, technology and economic development.

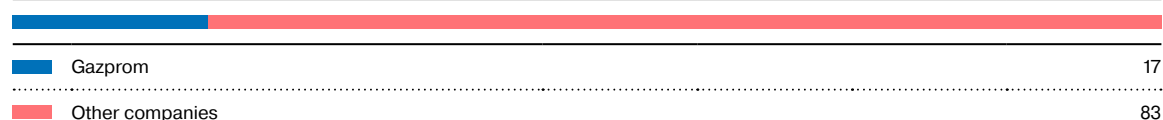
Today, natural gas is already number one among conventional sources of energy; its widespread use has made it possible to achieve the required energy production cost effectiveness parameters with the minimum negative impact on the environment.

Natural gas is the most environmentally friendly fossil fuel.

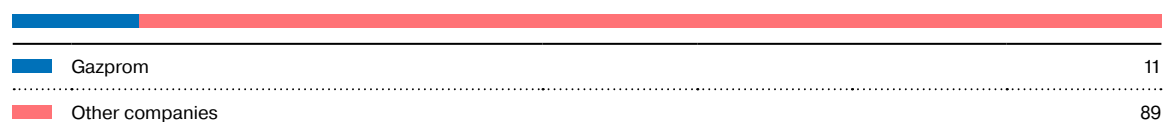
Gazprom holds the world's largest natural gas reserves. Gazprom's share of the world's gas reserves is 17%; Gazprom's global production of natural gas stands at 11%¹.

Gazprom's share in global reserves and production of natural gas, %

Reserves

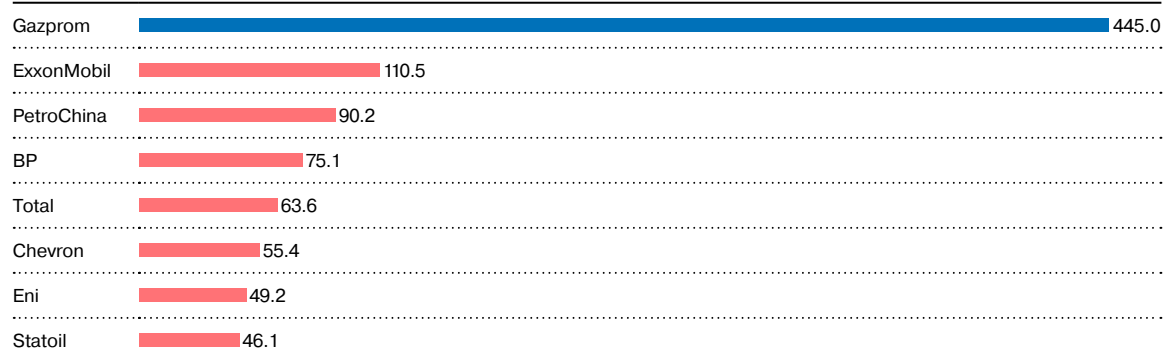


Production



Gazprom is the leader in natural gas production among the world's largest energy companies; the volume of its gas production was four times higher than that of the next largest company in the sector in 2015.

Natural gas production by the largest public energy companies in the world in 2015², bscm



¹ Including the Group's share of reserves and production by companies investments in which are classified as joint operations

² Including production by Gazprom Group (418.5 bscm), Gazprom's share in the production by companies investments in which are classified as joint operations (10 bscm), and Gazprom's share in the production of associated companies and joint ventures (25.5 bscm). Data includes APG production. Data from foreign companies includes the share of companies investments in which are classified as joint operations, as well as the production of associated companies and joint ventures. Data is based on standard Russian climatic conditions (temperature = 20°C, atmosphere pressure = 760 mm Hg) Source: Company reports

Gazprom believes that mineral reserves replacement is the most important way to ensure sustainable development of the global community.

Natural gas is delivered to the key markets via pipelines which have a record of technological reliability and durability. Gazprom owns unique infrastructure — a unified gas supply system of more than 170 thousand kilometres, covering territory from Eastern Europe to Northeast China. Not only is it the largest gas network operated by a single company, but it is also a huge centralised systems for preparing, transporting and storing natural gas.

Moreover, Gazprom is successfully developing other ways of gas transportation with the use of liquefaction and compression technologies.

Gazprom Group considers its position on the global market as an opportunity to contribute to strengthening the stability of the global energy industry. Together with the construction of the Power of Siberia and Power of Siberia-2 gas pipelines, it will contribute to the creation of a common Eurasian energy space. This, in turn, will enhance the liquidity of the APR markets and establish fair prices for crude hydrocarbons.

Gazprom possesses all the required conditions to help strengthen global energy security by expanding access to natural gas for consumers in Russia and abroad. This supports the goal of enhancing Gazprom's status as a global energy company. The Company focused its international market activities in 2014-15 on implementing this strategy.

Production and marketing activities of Gazprom on international markets contribute to the sustainable development of both regional and global energy sectors through the provision of reliable and cost-effective access to natural gas as the preferred fuel of the 21st century.

According to forecasts by global research houses, gas consumption will continue to grow in the foreseeable future.

A pivotal role in increased gas consumption worldwide will be played by emerging markets in Asia and the Middle East, whose share in the coming decades, according to IEA forecasts¹, will account for more than 64% of the increase in the consumption of gas. The fastest growing gas markets in the world over 2013-40 will be India, with long-term demand for gas increasing by an average of 4.6% annually, and China, where the average annual growth rate will be 4.7%.

¹ Source: International Energy Agency (IEA), World Outlook 2015

3.1. How do Gazprom's international activities promote sustainable development?

A number of events had a significant impact on the development of the global energy market in 2015, as well as on Gazprom's mid- and long-term plans. These events included:

- the lifting of international economic sanctions against Iran;
- the slowdown in China's economic development;
- changes in the price environment on energy markets;
- renewed interest in nuclear energy and continuation of state support for renewable energy in many countries;
- the growth of gas production in Norway and the UK. However, the increase was not able to compensate for the production decline in the Netherlands — for the first time since 1960, the Netherlands had to import gas.

In these circumstances, one of the main aspects of the Gazprom Group's strategy is the diversification of the supply chain in terms of Russian natural gas, both geographically and technologically: developing new regional markets and implementing technologies that expand the range of natural gas use.

As part of the diversification of its global reach, Gazprom's global strategy is shifting from Europe to Eurasia.

3.1.1. How much gas does Gazprom supply to the international markets?

Gazprom supplies natural gas via pipelines to 22 European non-CIS states (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, the United Kingdom, Macedonia, Netherlands, Poland, Romania, Serbia, Slovakia, Slovenia, Switzerland, and Turkey).

In total, 159.4 bscm and 184.4 bscm of natural gas was sold to these countries by Gazprom Group in 2014 and 2015, respectively.

A subsidiary of Gazprom — Gazprom Export — is the main supplier of natural gas to the foreign markets. The volumes of gas sale contracts of Gazprom Export were 146.6 bscm (2014) and 158.6 bscm (2015).

Gazprom Group sells gas to the former Soviet states (FSU) — Estonia, Lithuania, Latvia, Belarus, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Uzbekistan, Azerbaijan, Armenia, and Georgia. 40.3 bscm of natural gas was delivered to these countries in 2015.

The volume of LNG sales to worldwide markets grew by 6.2% in 2015 compared with 2014, amounting to 3.56 mmt (4.75 bscm).

3.1.2. What are the objectives set by the Gazprom Group for the European market?

The European market is one of the largest gas markets in the world and one of the main destinations of Russian gas supplies. This market's own domestic gas production is in decline. In the long-term, according to forecasts of leading advisory and research companies, domestic gas production in Europe will continue to decline, and import demand for natural gas will be approximately 400 bscm by 2035.

Under these circumstances, one of the priorities of the Gazprom Group is to provide reliable gas supplies to its European consumers.

Given that it possesses the world's largest raw material base, the existing system of long-term contracts for natural gas supply and the well-developed gas pipeline system in Russia and Europe, Gazprom Group is able to ensure the uninterrupted and prompt supply of energy resources to its main trading partners on the European market. In order to increase the reliability of this supply, Gazprom has initiated a new export gas pipeline across the Black Sea, as well as a second gas pipeline under the Baltic Sea — Nord Stream 2. Not only will this diversify routes of Russian gas exports, including reducing transit risks and minimising political risks, but it will also provide additional opportunities to increase gas exports to Europe. The new gas pipeline throughput will be 55 bscm per year.

In the reporting period, Gazprom carried out a considerable amount of work to accelerate the construction of the offshore gas pipeline across the Black Sea to Turkey (the TurkStream).

The unique nature of the gas industry requires strong and long-term relationships between partners representing the interests of suppliers and consumers, and between all members of the value chain. Gazprom welcomes the exchange of assets as a way to advance the mutual interests of partners in the gas business, which is characterised by long payback periods and large-scale infrastructure. Such an approach makes it possible to develop new markets in a more efficient manner, diversify products, markets and marketing shipping methods, and to ensure the ongoing supply of energy resources.

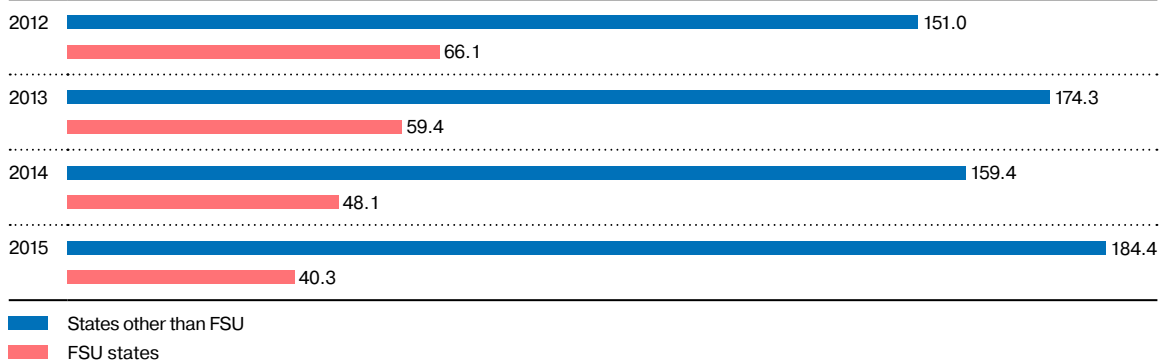
Long-term contracts are still the cornerstone of Gazprom's export strategy. Along with that, the subsidiaries of Gazprom Group operating on international markets adapt their activities to consumer needs. The sale of gas by auction to foreign consumers is one of the possible methods.

Gas auctioning is an opportunity to sell additional gas volumes directly to those consumers who do not have contracts with Gazprom or who wish to increase their contracted volumes.

Further, Gazprom Group sells gas to the FSU states of Estonia, Lithuania, Latvia, Belarus, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Uzbekistan, Azerbaijan, Armenia, and Georgia. 40.3 bscm of natural gas was delivered to these countries in 2015. The decline in natural gas supplies to the FSU states in recent years was driven by lower demand, especially in Ukraine. Lower gas consumption in the FSU states was influenced by factors such as the general economic situation and the drop in industrial production, as well as by the increase in the share of renewable sources and coal in the energy mix. Gas supplied in 2015 to the Baltic States in the EU (Lithuania, Latvia and Estonia) amounted to 4.0 bscm.

Gazprom provided 31% of the total gas supply to Europe in 2015. Following 30% in 2014, this is the highest level achieved over the past decade.

Gas sold by Gazprom to foreign countries in 2012-15, bscm



The Gazprom Group has consistently increased the volumes of its supplies to the world's gas vehicle fuel market and has grown its retail chains.

Gazprom demonstrates that it is committed to protecting the environment by systematically expanding its operations on the market of environmentally friendly and cost-efficient gas engine fuels. The use of natural gas has a rate of emission of toxic substances into the environment that is only one-fifth of the rate of petrol-powered vehicles, while engine life increases by 50-100% when using gas.

In the segment of gas types such as LNG and CNG for motor vehicles, Gazprom operates in Europe in the markets of Germany, the Czech Republic and Poland. By the end of 2015, the number of the Gazprom Group's automatic compressor station gas fillers (ACSGF) had increased to 45 units and the number of cryogenic filling facilities in Poland had increased to 2 units.

CNG sales by Gazprom Group companies on the European market through their own ACSGFs were 5.5 mscm in 2014, while they increased to 6.7 mscm in 2015. 1.88 mscm of gas was sold in 2015 through cryogenic filling facilities in Poland.

In addition, 1.02 mscm was delivered in 2015 through ACSGFs belonging to an affiliated company, Vemex. Its deliveries to third-party ACSGFs were 1.58 mscm.

The Gazprom Group's objective is to continue active cooperation with European companies who are taking measures aimed at increasing the use of natural gas as vehicle fuel in Europe. This cooperation, especially in the construction of new ACSGFs and cryogenic filling facilities, will enhance the development of gas engine infrastructure in European countries, and will contribute to an increase in the number of gas engine equipment units operating with the use of environmentally safe fuel methane.

3.1.3. How does Gazprom see its prospects on the APR markets?

The APR region is one of the most promising for the Gazprom Group. These markets are large and the demand for energy is growing at a rate exceeding other regions in the world. Moreover, hydrocarbon reserves of the company are located in such a way that the pipeline systems can be used to transport them to the key Asian markets without the need for sea transportation.

Gazprom took an important step to expand its operations in the APR in 2014 by signing a contract unprecedented in terms of volumes and duration to supply natural gas to the most capacious market in Asia – the Chinese market. Under this contract Gazprom is to supply more than 1 trillion cubic meters of natural gas to China in the next 30 years. The economic and environmental consequences of cooperation with Chinese companies clearly demonstrate Gazprom's commitment to the principles of sustainable development. For China, Russian gas is the main means to solve environmental problems caused by rapid urbanisation and industrialisation. Gas supplied by Gazprom will also become an important source of energy, enabling China to continue the implementation of national development programmes. For Russia, gas supplies to China will be a way to boost social and economic development of Eastern Siberia, where the resource base for exports and the Power of Siberia gas pipeline are situated.

The target markets in the APR for the Gazprom Group, along with China, are the Republic of Korea, Japan and Southeast Asian countries.

3.1.4. How does Gazprom see its prospects on the LNG market?

LNG production, transportation and marketing is a business that naturally complements and extends Gazprom's production and marketing opportunities in the APR. For these purposes, the Gazprom Group is expanding the Sakhalin-2 project's production capacity, while developing its LNG trading portfolio. Its portfolio is based on volumes purchased from Sakhalin Energy Investment Company Ltd under the Sakhalin-2 project, as well as from third parties. Gazprom Marketing & Trading (GM&T) is the operator of the LNG trading portfolio of the Gazprom Group.

Gazprom signed a memorandum — a roadmap to prepare FEED documents for the third train of the Sakhalin-2 project — with Shell in 2014 to increase the supply of its own LNG to the international market.

Gazprom and Shell then signed a memorandum in June 2015 at the 5th St. Petersburg International Economic Forum on a construction project for the third production train of the LNG plant at Sakhalin-2. The document set deadlines for the project's design and implementation, as well as further steps and basic principles for cooperation between the parties in reaching the final investment decision. As a result of this project, the liquefaction capacity on Sakhalin will exceed 15 mmt of LNG per year.

Moreover, a paper entitled the Investment Rationale for the Construction of the LNG Plant (Baltic LNG) in the Leningrad Region was approved in Q1 2015, and the location of the onshore LNG plant was identified: near the Ust-Luga seaport. The committed capacity of the plant is 10 mmt per year.

The contract signed with Indian company GAIL in 2012 to supply 2.5 mmt of LNG per year over 20 years came into force in 2014. A long-term, 10-year agreement with Pavilion Gas Pte Ltd to supply LNG to Singapore and other Asia-Pacific countries was signed in 2015. In the reporting period the list of LNG supply areas from the trading portfolio of the Gazprom Group was expanded to add 2 new countries — Malaysia and Egypt.

As part of the ramp-up of the Group's long-term portfolio the Gazprom Group and Yamal Trade signed a long-term sale and purchase contract in 2015 to take 2.9 mmt of LNG per year from the Yamal LNG project at the transshipment point in Europe over 20 years.

Further, Gazprom concluded an 8-year LNG sale and purchase contract in November 2015 with Perenco Cameroon and La Societe Nationale des Hydrocarbures du Cameroun. The contract covers all the liquefied natural gas produced by an FLNG terminal in Cameroon (1.2 mmt per year), which is scheduled to start operating in the second half of 2017.

