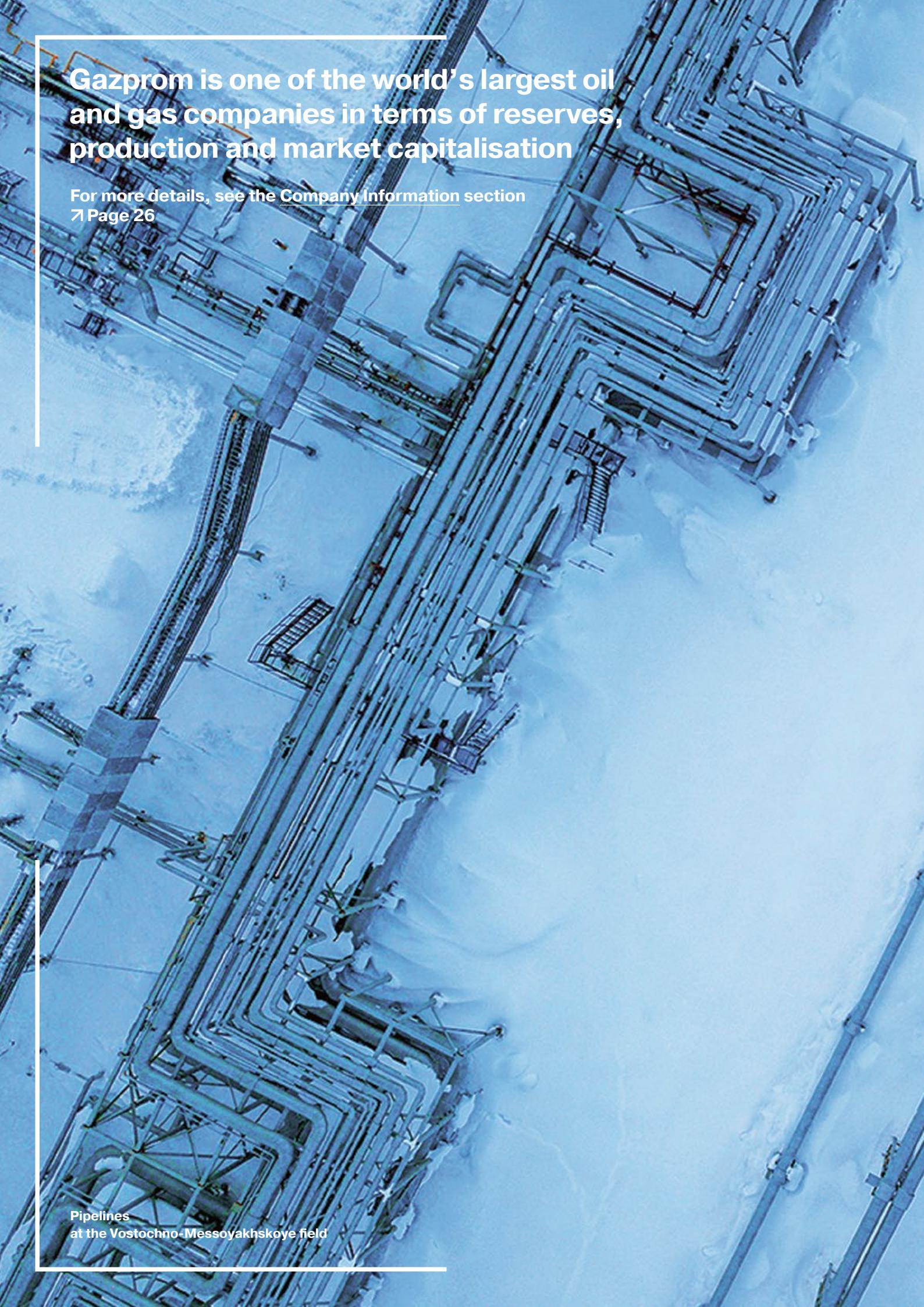


# Growth at Scale



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

For more details, see the [Company Information section](#)

↗ Page 26



**Gazprom has the world's largest reserves of natural gas, accounting for 16% of global and 70% of Russia's reserves**

For more details, see  
the **Exploration and Production** section  
↗ Page 90



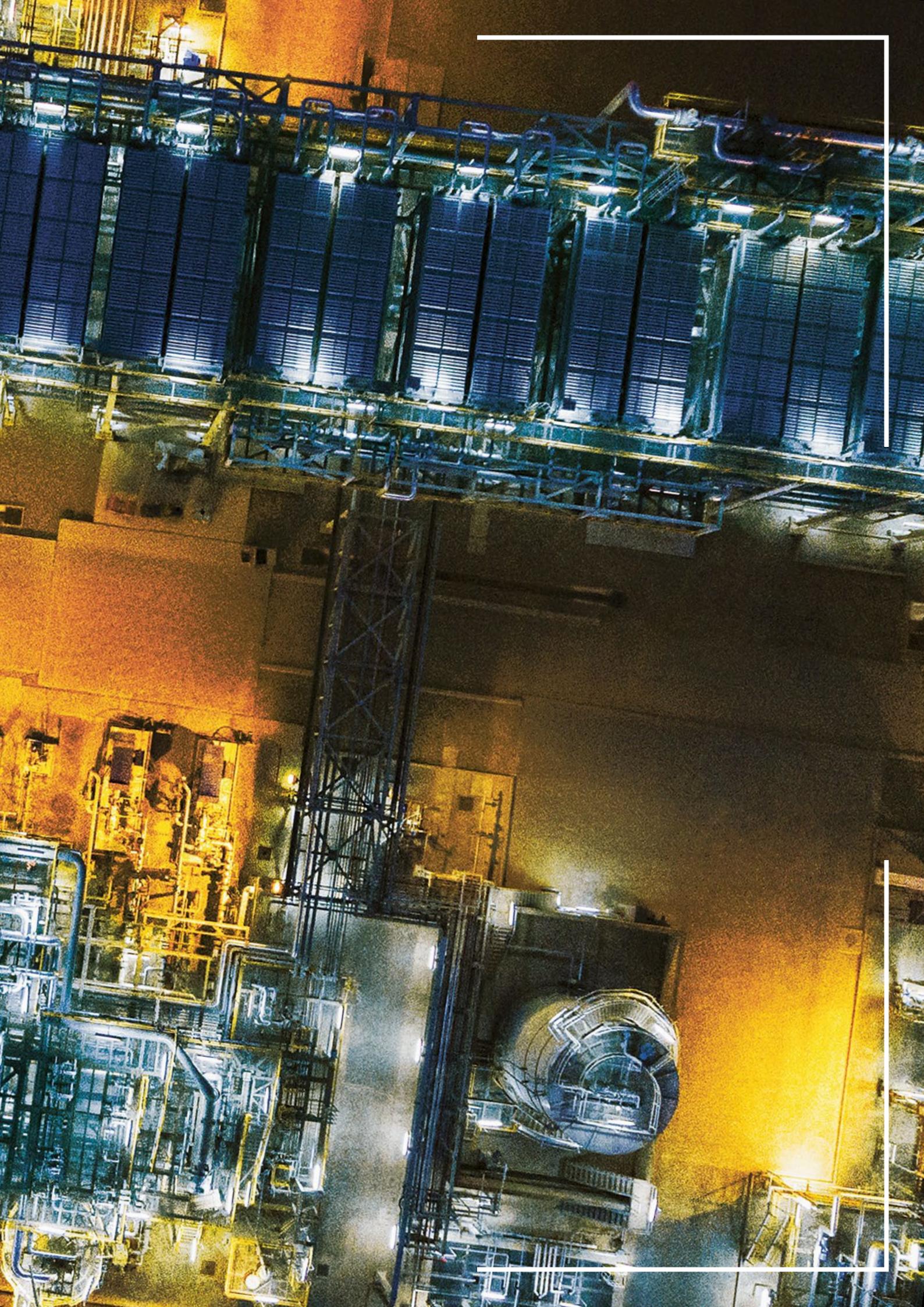
**Green seismic surveys**  
at the Solnechny licence block in Orenburg