Furthermore, in 2015, Gazprom and Kuwait Petroleum Corporation signed a memorandum of understanding to identify the main areas of potential partnership between the two companies, including LNG.

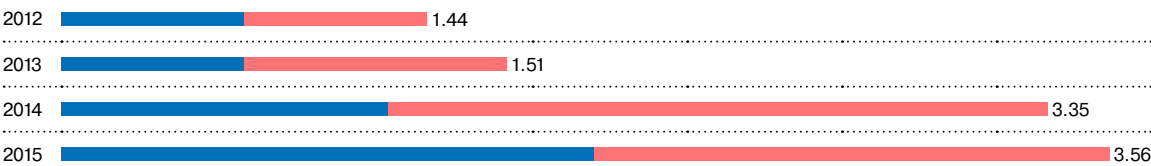
Gazprom signed a framework agreement with Gasunie in 2015 to develop the small-scale LNG segment in Europe. In particular, cooperation between the companies will cover joint projects on the construction of LNG receiving terminals, LNG filling stations and other infrastructure. The option of a joint pilot project to

develop a small tonnage LNG receiving terminal in Northwest Europe, which will be used for the storage, transportation and sale of LNG as bunker and automotive fuel, as well as the energy source for providing autonomous access to gas, is under discussion. In addition, the project allows the option of constructing LNG filling stations. These joint infrastructure projects will help to diversify supply routes, and to expand the use of natural gas in European countries.

Gazprom has also signed a memorandum of understanding with Srbijagas aimed at developing co-operation in the small-scale LNG sector. As of year-end 2015, the Gazprom Group's LNG trading portfolio had reached 3.56 mmt (4.75 bscm). The share of Russian LNG (the Sakhalin-2 project) in the portfolio amounted to 50.8%.

1 Sales volume in million BTU.
For the purpose of this Report, to convert the LNG volumes from million BTU to mmt the coefficient 21×10^{-9} was used.

LNG sold by the Gazprom Group to foreign countries in 2012-15¹, mmt



	2012	2013	2014	2015
<div></div> Sakhalin-2 LNG sales	0.62	0.62	1.11	1.81
<div></div> Other LNG sales	0.82	0.89	2.24	1.75

Overall, the share of Gazprom Group sales on the global LNG market in 2014-15 increased to 1.4%, compared with 0.6% in 2012-13. The company constantly works on emerging opportunities to further expand its sales geography and to stronger position itself on the growing LNG markets.

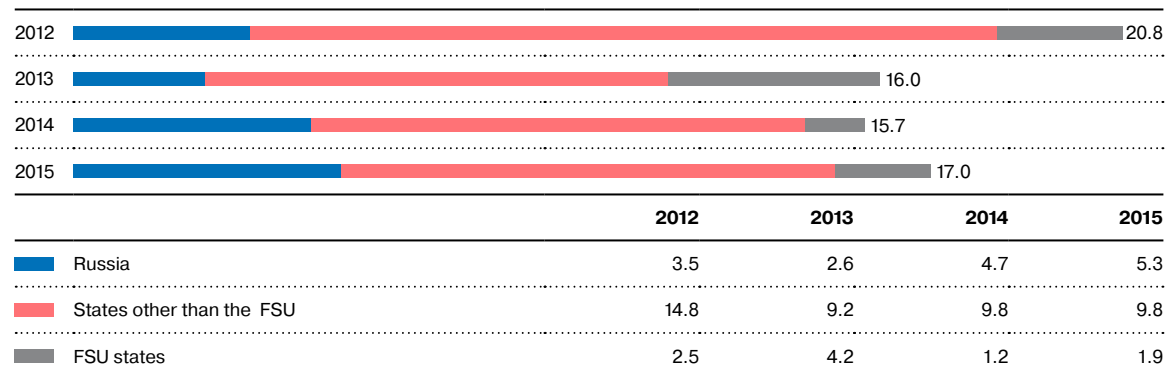
The Gazprom Group uses a fleet of gas tankers for maritime transportation of LNG. The fleet received 2 new high-tech ships in 2014 built specifically for the Gazprom Group: the Velikiy Novgorod and the Pskov. Thus, as of the end of 2015, the Gazprom fleet consisted of 6 ice-class gas carriers.

3.1.5. How important are liquid hydrocarbons and electricity within Gazprom's supplies to the global market?

The development of the oil and electricity business is another of Gazprom's strategic objectives. The Group is the largest owner of generating assets not only in Russia but in the whole world. After the acquisition of the JSC MOEK, it ranked no. 1 in Russia in terms of installed capacity and electricity production through heat generation.

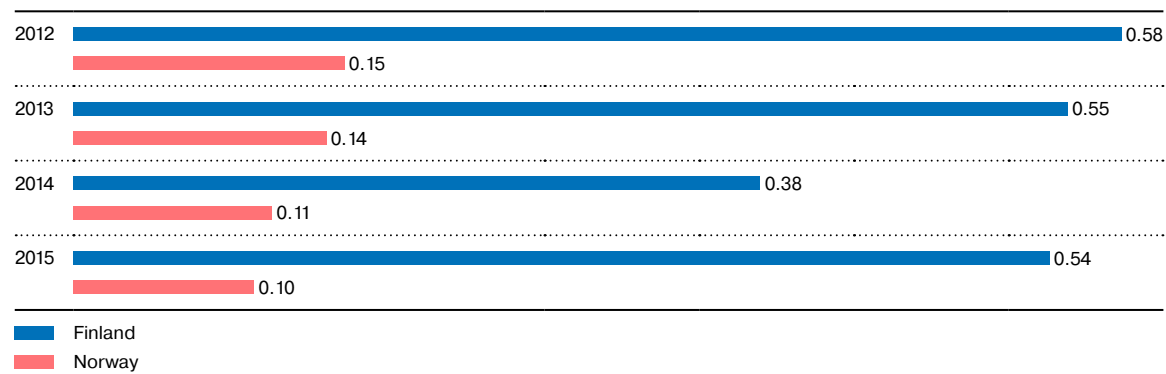
The Gazprom Group sold 17.0 mmt of oil and stable gas condensate in 2015. The sales geography includes countries such as Belarus, China, Croatia, Finland, Germany, Greece, Hong Kong, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Romania, Spain, the United States, and Uzbekistan.

Sales volumes of oil and gas condensate by the Gazprom Group in 2012-15, mmt

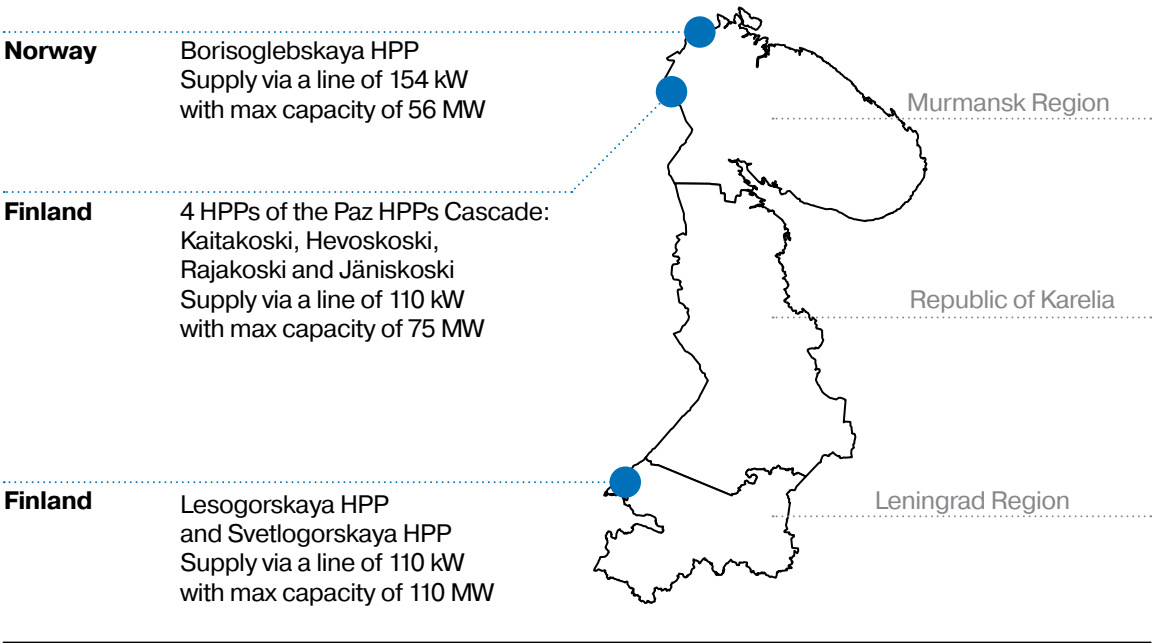


Electricity is supplied to foreign markets through a subsidiary of Gazprom Energoholding — PJSC TGC-1 — which exports electricity to Finland and Norway due to the geographical location of its power plants.

Volumes of electricity exported by the Gazprom Group to Finland and Norway in 2012-15, bn kWh



Geography of electricity exports by TGC-1



3.2. With which international organisations does Gazprom cooperate?

As a major player on the international energy market, Gazprom builds strong working relationships with international companies, while engaging with national and supranational bodies of foreign countries to help shape the regulatory, investment and institutional business environment.

3.2.1. What are Gazprom's aims in cooperation with international energy organisations?

Gazprom's global mission is to provide the international community with the widest possible access to the most effective fuel in terms of addressing the balance between cost effectiveness and environmental sustainability. Commitment to this mission is the primary impetus behind Gazprom's initiatives to extend international cooperation. The Gazprom Group strategy involves engaging with international players to exchange state-of-the-art technology and to coordinate initiatives in economic, technological, environmental and climate change areas.

The Gazprom Group participates in several international organisations on a regular basis, including the International Gas Union (IGU), the International Business Congress (IBC), the Global Gas Centre (GGC), and the Natural & Bio Gas Vehicle Association (NGVA Europe).

The IGU brings together 148 full and associate members from 91 countries and is the main centre for analysis and synthesis of the global gas industry's experience.

Gazprom is a full member of the IGU and represents Russia there. Gazprom has representatives on the IGU Council, participating in the work of 11 IGU committees and task forces.

At their meetings the IGU committees constantly review reports on new technology, best practices, data and technical ideas, in order to improve the entire gas value chain, including gas exploration, extraction, transportation, storage, sale and use.

Gazprom co-founded the IBC (known as the European Business Congress (EBC) before 2015), an international non-profit organisation founded in December 1997 at the initiative of the European business community in order to promote economic cooperation between East and West, as well as to facilitate dialogue between the political community and business.

One of the tools to promote natural gas as a modern and environmentally friendly fuel is Gazprom's participation in international organisations such as the GGC and NGVA Europe.

Companies such as ENGIE (France), Gaznat (Switzerland) and OMV (Austria), as well as international bodies including the World Energy Council (WEC), founded the GGC in 2014. Companies including Fluxys (Belgium), NIGC (Iran), Statoil (Norway), Gas Natural Fenosa (Spain), and DEPA (Greece) have also joined the GGC.

The Global Gas Centre has set the following main objectives:

- to create a platform for gas companies to discuss any issues regarding the gas business, and to exchange ideas and best practices in addressing current issues in the gas industry;
- to provide all possible assistance to the promotion of natural gas as a major component of the energy mix for an environmentally safe future;
- to lobby on behalf of the gas industry by disseminating information, including relations with governments, non-governmental organisations and the media.

During the 5th St. Petersburg International Gas Forum (October 2015) a meeting was held between Gazprom CEO Alexey Miller and the Chair of the Global Gas Centre Rene Bautz. That meeting resulted in an agreement on Gazprom joining the GGC. The accession of Gazprom to the GGC is at the final stage. Gazprom Group participates in GGC business on a regular basis.

In addition, Gazprom is a member of NGVA Europe (holding category A membership with the right to be represented on the Board of Directors).

NGVA Europe has traditionally supported activities to promote natural gas as vehicle fuel in Europe organised by Gazprom, the Russian Gas Society, and the National Natural Gas Vehicles Association.

The Association cooperates with the European Commission and European Parliament on shaping a political climate favourable for the natural gas engine industry, takes part in events organised by Gazprom and other members of the Russian market, in particular in the management of gas vehicle racing events under the LNG Blue Corridors project, and promotes dialogue with foreign partners.

One of the major achievements of NGVA Europe was promoting the adoption of the Directive of the European Parliament and of the Council on the deployment of alternative fuels infrastructure; the Directive was aimed at growing the use of gas engine fuel on the European market.

During the 4th St. Petersburg International Gas Forum (October 2014), an asset swap between Gazprom and Wintershall Holding GmbH was discussed at a meeting between Gazprom CEO Alexey Miller and the Chairman of the Board of Executive Directors of BASF SE, Kurt Bock. As a result of this swap, the companies strengthened their positions throughout the value chain — from the extraction of raw materials to the sale of the finished product to the end user.

3.2.2. How does Gazprom work with foreign investors?

Investor Day is a key component in relations with foreign investors. This is where a series of meetings is held for the Company to present its position on important issues. These meetings include Deputy CEOs, other members of the Management Committee, and the heads of core business departments and key subsidiaries.

Investor Day in London in February 2014 was attended by more than 140 portfolio managers and analysts from major international investment funds and lending institutions, while the event in New York saw over 80 guests, including analysts from major investment banks Bank of America, Barclays, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan, Merrill Lynch, Morgan Stanley, Societe Generale, UBS, VTB Capital, Gazprombank, and Sberbank CIB.

Gazprom's projects focused on the APR sparked keen interest from investors. The Company has established an important bridgehead to diversify its sales geography and significantly expand its presence on markets in the region.

As a response to the business community and investor expectations, Gazprom held its 10th annual Investor Day in the Asia-Pacific Region — Hong Kong and Singapore — in February 2015. The interest of Asian investors significantly exceeded the interest of traditional financial centres.

Portfolio managers and analysts showed considerable interest in Gazprom's wide-scale cooperation with countries of the APR in gas supply, joint production of hydrocarbons and development of the fuel market in the region. The contract to supply gas to China was an unprecedented deal that turned Gazprom into a strategic energy partner in the APR's largest economy and will have a significant impact on the global energy and geopolitical landscape.

Gazprom is working towards improving the liquidity and availability of shares for investors, including those from Asia-Pacific countries. Our global depositary receipts have been listed on the Singapore Exchange, which was an important step towards broadening our international investor base.

The St. Petersburg International Gas Forum was another platform for meetings and discussions of energy industry problems at the highest level. Bilateral and multilateral meetings with corporate executives and government ministers have made it possible to discuss strategic issues of cooperation and plans for the future at the highest level.

In addition, we regularly engage with foreign investors via conference calls and face-to-face meetings with Gazprom executives and other officials, investment conferences and other Group events, as well as via analyst and investor visits to the Group's production facilities.

3.2.3. What are the areas of cooperation with foreign energy companies?

International integration in the energy industry is one of the main features of world energy sector development. Cooperation between Gazprom and foreign energy companies in production, research and technology helps to meet our main strategic objectives and maintain our position as a technology leader in the global energy business.

In November 2015, the Company's Management Committee approved the Development Strategy for Production Operations Abroad. According to the Strategy, to ensure the highest performance in its operations abroad, the Company should follow the principles of building integrated value chains, optimising the foreign project portfolio based on a cost-benefit assessment, intensifying cooperation with strategic partners on foreign markets, and implementing joint projects aimed at strengthening and developing new competences.

How does the Gazprom Group work with foreign energy companies in implementing projects in core businesses?

In the reporting period, Gazprom continued its strategic cooperation with foreign partners throughout the value chain.

Gazprom and Royal Dutch Shell signed a Strategic Cooperation Agreement in June 2015 establishing a strategic partnership in all segments of the gas industry, from exploration and production to processing and marketing, as well as providing for a potential asset swap.

Gazprom and OMV signed an agreement in September 2015 containing the key terms of an asset swap in the event of the participation of OMV in developing Blocks 4 and 5 of the Achimov deposits at the Urengoyskoye field. If the deal is completed, OMV will acquire a 24.98% stake in the project in exchange for Gazprom's acquisition of OMV's assets.

Gazprom and Wintershall Holding GmbH completed an asset swap on 30 September 2015. The Group increased its share in European sales companies WINGAS, WIEH and WIEE to 100%, and received a 50% share in Wintershall Noordzee B.V., which is present in hydrocarbon production in the North Sea. Through the transaction, Wintershall Holding GmbH received the economic equivalent of 25.01% of Blocks 4 and 5 of the Achimov deposits at the Urengoyskoye natural gas and condensate field.

One of the forms of cooperation in the production sphere is the establishment of joint ventures involving Gazprom and the world's largest energy companies when necessary to successfully implement international projects.

Tsentrenergoholding (part of Gazprom Energoholding Group) and NIS j.s.c. Novi Sad (Gazprom Neft Group) signed a Shareholders Agreement in June 2015 on setting up a company called Serbskaya Generaciya LLC Novi Sad in order to construct a thermal power plant (TPP) in Pancevo (Republic of Serbia), with a total capacity of 140 MW, that can be expanded to 208 MW.

Forms of cooperation such as asset swaps and joint ventures make it possible for Gazprom to strengthen its position on the European gas market, which guarantees a reliable gas supply to consumers.

Gazprom and Shell signed a memorandum on 18 June 2015 to construct the third production train of the LNG plant of Sakhalin-2, together with an agreement on strategic cooperation covering all segments of the gas industry: from exploration and production to processing and marketing, as well as a potential asset swap.

Gazprom and PetroVietnam signed an agreement in June 2015 during the 5th St. Petersburg International Economic Forum on major terms for developing the Nagumanovskoye Field (the Orenburg Region) and the Severo-Purovskoye Field (the Yamalo-Nenets Autonomous District). The parties also discussed extending cooperation in the oil sector, including working together on the Dung Quat refinery, electricity, gas engine fuel and LNG supplies.

A meeting was held between Gazprom CEO Alexey Miller and Gasunie CEO Han Fennema in July 2015. During the meeting, the parties signed a framework agreement for cooperation on small-scale LNG.

How does Gazprom cooperate with foreign energy companies in research and technology?

In order to improve its technological, R&D and innovative potential, Gazprom is working closely with leading international energy companies.

In Europe, its partners in R&D include German companies Uniper Holding GmbH, BASF/Wintershall Holding GmbH, VNG-Verbundnetz Gas AG, Siemens AG, and EUROPIPE, Dutch company N.V. Nederlandse Gasunie, French company ENGIE and Norwegian company Statoil ASA. In the APR Gazprom works with KOGAZ (Republic of Korea), CNPC (China), Petro Vietnam (Vietnam), as well as with the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry of Japan.

A new R&D cooperation programme between Gazprom and E.ON SE was approved on 9 February 2015 for the period of 2015-17.

To review the results of R&D cooperation with international companies and to plan further work, sessions are held by coordination boards, committees and expert groups, consultations are held with the heads of R&D cooperation departments, and business meetings and workshops are arranged with experts.

Given the positive results from this cooperation, Gazprom and its partners plan further R&D cooperation in areas of mutual interest.

Gazprom is strongly focused on cooperation in environmental protection. Thus, a meeting took place between Gazprom and Shell on 2 December 2015, as part of the 4th International Conference entitled Environmental Safety in the Gas Industry. The participants discussed various topics, including environmental protection and energy conservation issues.

One of the important aspects of the meeting was the agreement on the use of R&D produced by Nord Stream AG, the company responsible for constructing and operating the Nord Stream gas pipeline. This will ensure that the Nord Stream-2 project meets the highest environmental standards.

A meeting was held of the Working Group on Scientific and Technical Cooperation of Gazprom and CNPC on 24-25 June 2015. The parties highlighted their intention to expand cooperation in reducing the environmental impact of transport facilities and underground storage of natural gas.

How is the exchange of experts between Gazprom and international companies organised?

The exchange of experts with leading foreign energy companies for internships and training is an effective method of professional development at Gazprom.

The 14th session of the International Advisory Board of the Energy Delta Institute (EDI) was held together with an international meeting of EDI partners on the subject of the Future of Europe's Energy on 23 April 2015. The meeting highlighted that EDI had successfully implemented a number of international energy-related educational programmes in 2014, including Managing Oil and Gas Corporations in a Global Environment, Finance and Control in the Energy Industry, The Community of Professionals in the Energy Industry, Gas Business Management, and The European Energy Market.

55 employees from Gazprom were trained in these programmes. Two of them have received master's degrees in business administration. It was highlighted that against the backdrop of large-scale changes in the energy industry and the formation of the Eurasian gas mega market, it was necessary to expand the portfolio of EDI training programmes, and to use the experience of not only European, but also Asian energy companies.

As part of the events, an agreement of intent was signed for partnership and cooperation between the Higher School of Economics, St. Petersburg State University of Economics and EDI covering the implementation of educational programmes and the exchange of knowledge for the energy industry.

On the basis of cooperation agreements with foreign oil and gas companies (UNIPER, Wintershall Holding GmbH, Nederlandse Gasunie B.V., ENGIE, Royal Dutch Shell, PetroVietnam, DNV and others), about 30 joint training programmes are held each year. In 2014-15 more than 250 professionals were trained in these programmes.

Internships at the Group's production facilities for employees of foreign partners are offered each year. Internships with Gazprom enterprises have become common practice. This shows both the high quality of internships that we offer and Gazprom's determination to establish productive and diversified cooperation.

What cultural programmes does Gazprom implement jointly with its foreign partners?

Gazprom is highly focused on cooperation in cultural exchange. With the support of Gazprom and ENGIE (France), a cultural and educational project entitled *Masters of World Performing Arts* was held as part of the Year of Culture in Russia. Concerts and master classes by world leading musicians took place in the following Russian cities: Moscow, St. Petersburg, Vladivostok, Saratov, Yekaterinburg, Astrakhan and Novosibirsk.

One of the most important cultural projects is the Gazprom and CNPC Arts Festival. The main idea is to establish closer connections between the two companies through developing intercultural communication,

exploring life and traditions of Russia and China. The Gazprom and CNPC Arts Festival has been held since 2007.

It is a vivid example of successful cooperation, friendship, and respect for the unique culture of different peoples.

With the support of Gazprom, Austrian company OMV, the Russian Ministry of Culture, and the Russian and Austrian embassies, a cultural and educational project entitled *Russian Seasons in Austria. Viennese classics in Russia* was held in 2015. Concerts and master classes by well-known Russian and Austrian musicians and artists were held in Saratov, Astrakhan, St. Petersburg and Moscow, as well as in Vienna, Salzburg, Linz and Sankt Andra.

The Austria-Russian cultural seasons in 2013-15, organised for the first time, were the largest international events ever in the history of bilateral relations between the two countries. Their iconic events included exhibitions entitled *The World of Faberge* and *The Silver Age of Russian Art in Vienna*, concerts by the Tchaikovsky Symphony Orchestra directed by Vladimir Fedoseyev at the Golden Hall of the Musikverein, and performances by the Mariinsky Theatre Orchestra directed by Valery Gergiev at the Brucknerhaus in Linz, as well as the visit of the Vienna Philharmonic Orchestra to Russia.

3.2.4. How is Gazprom's dialogue with European regulators organised?

The Management of the Group systematically holds meetings to discuss pressing issues of cooperation with the European Commission, the European Parliament and other influential organisations.

Since intergovernmental agreements set the legal framework for gas trading under long-term contracts, Gazprom cooperates on a regular basis with national governments of the countries involved, with the help of task forces and intergovernmental commissions, in order to comply with the terms of those agreements and, consequently, to ensure the uninterrupted supply of natural gas.

Gazprom's priority is to work in full compliance with the requirements of national and European laws, rules and regulations. Gazprom is open to dialogue and discussion of all points of interest.

At the same time, Gazprom wants markets to have clear, understandable, predictable and non-discriminatory rules. The rules should not only maintain a transparent and fair environment for the energy commodity and capacity markets, but they should also induce large-scale, long-term investment. This is why the Gazprom Group seeks to develop a meaningful dialogue with and explain its position to the competent authorities of the EU and individual states, as well as to expert communities. In particular, Gazprom takes part in negotiations with the European Commission as part of the anti-monopoly investigation into the business of the Gazprom Group on East European markets.

3.3. What does Gazprom do to protect the environment?

As an extractor and supplier of fuel and energy resources, Gazprom adheres to strict principles in respect to preserving the natural richness of the planet. The construction of new gas transportation routes is subject to strict environmental standards; pipeline routes are planned with awareness of environmentally sensitive areas such as the Arctic, the West Kamchatka shelf, Altai, Sakhalin Island, the Baltic Sea, chemical weapons disposal areas, military zones, major navigation routes and other special zones.

The Group develops measures to foster industrial safety, protect the environment, and prevent, contain and mitigate the consequences of accidents and spills during offshore development and production of oil and gas. Gazprom uses innovative technologies to convert drilling waste and sludge into construction and reclamation materials, and applies biotechnological methods to restore the quality of disturbed land. Technologies applied address specific climate conditions, helping to reduce costs and increase the pace of reclamation activities.

3.3.1. How does Gazprom formulate its environmental policy?

Our environmental policy was updated given that the Gazprom Group has expanded its business scope and geographic reach to include projects on the continental shelf and in the Arctic zone of the Russian Federation, as well as given changes in Russian environmental laws.

Gazprom was the first Russian oil and gas company to adopt an environmental policy (1996), which has since been revised and lengthened to meet changes in legal requirements and face new environmental challenges.

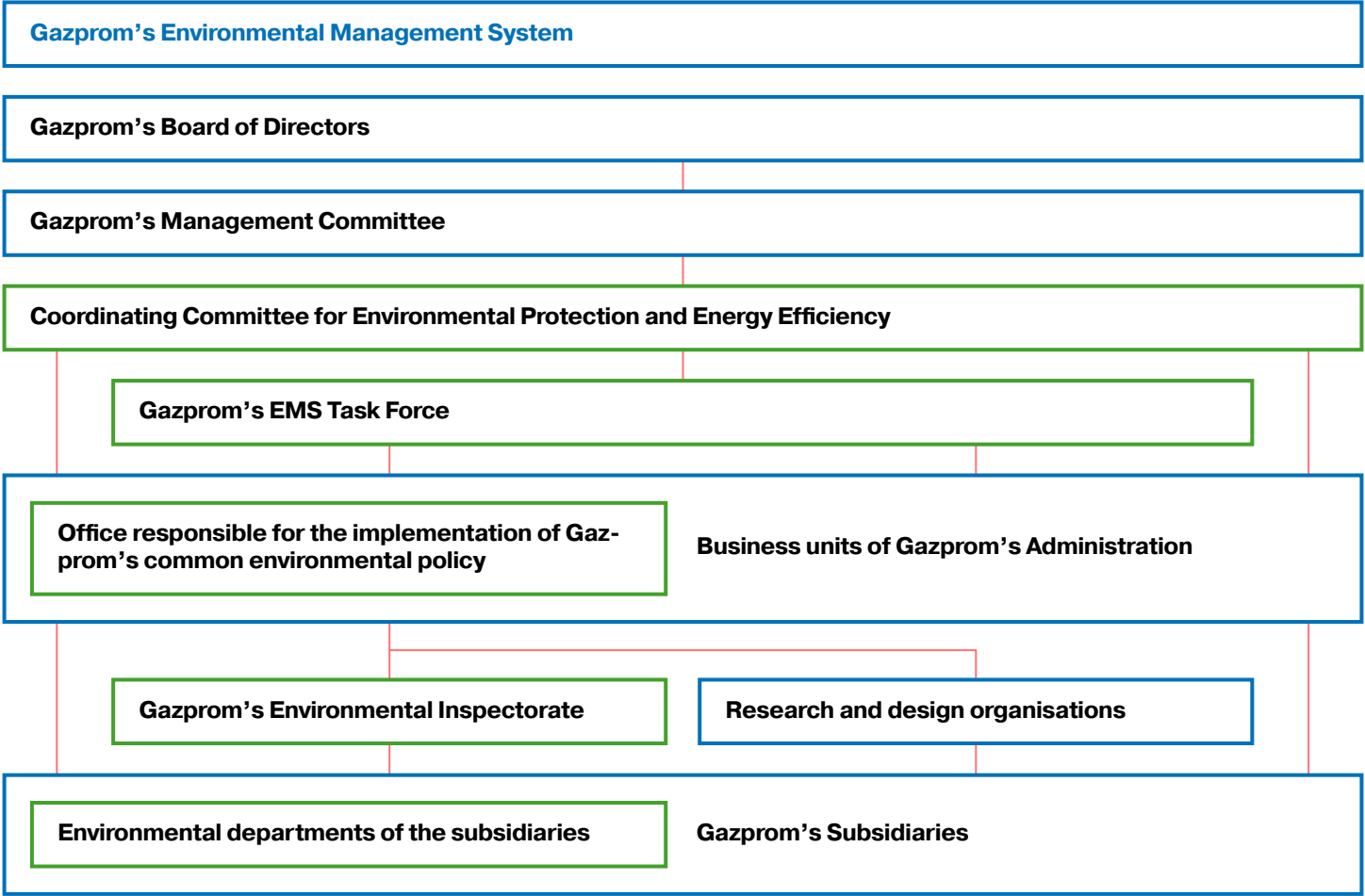
The Resolution of Gazprom's Management Committee dated 25 May 2015, approved a new edition of the environmental policy, reflecting current trends in the field of environmental protection and energy performance. The latest edition sets additional commitments to ensure environmental protection during the development of hydrocarbon deposits on the continental shelf and in the Arctic zone of Russia. It also provides for the mitigation of risks that have a negative impact on the environment, including highly vulnerable natural sites and those where protection and preservation are of particular importance.

As part of Gazprom's Comprehensive Environmental Programme, subsidiaries implemented priority initiatives and investment projects in the period of 2011-15 to develop technologies that ensure environmental safety and the conservation of resources at the Group's production sites.

These technologies include: methods of repairing gas pipelines to minimise outgassing, temperature warming of columns for operating gas wells after lengthy downtime and conservation, modernisation of the combustion chambers of gas compressor units (GCU), conversion of motor vehicles to gas engine fuel, and others. The economic effect of the programme was about RUB 44.6 bn.

3.3.2. How is environmental management organised at Gazprom?

The Company has built an Environmental Management System (EMS) in accordance with international standard ISO 14001:2004.



In the Gazprom Group companies not covered by the Group's environmental management systems (EMS), other environmental management systems have been introduced and operate successfully, with most being certified for compliance with ISO 14001:2004. The EMS in these companies are adapted to local operating conditions. For more information on environmental management systems in the Group's companies, please see the Environmental Report or the official websites of the given organisations.

The Gazprom EMS is applied in the business units of the parent company and 36 wholly-owned subsidiaries that are engaged in the core activities of exploration, production, transportation, storage and processing of gas and gas condensate, as well as in activities to facilitate and maintain the operation of the unified gas supply system.

3.3.3. Which corporate environmental goals were achieved by the Gazprom Group in 2011-15?

As part of the Gazprom EMS, new corporate environmental goals for 2014-16 were established. These goals define the guidelines for planning and implementing environmental protection measures to reduce emissions of methane and nitrous oxide, cut discharges of pollutants into surface water bodies, prevent waste disposal on landfill sites, and facilitate energy conservation.

Achievement of Gazprom's corporate environmental goals in 2015

Item No.	Corporate environmental goal	Organisations covered by the EMS	Change compared with the base level of 2011
1	Reduced methane emissions into the atmosphere (during repair of the gas transportation system)	All subsidiaries engaged in natural gas transportation	Reduction by 5%
2	Reduced rate of emission of nitrogen oxides into the atmosphere (during compression)	All subsidiaries engaged in natural gas transportation	Reduction by 15%
3	Reduced discharge of contaminated and insufficiently treated wastewater into the surface water bodies	All subsidiaries	Reduction by 23.9%
4	Reduced share of waste sent to landfill	All subsidiaries	Reduction by 18%
5	Reduced fee for excessive exposure as an integral indicator of negative impact on the environment	All subsidiaries	Reduction by 54.7%
6	Reduction of specific consumption of fuel and energy for auxiliary process facilities	All subsidiaries engaged in natural gas transportation	Reduction by 24.6%

3.3.4. How much money does Gazprom spend on environmental protection?

Most (90%) of the Gazprom Group’s capital expenditure on OHS and the rational use of natural resources in the Russian Federation was invested in the protection and rational use of water and land resources, as well as measures to combat air pollution.

Structure of the Gazprom Group’s capital environmental expenditure in 2015, %	
<div></div> Conservation and efficient use of water resources	53
<div></div> Conservation and efficient use of land	32
<div></div> Atmospheric air protection	10
<div></div> Disposal and recycling units for production waste	4
<div></div> Facilities and landfills for waste reclamation, decontamination and disposal	1

The Gazprom Group’s capital expenditure on OHS and the rational use of natural resources in the Russian Federation in 2014- 15 amounted to RUB 15.58 bn and RUB 15.75 bn, respectively.

3.3.5. How does Gazprom engage with its stakeholders on environmental protection issues?

Transparency is one of the key principles of the Gazprom Group’s companies in ensuring a strong environmental performance.

1 Official website of the Company:
<http://www.gazprom.com>

Environmental information about the Gazprom Group can be found in the Environment, Press Centre, and Investors sections of the official website¹.

Information about Gazprom’s current and future activities in environmental protection and energy performance is published on an ongoing basis in corporate magazines *Gazprom* and *Gazovaya Promyshlennost* (“Gas Industry”), in newspapers and in other periodicals published by the subsidiaries.

In accordance with the requirements of the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, Gazprom provides information documents for the National Communications of the Russian Federation under the UNFCCC. In cooperation with the Institute of Global Climate and Ecology of Roshydromet and the Russian Academy of Sciences, Gazprom has initiated work on the development of national GHG emission rates for the gas industry in order to reconcile the estimated data in the National GHG Inventories with the actual values. The reports show figures on greenhouse gas emissions up to 2030, and include measures for reducing emissions. The leading position of Gazprom among Russian energy companies in the international CDP (Carbon Disclosure Project), aimed at disclosing information on greenhouse gas emissions, is an important sign of success in increasing transparency at Gazprom and one of the factors improving its appeal to investors.

For most of the investment projects at Gazprom public discussions are mandatory in accordance with the laws of the Russian Federation. However, no regulatory requirements for the procedure have been provided. To fill in this aforementioned legal gap, Gazprom drafted a corporate standard in 2014 containing recommendations for public debate and hearings on the environmental impact assessment (EIA) for planned business developments.

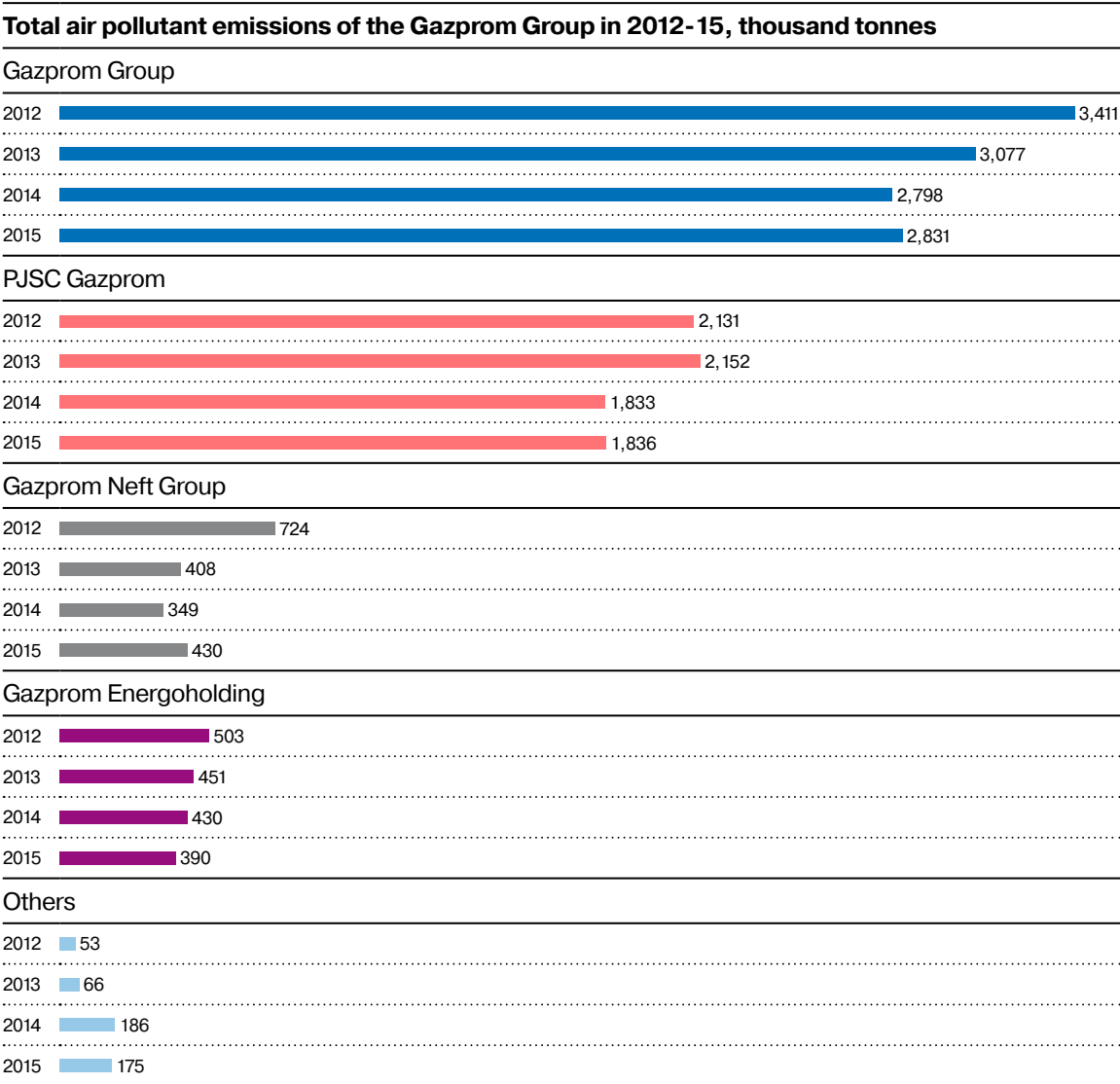
3.3.6. How does Gazprom reduce its negative impact on the environment?

2014-15 were marked by a decrease in air pollutant emissions by the Gazprom Group compared with the previous reporting period (2012-13). This reduction was driven by the following factors:

- implementation by Gazprom of a set of measures to reduce methane emissions in major pipeline transportation, underground storage and processing of natural gas;
- reduction in emissions of Gazprom Energoholding enterprises as a response to lower electricity generation;
- implementation of a set of measures to increase the utilisation level of associated gas in the fields and implementation of refining emission reduction programmes.

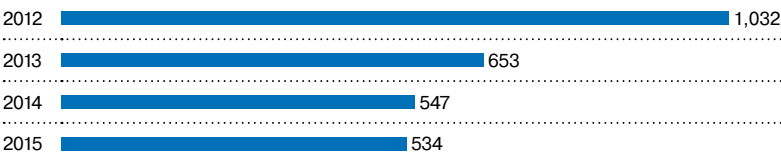
Total reductions in emissions by the Gazprom Group during the period 2011-15 are as follows:

- hydrocarbons — 60.27 thousand tonnes;
- carbon monoxide — 153.56 thousand tonnes;
- nitrogen oxide — 86.34 thousand tonnes;
- other pollutants — 60.98 thousand tonnes.

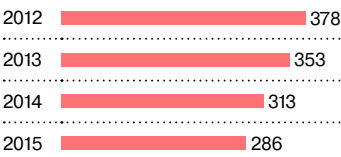


**Air emissions of the Gazprom Group by basic pollutant types
in 2012-15, thousand tonnes**

Carbon monoxide



Nitrogen oxides



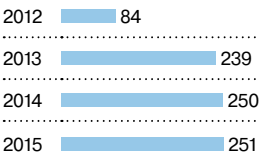
Sulphur dioxide



Hydrocarbons (including methane)



Other substances (including solid substances)

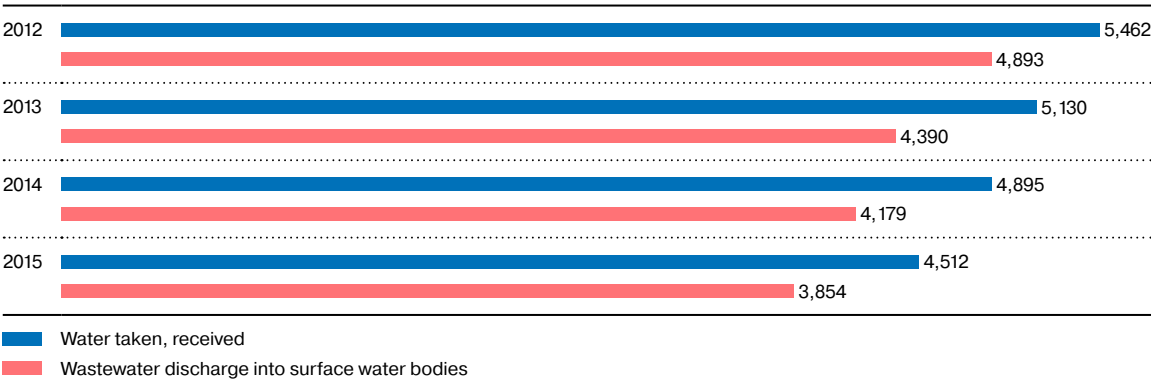


3.3.7. How was the amount of water intake and wastewater discharge reduced?

The Gazprom Group continued to reduce the amount of water intake and wastewater discharge in 2014-15. The reduction in the use of water for industrial needs (for cooling) by Gazprom Energoholding, driven by lower electricity and heat generation, was the main reason for the reduction in the total discharge of wastewater into surface water bodies.

The Gazprom Group carried out a set of environmental protection measures for the rational use of water and the reduction of water pollution. 71 wastewater treatment units were launched in 2015, with a total throughput of 239.9 thousand m³ per day, as well as 15 water recycling systems with 8,773.7 thousand m³ per day.

Water intake and water discharge of the Gazprom Group in 2012- 15, mscm



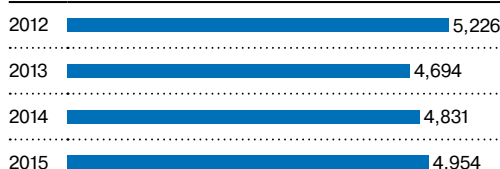
3.3.8. How does Gazprom combat increased waste from production and consumption?

2014- 15 saw increased waste generation due to the increase in the amount of drilling waste by the Gazprom Neft Group and PJSC Gazprom’s production segment. Additional disposal and recycling capacity was commissioned in view of the increase in generated waste in 2014- 15. In particular, the Gazprom Group opened 8 waste disposal and recycling sites with capacity of 3.38 thousand tonnes per year in 2015, including 7 plants at the Gazprom Neft Group and 1 landfill for the reclamation, decontamination and disposal of industrial, household, and other waste at Novy Urengoy Gas Chemical Complex.

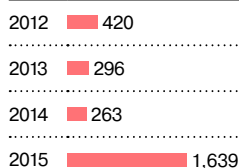
88% of drilling waste produced in 2015 was used and disposed of by Group units, or transferred for similar purposes to specialised certified organisations.

Production and consumption waste in 2012- 15, thousand tonnes

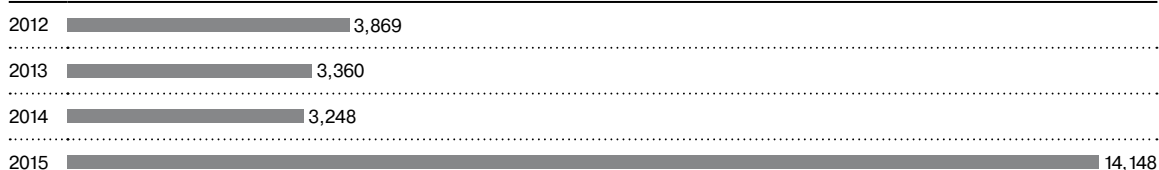
Generated waste



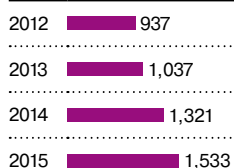
Volume of utilisation, recycling and decontamination at in-house production facilities



Volume of disposal at in-house waste disposal facilities and temporary waste accumulation sites



Amount of waste sent to external organisations for utilisation, decontamination, storage and disposal



3.3.9. How does Gazprom prevent accidental oil spills?

The Group companies adhere to a consistent approach to planning and readiness for accidental oil spills. The Company has developed, and gained approval from the competent authorities for, oil spill contingency plans for all production facilities, taking into account the protection priority of environmentally sensitive areas in accordance with the applicable laws. The geographic information system is used as a decision-making tool. The duties of the companies include the following:

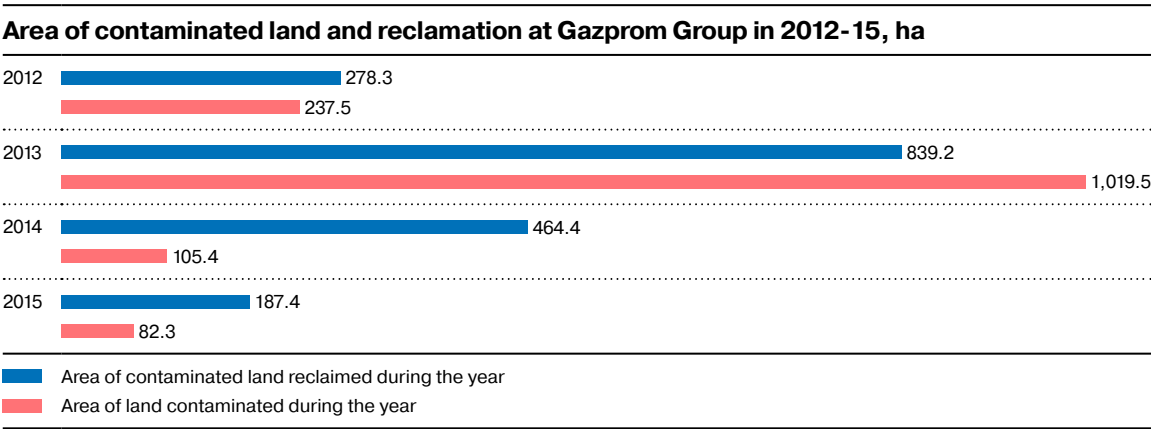
- drawing up up-to-date sensitivity maps for all potential spill areas that have emerged as a result of the Company's operations;
- comparing detailed information in the form of individual data sets (including descriptions of areas, facilities, equipment lists, locations, grades, and so on) for oil spill responses at both coastal and offshore facilities.

Thanks to the Group's efforts to reduce the number and volume of oil spills, it managed to substantially reduce the area of contaminated land in 2014- 15 compared with 2012- 13. The Group has developed measures to ensure the safety and protection of the environment, as well as to prevent, contain and mitigate the consequences of accidents and spills in offshore oil and gas production. Gazprom uses innovative remediation techniques for the purification of soil from hydrocarbon contamination; it also uses biological technology to restore the quality of disturbed land. The technologies applied take into account specific climate conditions, helping to reduce costs and save time needed for reclamation activities.

3.3.10. What does Gazprom do to protect and restore disturbed lands?

The Gazprom Group is strongly focused on protecting and restoring disturbed lands. Advanced, cost-effective reclamation techniques are employed at Gazprom and are aimed at preventing negative erosion processes while contributing to the stabilisation of the landscape and the recovery of vegetation. These technologies involve the use of available resources, including secondary materials (such as drilling waste), geotextiles, and plant growth stimulants. Specially selected strains of soil microorganisms contribute to the consolidation of topsoil, including embankment slopes at structures, the increase in the intensity of root formation, and the growth of plants. All of this encourages the return of the land into use, including the return of reindeer pastures to the traditional environmental management system in the Far North. During the construction and renovation of Gazprom Group facilities industrial environmental monitoring measures include verification of the compliance of reclaimed soils with environmental standards, i.e. soil, geobotanical, agrochemical and other surveys.

At Gazprom Neft Group, where soil pollution risks are particularly high, comprehensive measures to increase the reliability of the pipeline system are implemented to help preserve the natural environment. Systematic replacement of damaged pipeline sections, together with treatment with corrosion prevention chemicals, allowed us to reduce the number of pipeline breaks and accidental spills resulting in land pollution in 2014- 15.



3.3.11. What does Gazprom do to protect fragile ecosystems?

The Gazprom Group companies contribute to international, Russian and other local flora and fauna protection programmes in the regions where they operate. Strict compliance with Russian and international environmental regulations, respect for the environment and the prevention of harm to the marine and terrestrial ecosystems are fundamental conditions for implementing the Group's projects.

Where Gazprom Group's facilities are situated in especially vulnerable areas, the environmental programmes include measures to constantly monitor the surrounding flora and fauna.

In the reporting period, Gazprom developed a Biodiversity Conservation Programme focused on the list of species that are indicators of a stable state of marine ecosystems in the Arctic zone. The Company took into account the recommendations of the environmental expert community, the Ministry of Environment, the World Wildlife Fund (WWF) and the Global Environment Facility. Together with the Marine Mammals Council and the WWF Russia, Gazprom takes an active part in the study of Arctic fauna, particularly in identifying the key ice habitats of the Atlantic walrus, and conducting field studies of the Atlantic walrus population in the Pechora Sea.

Gazprom Neft Shelf (Gazprom Neft Group) carried out comprehensive monitoring studies and quality control of the air, aquatic environment, sediment deposits, and the state of benthic and fish fauna in the area of the Prirazlomnaya offshore ice-resistant stationary platform in 2014-15. It also monitored marine mammals and birds, as well as the state of the ecosystems in the Arctic Islands at the Nenets Nature Reserve.

The data from this monitoring showed no negative impact from the Prirazlomnaya platform on the environment¹.

The Sakhalin Energy Investment Company provided a 4D seismic survey of the Piltun-Astokh section in 2015. Measures to mitigate the impact on grey whales have been developed by the Company together with the Advisory Panel. For example, buffer zones around the research vessels were set up, and additional acoustic and visual monitoring was carried out in real time to prevent noise impact on the whales. An observer from the International Union for the Conservation of Nature, who supervised the measures to reduce harm, was present at the field camp throughout the entire exercise. As a result, not a single case of grey whales appearing in the buffer zone around the vessel was registered. All the work was completed before the beginning of August, that is, before the arrival of most of the grey whales to the feeding areas northeast of Sakhalin. The Sakhalin Energy Investment Company took on responsibility to manage the work of groups of scientists during research on the grey whales.

Gazprom Dobycha Kuznetsk carries out constant monitoring of the habitat of annelid worms, which are included in the Endangered Species List of the Russian Federation; these worms are found only in the fir and aspen forests of the Kemerovo and Novosibirsk regions.

The environmental monitoring programme of Gazprom Transgaz Krasnodar includes monitoring morphometric parameters of the waters in the Taganrog Bay of the Azov Sea, as well as industrial and environmental monitoring of the offshore section of the main Dzhubga — Lazarevskoye — Sochi gas pipeline. Gazprom Transgaz Ukhta has monitored protected species of plants and animals found in the Yugyd Va National Park.

¹ Reports on environmental monitoring of the area of the Prirazlomnaya offshore ice-resistant stationary platform are available in Russian at <http://shelf-neft.gazprom.ru>

3.4. What is Gazprom's position with respect to climate change?

The Gazprom Group recognises the probability of a significant impact on climate change as a result of the Company's activities. To adapt to climate change, the Gazprom Group's companies implement comprehensive measures to prevent negative effects of climate change, including:

- identification of potential climate change risks;
- mitigation of the negative effects of climate change;
- quantifying and reducing greenhouse gas emissions from the Group's companies;
- reduction (termination) of APG flaring.

Monitoring climate change issues is therefore an important activity of the Gazprom Group, which adheres to its commitment to preserve the climate. While pursuing business development activities, Gazprom takes into account commercial, legal, physical, infrastructural and social risks associated with the possible impact of climate change and its ability to affect Gazprom's further development.

Gazprom's activities aimed at reducing impact on the climate are based on the provisions of the Energy Strategy of Russia, the Environmental Protection for 2012-20 Russian state programme, and the Climate Doctrine of the Russian Federation. Reducing greenhouse gas emissions is part of Gazprom's corporate strategy and an important requirement for Russia to achieve the national goal of greenhouse gas emissions at a level of no more than 75% of the 1990 level of GHG emissions by 2020, approved by Presidential Decree No. 752, dated 30 September 2013.

Gazprom believes that the new Paris Agreement on climate creates additional prospects for the development of the gas industry and for the Group's business. Several European countries, such as Germany and the Netherlands, plan to gradually reduce the share of coal in electricity and heat production, reaching a zero level of coal use in the future. Gazprom considers this fact in its own strategy, as it potentially involves a higher demand for natural gas.

The purpose of the roadmap for low-carbon development of the world's economy and energy is to significantly reduce global greenhouse gas emissions by the mid-21st century, and, at the same time, to solve the problems of energy supply and poverty. The transition from solid and liquid fuels to natural gas in power generation, and replacement of traditional petroleum vehicle fuels with gas for vehicles, can provide a significant reduction in CO₂ emissions in the short and medium terms. The use of gas as an affordable, cheap, and environmentally friendly energy source combined with investments in renewable energy will contribute to the creation of cost-effective and eco-efficient solutions for sustainable development.

A discussion entitled the Role and Position of Natural Gas and Renewables in the Energy Industry was held by the Industry and Construction committee meeting at the International Business Congress in May 2015 in Belgrade. Following the discussion, it was noted that methane and renewable energy sources form an optimal combination, particularly during peak periods, ensuring the reliability of energy supply and minimising harm to the environment. Under the current circumstances, the substitution of natural gas for coal is the most efficient solution from both economic and environmental perspectives.

Gazprom works towards assessing the total carbon footprint of commercial production, from the oil well to the end user. The Gazprom Innovative Development Programme to 2020 specifies the targeted reduction of carbon intensity per unit of product sold.

Gazprom's strategy involves its development as an environmentally responsible company, which includes responsibility as both a supplier and a purchaser. In connection with this, Gazprom plans to introduce a GHG emissions monitoring system throughout its supply chain, and this issue is already under discussion with suppliers.

3.4.1. How does Gazprom assess its climate change risks?

The company has identified potential risks related to climate change and their impact on the Group. Key risks related to climate change for the Gazprom Group include the risks of temperature change, as well as physical, economic and social risk factors.

Key risks related to climate change for the Gazprom Group	
Risks of temperature change	<ul style="list-style-type: none">— change in the temperature of the most sensitive frozen soils with a high salt content;— increase in the number and scope of unfavourable hydrometeorological phenomena, including growing frequency of floods during spring and early summer seasonal floods;— reduction in the useful life of winter roads, i.e. temporary highways which can only be operated in winter time;— risk of increased gas consumption for auxiliary process facilities at lower outdoor temperatures;
Physical risks	<ul style="list-style-type: none">— risk of damage to buildings;— risk of higher defectiveness of the pipeline system;— risk of deformation of the plumbing systems;
Social risks	<ul style="list-style-type: none">— risk of increased harm to health of the population caused by extreme unfavourable hydrometeorological phenomena and the development of infectious diseases;— risk of damage to the private property of Gazprom Group’s company employees;
Environmental risks	<ul style="list-style-type: none">— risk of damage to the environment;
Reputational risks	<ul style="list-style-type: none">— risk of default on the Gazprom Group’s obligations.

The Gazprom Group companies implement a set of measures aimed at minimising the negative effects of production activities on climate change. These measures include:

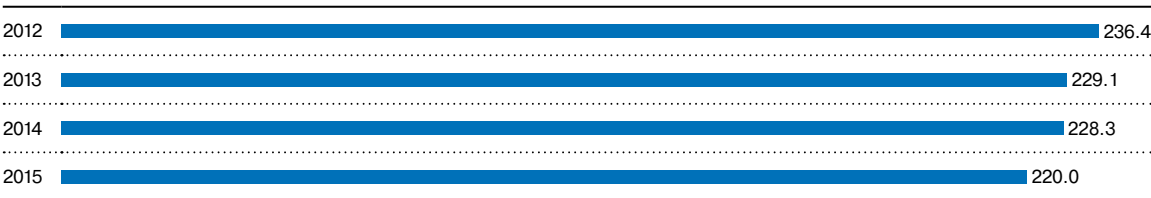
- assessment of the impact of climate change in areas where production facilities of the Group’s companies are situated;
- continuous monitoring of machinery and equipment, and assessment of the predictability of production processes applied in areas exposed to climate change;
- use of heavy duty tubular products in areas exposed to climate change;
- construction of closed compressor sections in areas of adverse climatic conditions;
- construction of backup power plants in the permafrost regions of gas production sites;
- development of projects to construct gas-generating stations with due account of climatic conditions;
- burying pipelines at points of landfall for better protection of their underwater sections;
- use of comprehensive insurance programmes that cover the environmental risks of the Group with compensation for damage to the environment.

3.4.2. How does Gazprom reduce emissions of greenhouse gases?

An important aspect of Gazprom Group’s activities is a set of measures to quantify and reduce greenhouse gas emissions:

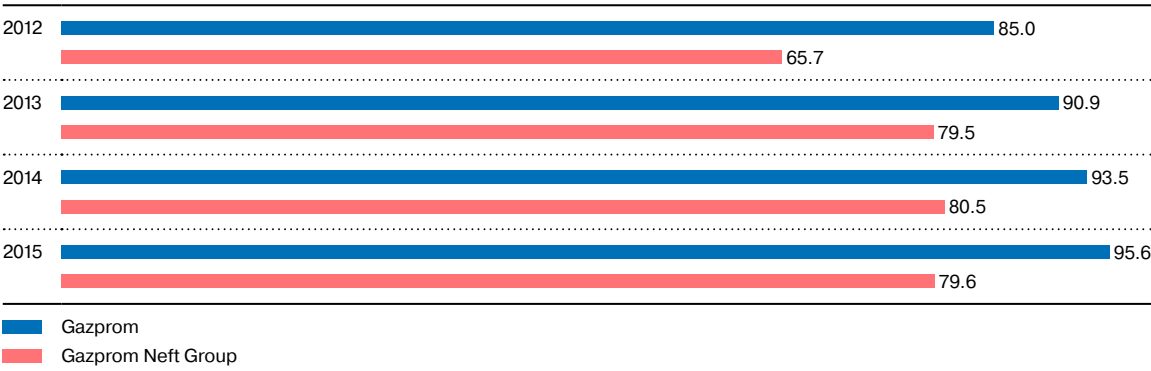
- annual instrumental examination for detection and assessment of the volumes of methane emissions for prompt monitoring and analysis of greenhouse gas emissions;
- implementation of renovation and refurbishment, energy saving, and environmental protection measures aimed at direct and indirect reduction of greenhouse gas emissions;
- corporate environmental reporting on GHG emissions by Gazprom — full registers of emissions;
- provision of information on the assessment and audit of greenhouse gas emissions by Gazprom at integral and differential levels.

Direct greenhouse gas emissions by the Gazprom Group in 2012- 15, mmt of CO₂-equivalent



The Gazprom Group and its gas producing companies implement measures to reduce (or terminate) APG flaring in order to reduce greenhouse gas emissions. Investment projects involving APG at Gazprom Group’s fields are intended to achieve a level of associated petroleum gas of no less than 95% of its production volume.

APG utilisation by Gazprom Group companies in 2012- 15, %



Gazprom’s contribution to reducing the impact of anthropogenic and technology-related factors on global climate change is implemented through a variety of technical and organisational activities, including the development and implementation of energy efficiency and energy saving programmes aimed at lowering greenhouse gas emissions.

Reducing methane emissions during manufacturing processes and repair operations, as well as terminating APG flaring, play an essential role not only in terms of reducing greenhouse gas emissions, but also in terms of saving resources.

In the course of its operations, Gazprom continuously refurbishes and upgrades its facilities, as well as developing its energy saving programmes. It introduces advanced environmental protection technologies, which, in turn, reduce the negative impact of the Gazprom Group’s activities on the climate.

Appendices

Appendix 1 GRI content index

Appendix 2 Additional information on the activities of the Gazprom Group in 2012-15

Appendix 3 List of terms and abbreviations used in the report

Appendix 1 GRI content index

General standard disclosures of the GRI Guidelines				
Indicator	Indicator definition	Indicator disclosure	Comments	Page
General standard disclosures				
Strategy and Analysis				
G4-1	Statement from the CEO about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Message from our CEO	Disclosed	5–6
G4-2	Description of key impacts, risks and opportunities	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> – How does Gazprom assess its risks? <p>Gazprom and the Planet:</p> <ul style="list-style-type: none"> – What is Gazprom's position with respect to climate change? – How do Gazprom's international activities promote sustainable development? <p>Appendix 2 The Gazprom Group: Key Facts</p>	Disclosed	22, 99–103, 121–123, 143–144
Organisation Profile				
G4-3	Name of the organisation	About this Report	Disclosed	
G4-4	Primary brands, products, and services	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> – What are Gazprom's key operating indicators? 	Disclosed	13–17
G4-5	Location of the organisation's headquarters	16 Nametkina St., Moscow, GSP-7, 117997, Russian Federation	Disclosed	—
G4-6	Number of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> – What are Gazprom's key operating indicators? 	Disclosed	16
G4-7	Nature of ownership and legal form	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> – How is Gazprom's Corporate Governance System structured? 	Disclosed	20–21

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-8	Markets served by the organisation (including geographical breakdown, sectors served, types of customers and beneficiaries)	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> – What are Gazprom's key operating indicators? <p>Gazprom and the Planet</p> <ul style="list-style-type: none"> – How do the international activities of Gazprom promote sustainable development? 	Disclosed	16, 99–105
G4-9	Scale of the organisation	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> – What are Gazprom's key operating indicators? – How is Gazprom's Corporate Governance System structured? <p>Gazprom and People</p> <ul style="list-style-type: none"> – How is human resources management organised at Gazprom? <p>See the <i>Major Results</i> chapter of the Gazprom Annual Report 2014 http://www.gazprom.com/f/posts/91/415561/gazprom-annual-report-2014-en.pdf</p> <p>See the <i>Key financial performance indicators and Gazprom Group's Business Model and Position in the Global and Russian Energy Industry</i> sections of the Gazprom Annual Report 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf</p>	Disclosed	13–17, 20–21, 43–52
G4-10	Total number of employees	<p>Gazprom and People</p> <ul style="list-style-type: none"> – Who works at Gazprom and how is the work organised? <p>Appendix 2 Additional information on the activities of the Gazprom Group in 2012–15</p>	Disclosed	37, 141
G4-11	Percentage of employees covered by collective bargaining agreements	<p>Gazprom and People</p> <ul style="list-style-type: none"> – What supports social partnership and relations between Gazprom's management and personnel? 	Partially disclosed	42
GRI G4-EU1	Installed capacity by primary energy source and geographic markets	<p>Appendix 2 Additional information on the activities of the Gazprom Group in 2012–15</p> <p>See the <i>Power Generation</i> chapter in the <i>Performance Results</i> section of the Gazprom Annual Report 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf</p>	Partially disclosed	141

Indicator	Indicator definition	Indicator disclosure	Comments	Page
GRI G4-EU2	Net energy output by primary energy source and geographical conditions	Appendix 2 Additional information on the activities of the Gazprom Group in 2012-15 See the <i>Power Generation</i> chapter in the <i>Performance Results</i> section of the Gazprom Annual Report 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf	Partially disclosed	141–142
G4-12	Description of the organisation's supply chain	Gazprom and the Country — How does Gazprom engage with business? See the <i>Procurement and Cost Control System</i> chapter of the Sustainability Report 2012-2013	Partially disclosed	73
G4-13	Description of significant changes regarding the organisation's size, structure, ownership, or its supply chain in the reporting period	There were no significant changes in the Company in terms of its size, organisational structure, ownership, etc. during the reporting period. See the <i>Company Information</i> sections in the Gazprom Annual Reports for 2014 and 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf Gazprom IFRS Consolidated Financial Statements 2015 http://www.gazprom.com/f/posts/12/001311/gazprom-ifrs-2015-12m-en.pdf	Disclosed	—
G4-14	Explanation on how and whether or not a precautionary approach or principle is being addressed by the organisation	Gazprom and the Planet — What does Gazprom do to protect the environment?	Disclosed	111–120
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives, to which the organisation subscribes or which it endorses	Gazprom and the Planet — With which international organisations does Gazprom cooperate? — How does Gazprom engage with its stakeholders on environmental protection issues? — How is environmental management organised at Gazprom?	Disclosed	106–110, 114, 112
G4-16	Membership in associations, national and/or international advocacy organisations	Gazprom and the Planet — With which international organisations does Gazprom cooperate?	Disclosed	106–107

Indicator	Indicator definition	Indicator disclosure	Comments	Page
Material Aspects and Boundaries Defined				
G4-17	List of all entities included in the organisation's consolidated financial statements or equivalent documents. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents, is not covered by the Sustainability Report	See the Subsidiaries section in Gazprom IFRS Consolidated Financial Statements, dated 31 December 2015 http://www.gazprom.com/f/posts/12/001311/gazprom-ifrs-2015-12m-en.pdf	Disclosed	—
G4-18	Explanation of the process for defining the report content and the aspect boundaries	About this Report To follow the completeness principle, apart from the topics selected with help from stakeholders and the essential issues matrix, this Report discloses a number of additional topics in which stakeholders might be interested. To follow the materiality principle, we have presented the most important topics and indicators.	Disclosed	9–11
G4-19	List of all material aspects identified in the process for defining the report content	Appendix 2 GRI material aspects and their boundaries	Disclosed	146–147
G4-20	Description of aspect boundaries inside the organisation for each material aspect	Appendix 2 GRI material aspects and their boundaries	Disclosed	141–142
G4-21	Description of aspect boundaries outside the organisation for each material aspect	Appendix 2 GRI material aspects and their boundaries	Disclosed	146–147
G4-22	Description of the effect of any restatements of information provided in previous reports, and the reasons for such restatements	There were no restatements in the reporting period.	Disclosed	—
G4-23	Description of any significant changes from previous reporting periods in the scope and aspect boundaries	There were no significant changes in the reporting period in the scope and aspect boundaries.	Disclosed	—
Stakeholder Engagement				
G4-24	List of stakeholder groups engaged by the organisation	About this Report	Disclosed	9–11
G4-25	Explanation of the basis for identification and selection of stakeholders with whom to engage	See Chapter 2.5. Stakeholder Engagement of the Sustainability Report for 2012-2013	Disclosed	—

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-26	Description of the organisation's approach to stakeholder engagement, including the frequency of engagement by type and by stakeholder group, and an indication of whether any of these engagements were undertaken specifically as part of the report preparation process	<p>The Gazprom Group:</p> <p>Key Facts</p> <ul style="list-style-type: none"> — How does Gazprom organise its stakeholder engagement process? <p>Gazprom and the Planet</p> <ul style="list-style-type: none"> — How does Gazprom engage with its stakeholders on environmental protection issues? 	Disclosed	25–29, 114

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	About this Report	Disclosed	9–11
Report Profile				
G4-28	Reporting period	About this Report	Disclosed	9–11
G4-29	Date of most recent previous Sustainability Report	The Gazprom Sustainability Report for 2012-2013 was published in January 2015	Disclosed	—
G4-30	Reporting cycle	About this Report	Disclosed	9–11
G4-31	Contact point for questions regarding the report or its contents	Contact us	Disclosed	161
G4-32	The “in accordance” option the organisation has chosen	“Core” option	Disclosed	—
G4-33	The organisation’s policy and current practice with regard to seeking external assurance for the Sustainability Report	No external assurance for the Sustainability Report of the Gazprom Group was carried out.	Disclosed	—
Governance				
G4-34	Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impact	<p>The Gazprom Group: Key Facts</p> <ul style="list-style-type: none"> — What are Gazprom’s mission and strategy? — How is Gazprom’s Corporate Governance System structured? <p>See the <i>Major Results</i> chapter of the Gazprom Annual Report 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf</p>	Disclosed	18–19, 20–21
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	See the <i>Sustainability Management System</i> section of the Sustainability Report for 2012-2013 http://www.gazprom.com/f/posts/53/331565/sustainability-report-2012-2013-en.pdf	Disclosed	—

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-39	Please specify whether the Chair of the highest governing body is also an executive officer (and, if so, his or her function within the management's organisation and the reasons for this arrangement)	The Chair of the highest governing body is not an executive officer.	Disclosed	—
G4-41	Processes of the highest governing body to ensure that conflicts of interest are avoided or managed	<p>The Gazprom Group:</p> <p>Key Facts:</p> <ul style="list-style-type: none"> — How does Gazprom organise its stakeholder engagement process? — Prevention of corruption — Internal Control System and corporate ethics <p>Information on material facts, affiliates, transportation services, and insider information about the Company is published on Gazprom's official website: http://www.gazprom.com/investors/disclosure/facts/2015/</p>	Disclosed	25–29, 30, 31
G4-51	Description of remuneration policies for the highest governing body and senior executives	<p>The Gazprom Group:</p> <p>Key Facts</p> <ul style="list-style-type: none"> — What are Gazprom's mission and strategy? — How is Gazprom's Corporate Governance System structured? <p>See the <i>Remuneration Scheme for Members of the Board of Directors, Executive Bodies and Other Key Employees</i> chapter of the Gazprom Annual Report 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf</p>	Disclosed	18–19, 20–21

Indicator	Indicator definition	Indicator disclosure	Comments	Page
Ethics and Integrity				
G4-56	Description of the organisation's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics	<p>The Gazprom Group: Key Facts</p> <p>— How does Gazprom organise its stakeholder engagement process?</p> <p>See the Code of Corporate Ethics http://www.gazprom.com/f/posts/60/591327/2012-07-30-codex-of-corporate-ethics-en.pdf See the Corporate Governance Code (Conduct) http://www.gazprom.com/f/posts/74/562608/2002-06-28-code-of-corporate-governance-behavior-en.pdf</p>	Disclosed	25–31
Specific standard disclosures				
Management approach indicators				
Indicators				
Category: Economic				
	Management approach to ensure the short and long-term availability and reliability of electricity	<p>See the <i>Power Generation</i> chapter of the Gazprom Annual Report 2015 http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf</p>	Partially disclosed	—
	Research and development activity and expenditure aimed at providing reliable electricity supplies and promoting sustainable development (potentially)	<p>Gazprom and the Country</p> <p>— How does Gazprom manage innovation?</p>	Disclosed	83–86
G4-EC1	Direct economic value generated and distributed	<p>Gazprom and the Planet</p> <p>— What is Gazprom's position with respect to climate change?</p>	Disclosed	72, 149
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	<p>Gazprom and the Planet</p> <p>— What is Gazprom's position with respect to climate change?</p>	Disclosed	121–122
G4-EC3	Coverage of the organisation's obligations in the defined benefit plan	<p>Gazprom and People</p> <p>— What motivates Gazprom's employees?</p> <p>Section 16 of the 2015 Consolidated Accounting Statements of Public joint-stock company Gazprom and its subsidiaries http://www.gazprom.com/f/posts/56/116176/gazprom-annual-report-2015-en.pdf Note 24 to the Gazprom IFRS Consolidated Financial Statements 2015 http://www.gazprom.com/f/posts/12/001311/gazprom-ifs-2015-12m-en.pdf</p>	Disclosed	43–45

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-EC7	Development and impact of infrastructure investments and services supported	<p>Gazprom and the Country</p> <ul style="list-style-type: none"> – What is the Gazprom Group's contribution to the economy of the Russian Federation? – What measures does Gazprom take to ensure gas supply and connect the country to the gas system? <p>Gazprom and the Planet</p> <ul style="list-style-type: none"> – How do Gazprom's international activities promote sustainable development? 	Disclosed	70–72, 74, 99–103
G4-EC8	Significant indirect economic impact, including the extent of impact	<p>Gazprom and the Country</p> <ul style="list-style-type: none"> – What is the Gazprom Group's contribution to the economy of the Russian Federation? – How does Gazprom manage innovation? 	Disclosed	70–73, 83–86
G4-OG1	Volume of proved reserves and production	<p>The Gazprom Group:</p> <p>Key Facts</p> <ul style="list-style-type: none"> – What are Gazprom's key operating indicators? 	Disclosed	13–15
G4-EU10	Planned capacity against projected electricity demand over the long-term, broken down by energy source and regulatory regime	<p>In accordance with the programme of capacity supply agreements (CSAs), the Gazprom Group plans to commission 3.4 GW of new capacity in 2014–16.</p> <p>The Gazprom Group:</p> <p>Key Facts</p> <ul style="list-style-type: none"> – What are Gazprom's key operating indicators? <p>For more details, please see the annual reports of Gazprom Energoholding affiliates available in Russian: http://energoholding.gazprom.ru/investors/reports/</p>	Disclosed	13–17
Category: Environmental¹				
G4-EN3	Energy consumption within the organisation	<p>Gazprom and the Country</p> <ul style="list-style-type: none"> – How does Gazprom save energy? <p>Appendix 2 Additional information on the activities of the Gazprom Group in 2012–15</p>	Partially disclosed	87–89, 151
G4-EN5	Energy intensity	<p>Gazprom and the Country</p> <ul style="list-style-type: none"> – What are the indicators of energy intensity at the Gazprom Group? 	Disclosed	87–89, 151
GRI G4-OG3	Total amount of renewable energy generated by source	<p>Gazprom and the Country</p> <ul style="list-style-type: none"> – How are renewable energy sources used? 	Disclosed	92

¹ Unless otherwise stated, disclosures in Environmental category use standards and methods in accordance with the environmental legislation of the Russian Federation.

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-EN6	Reduction of energy consumption	Gazprom and the Country – How does Gazprom manage innovation? – How does Gazprom save energy? – How are renewable energy sources used?	Disclosed	83–84, 87–89, 92
G4-EN8	Total water withdrawal by source	Gazprom and the Planet – What does Gazprom do to protect the environment? – What is Gazprom's position with respect to climate change? Withdrawn water, total for the Group: 4,895.38 mscm in 2014 and 4,511.81 mscm in 2015 (including natural sources: 4,410.68 mscm in 2014 and 4,290.12 mscm in 2015).	Disclosed	117, 121
G4-EN12	Description of significant impact of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Gazprom and the Planet – What does Gazprom do to protect the environment? – What is Gazprom's position with respect to climate change?	Partially disclosed	111, 118–119, 120, 121–122
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Gazprom and the Planet – What does Gazprom do to protect the environment?	Partially disclosed	123
G4-EN16	Direct greenhouse gas (GHG) emissions (Scope 2)	See the Gazprom reports that are a part of the CDP project: https://www.cdp.net/en-US/Results/Pages/Company-Responses.aspx?company=7047	Partially disclosed	—
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Gazprom and the Planet – What is Gazprom's position with respect to climate change? How does Gazprom reduce emissions of greenhouse gases? – How does Gazprom reduce its negative impact on the environment?	Disclosed	121–123, 115–116
G4-EN21	NOX, SOX, and other significant air emissions	Gazprom and the Planet – Which corporate environmental goals were achieved by the Gazprom Group in 2011–15? – How does Gazprom reduce its negative impact on the environment?	Disclosed	113, 115–116
G4-EN22	Total water discharge by quality and destination	See the section <i>Water use and protection of water resources</i> of the Gazprom Environmental Report 2015	Disclosed	—

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-EN23	Total weight of waste by type and disposal method	Gazprom and the Planet — What does Gazprom do to protect the environment? — How does Gazprom reduce its negative impact on the environment? — How does Gazprom combat increased waste from production and consumption?	Disclosed	113–114, 117–118
G4-EN24	Total number and volume of significant spills	No significant oil and petroleum product spills (over 10 tonnes) took place at the Group's facilities in the reporting period.	Disclosed	—
G4-OG6	Volume of flared and vented hydrocarbons	See the section <i>Air protection</i> of the Gazprom Neft Sustainability Report 2014 See the section <i>Utilisation of associated petroleum gas</i> of Gazprom Neft Sustainability Report 2015	Disclosed	—
G4-OG7	Total number of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	See the section <i>Production and consumption waste management</i> of the Gazprom Neft Sustainability Report 2014	Disclosed	—
G4-EN29	Monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Appendix 2. Additional information on the activities of the Gazprom Group in 2012–15	Disclosed	141–142
G4-EN30	Significant environmental impact of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	Gazprom and the Planet — What is Gazprom's position with respect to climate change? — What does Gazprom do to protect the environment? — How does Gazprom prevent accidental oil spills?	Disclosed	121, 111–112, 118–119
G4-EN31	Total environmental protection expenditures and investments by type	Gazprom and the Planet — What does Gazprom do to protect the environment?	Disclosed	113–114
Category: Social				
Sub-category: Labour practices and decent work				
Programmes and processes to ensure the availability of a skilled workforce		Gazprom and People — How is human resources management organised at Gazprom?	Disclosed	43–49
Policies and requirements regarding the health and safety of employees and the employees of contractors and subcontractors		Gazprom and People — Why is it safe to work at Gazprom?	Disclosed	53–59

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-LA1	Total number and percentage of new employee hires and employee turnover by age group, gender, and region	Gazprom and People — What are the goals and principles of human resources management at Gazprom? — Who works at Gazprom and how is the work organised?	Partially disclosed	37–41
G4-LA2	Benefits provided to full time employees that are not provided to temporary or part time employees, by significant locations of operation	Gazprom and People — What motivates Gazprom's employees? — What supports social partnership and relations between Gazprom's management and personnel?	Partially disclosed	43–45, 42
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The Group fully complies with the legal requirements of Russia and other countries concerning notice periods regarding operational changes.	Partially disclosed	—
G4-LA5	Percentage of total workforce represented in formal joint management- worker health and safety committees that help monitor and advise on occupational health and safety programmes	Gazprom and People — Why is it safe to work at Gazprom? Trade union organisations, which are present at almost all of the Group's companies, represent employees in joint occupational health and safety committees.	Partially disclosed	57–59
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	Gazprom and People — Why is it safe to work at Gazprom?	Partially disclosed	53–59
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Health and safety topics are covered in the General Collective Agreement of Gazprom and its Subsidiaries for 2010-12, and in the General Collective Agreement of Gazprom and its Subsidiaries for 2013-15.	Disclosed	—
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Gazprom and People — What are the goals and principles of human resources management at Gazprom? — How are Gazprom's employees trained and what do they learn? Appendix 2. Additional information on the activities of the Gazprom Group in 2012-15	Partially disclosed	37, 48–49, 145

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career termination	Gazprom and People — What are the goals and principles of human resources management at Gazprom? — Where does Gazprom train its highly qualified personnel? — How are Gazprom's employees trained and what do they learn?	Partially disclosed	36, 47, 48–49
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	The Gazprom Group has a system in place for selecting candidates for certain positions and supporting their development. Among other activities, the system involves periodic performance assessments, reviews and the identification of needs for the development of personal and professional competencies.	Partially disclosed	—
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity	Gazprom and People — Who works at Gazprom and how is the work organised?	Disclosed	37–41

Indicator	Indicator definition	Indicator disclosure	Comments	Page
Sub-category: Human Rights				
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>The Group does not practice human rights screening of investment agreements. To reduce the risks associated with procurement decisions, Gazprom carries out an open prequalification exercise for bidders. Prequalification involves the comprehensive assessment of a potential bidder. Articles of association and other corporate documents are requested and reviewed; compliance with the mandatory requirements is verified. Furthermore, information from the corporate security service, the referrals of others customers and service providers, and a report from an on-site inspection (an engineering audit) are also taken into account; a collegial discussion of this information is held.</p> <p>Following the discussion, the Gazprom Group makes a decision on whether or not to include an applicant in the registry of potential suppliers and contractors.</p>	Disclosed	—
G4-HR3	Total number of incidents of discrimination and corrective actions taken	The Group has not identified any incidents of discrimination during the reporting period.	Disclosed	—
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at a significant risk and measures taken to support these rights	During the reporting period, the Group did not identify any incidents where the rights to exercise freedom of association or collective bargaining were violated.	Disclosed	—
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	The Group does not use child labour. According to Russian legislation, the Group is not liable for the activities of its suppliers; it does not conduct such an assessment.	Disclosed	—

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-HR6	Operations and suppliers identified as having significant risk of incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	The Group does not use forced or compulsory labour. According to Russian legislation, the Group is not liable for the activities of its suppliers; it does not conduct such an assessment.	Disclosed	—
G4-HR8	Total number of incidents of violations involving the rights of indigenous peoples and actions taken	During the reporting period, the Group did not identify any incidents of violations involving the rights of indigenous people.	Disclosed	—
G4-OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Gazprom and People — What does Gazprom do to support the indigenous minority peoples of the North? Gazprom and the Country — How does Gazprom engage with regions where it operates?	Disclosed	63–64, 93
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	No such grievances were received during the reporting period.	Disclosed	—
Sub-category: Society				
G4-SO2	Operations with significant actual or potential negative impacts on local communities	No significant negative impacts were identified in the reporting period Gazprom and People — What does Gazprom do to support the indigenous minority peoples of the North? Gazprom and the Planet — What is Gazprom's position with respect to climate change?	Disclosed	63–64, 121–122
G4-OG10	Number and description of significant disputes with local communities and indigenous peoples	No significant disputes with local communities or indigenous peoples happened during the reporting period.	Disclosed	—
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	The Gazprom Group: Key Facts — How does Gazprom organise its stakeholder engagement process? No such risk assessments were conducted during the reporting period. However, the Gazprom Code of Corporate Ethics was developed, and mechanisms for filing reports with the Corporate Ethics Commission have been introduced.	Disclosed	30–31

Indicator	Indicator definition	Indicator disclosure	Comments	Page
G4-SO5	Confirmed incidents of corruption and actions taken	No incidents of corruption were identified during the reporting period.	Disclosed	—
Sub-category: Product Responsibility				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No breaches of customer privacy or losses of customer data were registered during the reporting period.	Disclosed	—
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No such fines were imposed during the reporting period.	Disclosed	—

Appendix 2. Additional information on the activities of the Gazprom Group in 2012-15

Appendix to the About this Report section

¹ Including aspects not deemed significant, with information concerning them being limited in this Report.

Aspects ¹	Boundaries of influence inside the Gazprom Group	Influence outside the Gazprom Group
Category: Economic		
— Economic performance	The Gazprom Group	
— Indirect economic impact	The Gazprom Group	Value chain of the Group
— Reserves	PJSC Gazprom, the Gazprom Neft Group	
— Availability and reliability (of the energy supply)	The Gazprom Group	Electricity, heat and material suppliers
Category: Environmental		
— Energy	The Gazprom Group	Electricity, heat and material suppliers
— Emissions		
— Discharges and waste		
— Compliance		
— Vehicles		
— General information		
— Water		
— Biodiversity		
Category: Social		
Sub-category: Labour practices and decent work		
— Employment	The Gazprom Group	Contractors, subcontractors and suppliers of the Group
— Occupational health and safety	The Gazprom Group	Contractors, subcontractors and suppliers of the Group
— Relations between staff and management	The Gazprom Group	
— Training and education		
— Diversity and equal opportunities		

Aspects	Boundaries of influence inside the Gazprom Group	Influence outside the Gazprom Group
Sub-category: Human Rights		
<ul style="list-style-type: none"> – Investments – Non-discrimination – Freedom of association and collective bargaining – Forced or compulsory labour – Grievance mechanisms with regard to human rights violations 	The Gazprom Group	Contractors, subcontractors and suppliers of the Group
Rights of indigenous minority peoples	PJSC Gazprom, the Gazprom Neft Group	Contractors and subcontractors operating in the indigenous areas
Sub-category: Society		
Anti-corruption policies Compliance	The Gazprom Group	
Local communities	The Gazprom Group	Residents of the regions where facilities are present; retail and small-scale wholesale gas, electricity and heat customers
Subcategory: Product Responsibility		
Compliance Customer privacy	The Gazprom Group	

Appendix to The Gazprom Group: Key Facts section

The Gazprom Group's sustainability risks

Risk	Causes	Risk management/mitigation
Risks related to environmental pollution	Key operations, including hydrocarbon production, transportation, processing and storage, carry the risk of environmental pollution which can result in legal, financial and reputational damage.	The Company is committed to maintaining its environmental policy. The Company implements programmes and initiatives to reduce its environmental footprint, carries out environmental activities, insures environmental risks, and introduces environmental protection technologies. Most subsidiaries have in place, and continuously improve, environmental management systems certified by ISO 14001:2004.
Risks related to the operation of industrial facilities and occupational safety	Key operations, including hydrocarbon production, transportation, processing and storage, carry production and engineering, natural and climatic risks, as well as risks of adverse actions by personnel or third parties, and adverse health and safety risks	The UGSS ensures reliable gas supplies. Stable operation of the system is achieved by implementation of advanced and innovative diagnostic methods, carrying out timely overhaul and maintenance, and revamping and upgrading existing facilities. Insurance coverage is provided to protect subsidiaries' property interests, which include property insurance (including offshore facilities), business interruption insurance, and liability insurance for construction, repair and operation of production facilities. Occupational health and safety policy is devoted to creating a safe working environment and ensuring the health and safety of employees; it also includes staff training in occupational safety.
Risks related to government regulation of gas sector	As Gazprom is considered to be a natural monopoly, its operations are regulated by Federal Law No. 147-FZ "On Natural Monopolies" of 17 August 1995. The Government holds an interest of over 50% in the share capital of PJSC Gazprom.	Dialogue with the governmental authorities is maintained to improve the pricing policy and taxation of the companies in the gas industry; objective supporting cases are prepared to help the Board of Directors in the decision-making process.

Risk	Causes	Risk management/mitigation
Unconventional gas development risks	Unconventional gas production has been growing over the last ten years, primarily production from the shale deposits in the US, along with limited volumes in several other regions around the world. South America, South-East Asia and, to a much lesser extent, Europe remain interested in unconventional gas production; however, the risk that these regions will discontinue gas imports in the mid-term is insignificant.	PJSC Gazprom continuously monitors the development of the shale gas industry and other unconventional hydrocarbon industries around the world. The Board of Directors reviews monitoring reports on an annual basis, including the financial performance of unconventional gas producers and their potential to compete with Gazprom on the Company's existing or prospective markets. This enables the Company to shape an effective region-specific marketing policy, adapted to local goods distribution options.
Risks related to the advance of renewable energy	Renewable energy output is expected to grow in some countries, which may lead to a decrease in gas consumption on these markets.	The use of natural gas for power generation offers consumers financial, technological and environmental benefits. Given the instability of renewables-based electricity production, renewable energy sources are used in addition to energy produced from other sources, including natural gas.

Appendix to the Gazprom and People section

Staff at the Gazprom Group split by age, 2015, thousand persons

	Under 30 y.o.	Over 30 y.o. Under 50 y.o.	Over 50 y.o.	Of which:	
				Women over 55 y.o.	Men over 60 y.o.
PJSC Gazprom	2.8	16.6	5.4	0.2	0.3
Subsidiaries specialising in gas production, transportation, processing and underground storage	40.0	136.9	58.5	2.2	2.1
Gazprom Neft Group	16.4	38.3	10.3	1.1	1.0
Gazprom Energoholding	6.9	21.0	17.1	3.3	3.0
Gazprom Neftekhim Salavat and its subsidiaries	3.9	8.1	3.5	0.4	0.3
Other subsidiaries	13.0	42.3	21.4	2.6	3.3
Total	83.0	263.2	116.2	9.8	10.0

Number of employees who underwent an upgrade in skills and professional training programmes, 2012-15

Indicator	2012	2013	2014	2015
Managers, professionals and other staff who underwent additional vocational education programmes	87,085	106,011	128,523	142,641
Blue collar workers	91,843	155,769	136,597	151,485

Gazprom Group's expenditures, 2012-15, RUB mln

Indicator	2012	2013	2014	2015
Occupational health	10,702	11,573	12,191	13,373
Occupational safety	5,204	6,122	6,410	9,909
Prevention of and response to emergency situations	888	662	963	1,009

Accidents and incidents at the Gazprom Group, 2012-15

Companies	2012	2013	2014	2015
Companies within the scope of the UOHSMS				
accidents	17	10	8	12
incidents	59	73	53	43
Gazprom Neft Group				
accidents	1	—	—	1
incidents	3,601	3,542	3,387	2,512
Gazprom Energoholding				
accidents	1	—	1	—
incidents	9	1	1	2
Total				
accidents	19	10	9	13
incidents	3,669	3,616	3,441	2,557

Occupational injuries and diseases at the Gazprom Group, 2012-15

Rate	2012	2013	2014	2015
Fatal injury frequency rate (number of fatalities / total hours worked × 1,000,000)				
Companies within the scope of the UOHSMS	0.029	0.006	0.036	0.012
Gazprom Neft Group	0.039	0.013	0.023	0.021
Gazprom Energoholding	0.025	—	0.028	—
Lost-time injury frequency rate (LTIFR) (number of injured employees / total hours worked × 1,000,000)				
Companies within the scope of the UOHSMS	0.328	0.230	0.181	0.175
Gazprom Neft Group	0.660	0.451	0.527	0.472
Gazprom Energoholding	0.236	0.241	0.208	0.200
Occupational disease rate (ODR) (number of newly identified occupational diseases / total hours worked × 1,000,000)				
Companies within the scope of the UOHSMS	0.0759	0.0595	0.0861	0.0323
Gazprom Neft Group	0	0.027	0.012	0
Lost day rate (LDR) (lost work days due to accidents / total hours worked × 1,000,000)				
Companies within the scope of the UOHSMS	7.2436	5.6177	3.4074	11.0813
Gazprom Neft Group	21.1	9.9	12.0	2.1

Gazprom's industry-specific higher education departments

Nº	University	Department	Company
1	Saint Petersburg State University of Economics	Gazprom's specialised department	PJSC Gazprom
2	Nizhny Novgorod State Technical University	Petroleum Engineering	Giprogaztsentr
3	North-Caucasus Federal University	Economic and mathematic modelling of innovations in oil and gas industry	SevKavNIPiGas
4	Gubkin Russian State University of Oil and Gas	Study of Oil and Gas Reservoir Systems	Gazprom VNIIGAZ in collaboration with Central Oil Equipment Design Bureau
		Gas Technologies and Underground Gas Storage	Gazprom VNIIGAZ in collaboration with Central Oil Equipment Design Bureau
		Enhanced Oil Recovery in Complicated Condition	Gazprom Neft Group
		Geology of Hydrocarbon Systems	Gazprom Neft Group
5	Ukhta State Technical University	Oil and Gas Geology	Gazprom VNIIGAZ
		Geophysical Methods of Geoinformational Technologies and Systems	Gazprom VNIIGAZ
		Development and Exploitation of Oil and Gas Fields and Underground Hydromechanics	Gazprom VNIIGAZ
		Management in the Fuel and Energy Complex	Gazprom VNIIGAZ
		Design and Exploitation of Main Oil and Gas Pipelines	Gazprom VNIIGAZ Gazprom Transgaz Ukhta
6	Peter the Great St. Petersburg Polytechnic University	Gas turbine units for gas transmission stations	Gazprom Transgaz Saint Petersburg
7	Ufa State Petroleum Technological University	Operation and Maintenance of Facilities for Oil, Gas and Oil Products Transportation and Storage	Gazprom Transgaz Ufa
8	Ufa State Aviation Technical University	Gas Transportation	Gazprom Transgaz Ufa
9	State University of Management	Economics and Management in the Oil and Gas Industry	NIIgazeconomika
10	Kazan National Research Technological University	Energy-Efficient Compressor Units and Gas-Pumping Units for Gas Processing and Transportation	Gazprom Transgaz Kazan
11	Samara State Technical University	Gas Transportation	Gazprom Transgaz Samara
12	Omsk State Technical University	Gazprom Neft's industry-specific department	Gazprom Neft Group

Industry-specific departments in the Gazprom VNIIGAZ branch (Ukhta)

Industry-specific departments are focused on:

- encouraging academic and practical education at the Ukhta State Technical University;
- targeted training of highly-qualified personnel in compliance with the professional education programmes agreed on with the partner, and aimed at satisfying the staffing needs of the region.

Development and Exploitation of Oil and Gas Fields and Underground Hydromechanics

Objectives:

- providing full-cycle professional training;
- improvement of training quality;
- participation in conferences.

Management in Energy Industry

Objectives:

- providing full-cycle professional training;
- joint organisation of methodological seminars and department meetings;
- participation in conferences;
- joint publication of textbooks and manuals on the Company's operations.

Design and Exploitation of Main Oil and Gas Pipelines

Objectives:

- enhancement of the quality of training at the Ukhta State Technical University via vocational practice at PJSC Gazprom;
- organisation and training to degree level of academic and scientific staff;
- R&D, including preliminary and technological studies.

Geophysical Methods of Geoinformational Technologies and Systems

Objectives:

- lectures on current issues of geophysical methods for hydrocarbon prospecting;
- degree projects on subjects related to the objectives of Gazprom VNIIGAZ (Ukhta);
- creation of study manuals on the Company's operations in order to facilitate the learning process.

Oil and Gas Geology

Objectives:

- participation of students in the collection, preparation and systematisation of raw geological data for further processing by software systems and geophysical analysis;
- teaching of subjects which introduce students to the full research and production process cycle in geological exploration.

Appendix to the Gazprom and the Country section

Indicators assessing the Gazprom Group's contribution to the Russian economy, 2012-15

Indicator	2012	2013	2014	2015
GDP of the Russian Federation, RUB bn	66,927	71,017	77,945	80,804
Gazprom's total value added, RUB bn	2,780	3,254	3,221	3,356
Gazprom's share of Russia's GDP, %	4.2	4.6	4.1	4.2
Total capital expenditure in Russia, RUB bn	12,586	13,450	13,903	14,556
Gazprom Group's capital expenditure, RUB bn	1,349	1,397	1,262	1,641
Share of Gazprom's capital expenditure in Russia's total capital expenditure, %	10.7	10.4	9.1	11.3
Payments to budgets at all levels of the Russian Federation (taxes and other similar payments), including:	1,951	1,821	2,063	1,947
customs duties, RUB bn	684	745	804	694
MET, RUB bn	447	503	561	599
income tax, RUB bn	286	199	213	105
property tax, RUB bn	54	73	86	110
Dividends per share, RUB	8.97	5.99	7.2	7.2
Dividends due to the government, RUB bn	106	71	85	85
Total Gazprom payments to budgets at all levels, RUB bn	2,057	1,891	2,148	2,032
Oil and gas revenues of the federal budget of the Russian Federation, RUB bn	6,453	6,534	7,434	5,863
Consolidated budget revenues of the Russian Federation, RUB bn	23,435	24,443	26,766	26,922
Gazprom's contribution to the oil and gas revenues of the federal budget of the Russian Federation, %	17.5	19.1	18.4	22.1
Gazprom's contribution to the consolidated budget revenues of the Russian Federation, %	8.8	7.8	8.0	7.5

Direct economic value generated and distributed, 2012- 15, RUB mln

Indicator	2012	2013	2014	2015
Direct economic value generated				
Sales revenue	4,766,495	5,249,965	5,589,811	6,073,318
Net trading gain (loss)	2,821	5,850	(22,510)	3,704
Financial income (interest income)	26,626	33,398	66,983	112,165
Share of net income of associated companies and joint ventures	145,192	56,670	46,051	106,560
(Losses) gains on disposal of available-for-sale financial assets	546	(3,212)	(915)	9,121
Total generated direct economic value	4,941,680	5,342,671	5,679,420	6,304,868
Distributed direct economic value				
Operating expenses (excluding impairment provisions and other provisions, depreciation, and exchange rate differences), including:	3,062,010	3,226,939	3,714,956	4,145,883
labour costs	409,807	497,852	516,778	590,981
expenses on post-employment benefit obligations	25,844	57,815	31,317	35,557
taxes other than on income tax	625,313	706,667	775,826	805,132
other operating expenses	2,026,890	2,022,420	2,422,352	2,749,770
Financial expenses (interest expense)	37,022	42,768	44,749	66,857
Current income tax expenses	280,070	201,872	121,343	102,223
Dividends paid to shareholders	209,189	148,183	176,691	171,621
Total distributed direct economic value	3,588,291	3,619,762	4,057,739	4,486,584
Retained direct economic value	1,353,389	1,722,909	1,621,681	1,818,284

Shareholder structure of Gazprom, %

Indicator	as of 31 December 2014	as of 31 December 2015
Russian Federation represented by the Federal Agency for State Property Management	38.37	38.37
Rosneftegaz ¹	10.97	10.97
Rosgazifikatsiya ²	0.89	0.89
ADR holders ³	28.05	27.83
Other shareholders	21.72	21.94

¹ As of 31 December 2014 and 31 December 2015, the share of the Russian Federation represented by the Federal Agency for State Property Management in Rosneftegaz was 100%

² As of 31 December 2014 and 31 December 2015, Rosneftegaz held 74.55% of the shares in Rosgazifikatsiya

³ The depositary of Gazprom's ADR programme

Gas sales of the Gazprom Group by customer group, 2015, %

Electricity	23
Metals and mining	4
Agricultural chemistry	7
Cement industry	2
Housing utilities	16
Population	24
Other customers	24

Change in indicators due to implementation of the Innovative Development Programme of the Company, 2012-15

Performance indicator	2012	2013	2014	2015
Reduction of energy consumption for production needs and losses, % Y-o-Y	4.6	2.5	11.7	14.6
Reduction of greenhouse gas emissions in CO ₂ -equivalent, % Y-o-Y	4.1	4.3	2.4	9.5

Appendix to the Gazprom and the Planet section

Gazprom Group's international gas sales, 2012-15, bscm

	2012	2013	2014	2015
Austria	5.4	5.2	4.2	5.0
Belgium	–	–	–	1.5
Bulgaria	2.5	2.9	2.8	3.1
Bosnia and Herzegovina	0.3	0.2	0.2	0.2
Great Britain	11.7	16.6	15.5	22.5
Hungary	5.3	6.0	5.4	6.0
Germany	34.0	41.0	40.3	47.4
Greece	2.5	2.6	1.7	2.0
Denmark	0.3	0.3	0.4	0.7
Ireland	0.3	0.5	0.2	0.2
Italy	15.1	25.3	21.7	24.4
Macedonia	0.1	0.0 ¹	0.1	0.1
The Netherlands	2.9	2.9	4.7	8.4
Poland	13.1	12.9	9.1	8.9
Romania	2.5	1.4	0.5	0.3
Serbia	1.9	2.0	1.5	1.9
Slovakia	4.3	5.5	4.4	3.8
Slovenia	0.5	0.5	0.4	0.5
Turkey	27.0	26.7	27.3	27.0
Finland	3.7	3.5	3.1	2.8
France	8.2	8.6	7.6	10.5
Croatia	0.0 ¹	0.2	0.6	0.6
Czech Republic	8.3	7.9	0.8	0.9
Switzerland	0.3	0.4	0.3	0.3
Other countries	0.8	1.2	6.6	5.4
Total	151.0	174.3	159.4	184.4

¹ Less than 0.05.

Gazprom Group's gas sales to FSU countries, 2012-15, bscm

	2012	2013	2014	2015
Azerbaijan	–	–	–	0.1
Armenia	1.7	1.7	1.8	1.8
Belarus	19.7	19.8	19.6	18.4
Georgia	0.2	0.2	0.3	0.3
Kazakhstan	3.7	4.7	5.1	4.7
Kyrgyzstan	–	–	0.1	0.3
Latvia	1.1	1.1	1.0	1.3
Lithuania	3.1	2.7	2.5	2.2
Moldova	3.1	2.4	2.8	2.9
Ukraine	32.9	25.8	14.5	7.8
Uzbekistan	–	0.3	–	–
Estonia	0.6	0.7	0.4	0.5
South Ossetia	0.0 ¹	0.0	0.0	0.0
Total	66.1	59.4	48.1	40.3

¹ Less than 0.05

² The Group keeps records of sales volumes in mmbtu. For the purpose of this Report, the index 21×10^{-9} was used in order to convert mmbtu into mmt

International LNG sales, 2012–15, mmt²

	2012	2013	2014	2015
Argentina	–	0.25	0.86	0.34
Egypt	–	–	–	0.07
India	0.31	0.13	–	0.39
China	0.41	–	0.14	0.14
Kuwait	–	–	0.06	0.07
Malaysia	–	–	0.14	–
Korea	0.20	0.53	0.76	0.56
Taiwan	0.13	–	–	0.21
Japan	0.39	0.61	1.03	1.64
Under FOB ³ delivery terms	–	–	0.36	0.15
Total	1.44	1.51	3.35	3.56
incl. LNG sales by Sakhalin-II	0.62	0.62	1.11	1.81

³ Free on Board

Gazprom's international natural gas sales in the form of vehicle fuel at NGV-refuelling compressor and cryogenic filling stations, 2015

Country	Number of existing NGV-refuelling compressor and cryogenic filling stations as of 31 December 2015	Sales, mscm
European countries excl. FSU	48	8.7
Germany	35	5.7
Czech Republic	10	1.0
Poland	2	1.9
Serbia	1	0.1
FSU countries	38	31.5
Belarus	26	20.9
Armenia	8	7.6
Kyrgyzstan	4	3.0
Total	86	40.2

Gazprom Group's oil and gas condensate sales, 2012- 15, mmt

	2012	2013	2014	2015
Russia	3.5	2.6	4.7	5.3
Non-FSU countries	14.8	9.2	9.8	9.8
FSU countries	2.5	4.2	1.2	1.9
Total	20.8	16.0	15.7	17.0

Electricity exports to Finland and Norway, 2012- 15, bn kWh

Country	2012	2013	2014	2015
Finland	0.58	0.55	0.38	0.54
Norway	0.15	0.14	0.11	0.10
Total	0.73	0.69	0.49	0.64

Number of Gazprom Group employees who received environmental training, 2012- 15

Indicator	2012	2013	2014	2015
Number of Gazprom Group employees who received environmental training	10,322	9,900	9,012	8,592
including those who received EMS training	7,669	5,641	4,669	4,552

¹ The area of disturbed land increased significantly in 2015 due to the repair work on the GTS sections of Gazprom's gas transportation trunklines, as well as construction work by the Gazprom Neft Group, especially due to the large-scale seismic exploration works performed by Gazprom-neft-Angara.

Gazprom Group's size of disturbed land, 2012-15¹, ha

Indicator	2012	2013	2014	2015
Area of land disturbed over the year	14,402.2	13,065.5	15,407.4	58,054.5
incl. contaminated land	237.5	1,019.5	105.4	82.3
Reclaimed	9,717.2	13,977.0	12,589.3	18,220.3
incl. contaminated land	278.3	839.2	464.4	187.4

Payments for adverse environmental impact, 2012-15, RUB bn

2012	1.56
2013	2.95
2014	1.75
2015	1.79

Fines paid by the Gazprom Group, 2012-15, RUB mln

2012	6.0
2013	7.8
2014	17.7
2015	21.4

² Greenhouse gas emissions were calculated in 2012-14 using the global warming potential (GWP) for methane = 21. Since 2015, GWP for methane has been set at 25.

Direct greenhouse gas (GHG) emissions² 2012-15, mmt of CO₂-equivalent

	2012	2013	2014	2015
Total, incl.:	236.4	229.1	228.1	220.0
PJSC Gazprom	123.9	122.2	110.7	102.6
Gazprom Energoholding	107.5	103.0	98.9	100.0
Gazprom Neft Group ³	1.5	0.4	14.5	11.2
Sakhalin Energy Investment Company Ltd.	3.5	3.5	3.5	3.7
Other companies	—	—	0.5	2.5

³ Only for Gazpromneft-Muravlenko, a branch of Gazprom-neft-Noyabrskneftegaz, and Gazpromneft-Razvitiye.

Gazprom Group's stakeholder engagement on environmental issues

Date and location	Gazprom Group project	Engagement	Responsible Group
29 January 2014, Sakhalin Region, Okha	Specification of hydrocarbon resources volume	Organisation of public hearings into a 3D seismic survey within the East-Odoptinsk license area of the Sea of Okhotsk shelf. Disclosure of information on the exploration programme's adverse impact on the ecosystem of the Sea of Okhotsk and measures devoted to its minimisation.	Gazprom Geologorazvedka
27 May 2014, Sakhalin Region, Nogliki	Construction of exploration well No. 8 at the Yuzhno-Kirinskoye field in the Sea of Okhotsk	Organisation of public hearings into the project documentation for the construction of exploration well No. 8 at the Yuzhno-Kirinskoye field in the Sea of Okhotsk.	Gazprom Geologorazvedka
4 June 2014, Sakhalin Region	Construction of exploration well No. 8 at the Yuzhno-Kirinskoye field in the Sea of Okhotsk on the Northeast Shelf of Sakhalin Island	Organisation of public hearings into the disposal of drilling waste into mud pits.	Gazprom Geologorazvedka
1 July 2014, Krasnoyarsk Territory, Evenkiysky District, Vanavara	Drilling of prospecting and appraisal well No. 1 in the Yudokonskaya zone	Organisation of public hearings into disposal of drilling waste into mud pits.	Gazprom Geologorazvedka
4 July 2014, Primorsky Territory, Khasansky District, Slavyanka	Construction of an LNG plant at Lomonosov Cape in the Perevoznaya Bay	Organisation of public hearings into the LNG plant project. Disclosure of preliminary EIA materials for parts of the LNG plant's port and engineering infrastructure.	Gazprom
26 August 2014, Krasnoyarsk Territory, Evenkiysky District, Baykit	Construction of an exploration well at the Kamovskoye oil field	Organisation of public hearings into disposal of drilling waste into mud pits.	Gazprom Geologorazvedka
27 January 2015, Yamalo-Nenets AD, Tazovsky, Mys-Kamenny, Novy Port, Nadym, 2012-15	Installation of an ice-resistant platform and construction of gas pipelines at the Kamenomyssskoye-Sea field	Organisation of public hearings into civil-engineering works on the offshore sections of the infrastructure development project of the Kamenomyssskoye-Sea field in Obiskaya Bay.	Krasnoyarsk-gazprom Neftegazproekt

Date and location	Gazprom Group project	Engagement	Responsible Group
25 March 2015, Administration of the Tyndinsky District	Construction of the Power of Siberia gas trunkline. Stage 2.6, plot KS-5 Nagornaya to KS-6 Skovorodinskaya	Organisation of public hearings into the EIA materials for construction of the Power of Siberia gas trunkline. Stage 2.6. plot KS-5 Nagornaya to KS-6 Skovorodinskaya.	Gazprom
8 April 2015, Sakhalin Region, Nogliki	Exploration works in the Kirinskiy prospective area in the shelf area of the Sea of Okhotsk to identify its geologic structure and volume of stocks	Organisation of public hearings into exploration works in the Kirinskiy prospective area in the shelf area of the Sea of Okhotsk.	Gazprom Geologorazvedka
22 April 2015, Krasnodar Territory, Slavyansky District Tselinny	Construction of new well No. 1 in the Zapadno-Varavenskaya zone	Organisation of public hearings into prospecting well No. 1 of the Zapadno-Varavenskaya zone, including EIA materials and the fact that the planned work site is located within a protected area (the Priazovsky state nature reserve assigned federal importance).	Krasnoyarsk-gazprom Neftegaz-proekt, commissioned by Gazprom Dobycha Krasnodar
23 May 2015, Primorsky Territory, Khasansky District, Slavyanka	Construction of an LNG plant at the Lomonosov Cape in the Perevoznaya Bay	Organisation of public hearings into the LNG plant project.	OJSC Gazprom
8 August 2015, Krasnoyarsk Territory, Evenkiysky District, Vanavara	Drilling of a well within the Teterskiy license area of the Evenkiysky District to perform geological works, exploration and production of raw hydrocarbon deposits	Organisation of public hearings into disposal of drilling waste of a prospecting and appraisal well in the Teterskiy license area into mud pits.	Gazprom Geologorazvedka
23 September 2015, Amur Region, Svobodnensky District, Chernigovka	Construction of the Amur GPP	Organisation of public hearings into organisation of waste storage and measures to address water, air and soil pollution.	VNIPI Gazodobycha, Gazprom Pererabotka Blagoveshchensk
6 November 2015, Tomsk	Activity of Gazprom Neft and Gazpromneft-Vostok: production, HR management policy, and social investment programme	Organisation of public hearings into Gazprom Neft's activities and sustainable development in the regions where it operates.	Gazprom Neft Vostoka

Appendix 3 Glossary of Terms and Abbreviations Used in this Report

Term / Abbreviation	Description
ACSGF	Automatic compressor station gas filler
ADCS	Automatic Dispatch Control System
ADR	American depositary receipt
AFFE	Automatic Fire Fighting Equipment
APG	Associated petroleum gas
APR	Asia-Pacific Region
Baltic states	Latvia, Lithuania, Estonia
CCPTS	Continuing Corporate Professional Training System
CDP	Non-for-profit organisation operating global disclosure system for investors, companies and cities to report on climate, water and forest impacts and management, earlier Carbon Disclosure Project
CEO	Chief Executive Officer
CHPP	Combined heat and power plant
CIS	Commonwealth of Independent States
the Company	Gazprom
COP	Coefficient of performance
CNG	Compressed natural gas
CSA	Capacity supply agreement
EIA	Environmental impact assessment
EMERCOM	The Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
EMS	Environmental management system
ETP-GPB	Gazprombank Electronic Trading Platform
EU	European Union
FAS Russia	Federal Antimonopoly Service of the Russian Federation
FEC	Fuel and Energy Complex
FIFA	International Federation of Association Football
FLNG	Floating liquefied natural gas [terminal]
FSU countries	Former republics of the Soviet Union, except for the Russian Federation
FTS of Russia	Federal Tariff Service of the Russian Federation
Gazprom, Gazprom Group, the Group	Gazprom (the parent company) and its subsidiaries taken as a whole
Gazprom Energoholding	Gazprom Energoholding and its subsidiaries (Mosenergo, TGC-1, and OGK-2)

Term / Abbreviation	Description
Gazprom Neft Group, Gazprom Neft	Gazprom Neft and its subsidiaries
GCU	Gas compressor unit
GDP	Gross domestic product
GGC	Global Gas Centre
GHG	Greenhouse gases
GPP	Gas processing plant
GRI	Global Reporting Initiative
GTN	Gas transportation network
GTS	Gas transportation system
HPP	Hydropower plant
HSE	Health, Safety and Environment
IBC	International Business Congress
IFRS	International Financial Reporting Standards
IGU	International Gas Union
IPO	Initial public offering
ITU	Interregional Trade Union
JSC	Joint Stock Company
KhMAD	Khanty-Mansi Autonomous District – Yugra
KPI	Key performance indicator
LHG	Liquefied hydrocarbon gases
LNG	Liquefied natural gas
LTIFR	Lost Time Incident Frequency Rate
MET	Mineral Extraction Tax
MTR	Material and technical resources
NGV	Natural Gas Vehicle
NGVA Europe	Natural & bio Gas Vehicle Association, Europe
NPF	Non-State Pension Fund
OHS	Occupational health and safety
OHSAS	Occupational health and safety Assessment Series
OJSC	Open Joint Stock Company
OIFP	Offshore ice-resistant fixed platform

Term / Abbreviation	Description
Gazprom and its major subsidiaries	Gazprom and its subsidiaries involved in production, transportation, processing and underground storage of gas: Gazprom Dobycha Yam-burg, Gazprom Dobycha Urengoy, Gazprom Dobycha Nadym, Gazprom Dobycha Noyabrsk, Gazprom Dobycha Orenburg, Gazprom Dobycha Astrakhan, Gazprom Pererabotka, Gazprom Dobycha Krasnodar, Gazprom Dobycha Kuznetsk, Gazprom Transgaz Ukhta, Gazprom Transgaz Surgut, Gazprom Transgaz Yugorsk, Gazprom Transgaz Saint Petersburg, Gazprom Transgaz Moscow, Gazprom Transgaz Tomsk, Gazprom Transgaz Tchaikovsky, Gazprom Transgaz Yekaterinburg, Gazprom Transgaz Stavropol, Gazprom Transgaz Makhachkala, Gazprom Transgaz Nizhny Novgorod, Gazprom Transgaz Saratov, Gazprom Transgaz Volgograd, Gazprom Transgaz Samara, Gazprom Transgaz Ufa, Gazprom Transgaz Kazan, Gazprom Transgaz Krasnodar, Gazprom Transgaz Belarus, Gazprom UGS, and Vostokgazprom and its subsidiaries, Gazprom Neft Orenburg (until it joined Gazprom Neft Group in October 2011), Gazprom Dobycha Shelf Yuzhno-Sakhalinsk, Gazprom Neft Shelf (until it joined Gazprom Neft Group in May 2014), Kamchatgazprom
PJSC	Public Joint Stock Company
PMBok	Project Management Body of Knowledge
R&D	Research and Development
Report	Sustainability Report of the Gazprom Group for 2014-15
RES	Renewable energy sources
SDC	Subsidiaries and dependent companies
SME	Small and Medium-Sized Enterprise
SPNR	Specially protected natural reservations
tce	Tonnes of coal equivalent (equivalent to 877 cubic metres of natural gas, 0.7 tonnes of oil or gas condensate)
UEFA	Union of European Football Associations
UGSS	Unified Gas Supply System
UN FCCC	UN Framework Convention on Climate Change
UOHSMS	Unified Occupational Health and Safety Management System
VAT	Value added tax
WWII	World War II
YaNAD	Yamalo-Nenets Autonomous District

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