**Gazprom is the world's leader  
in natural gas production,  
accounting for about 11%**

For more details, see  
the Exploration and Production section  
↗ Page 90

Comprehensive gas treatment unit  
at the Badra field in Iraq





# The Company has the world's longest network of high-pressure trunk gas pipelines

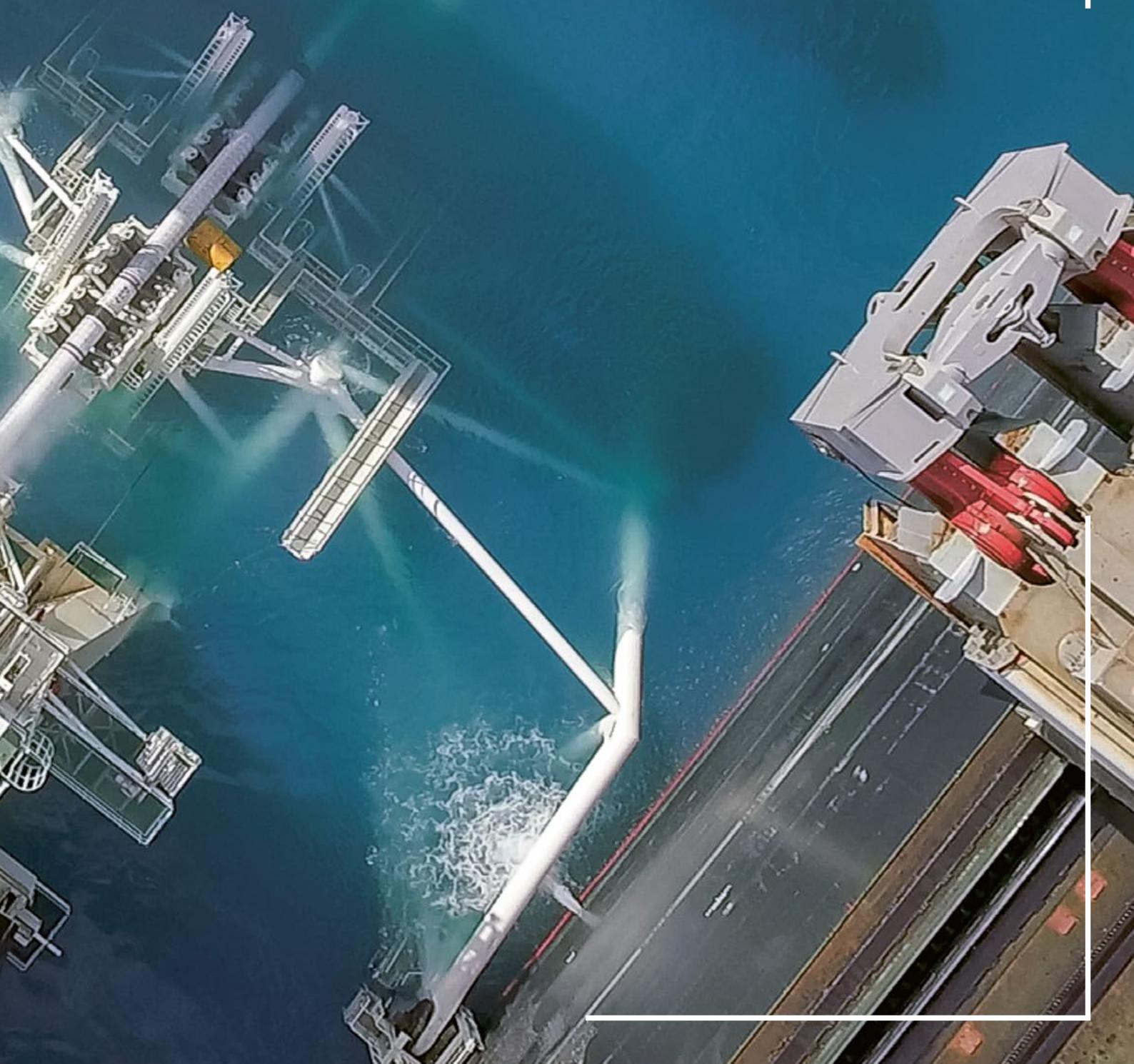
For more details,  
see the **Transportation and Underground Storage** section  
↗ Page 100



**Gazprom is the largest gas exporter.  
The Company's share in gas consumption  
by European countries exceeds 32%**

For more details, see the [Marketing section](#)  
↗ Page 121

Pioneering Spirit laying  
the TurkStream gas pipeline



**Gazprom is No. 1 in Russia by gas processing volumes. The Group is Russia's second largest producer in terms of total oil refining and processing of stable gas condensate**

For more details, see the [Company Information section](#)

↗ Page 42, 46

For more details, see the [Hydrocarbon Processing and Petrochemicals section](#)

↗ Page 111

**Construction of the Euro+ refining unit at the Moscow Refinery**





**LNG opens up significant opportunities  
for the Company to expand its presence  
through new available markets and export  
growth**

For more details, see the **Development Strategy by Business Type** section  
↗ Page 67

Construction of a tank terminal for the LNG production,  
storage and shipping complex near the Portovaya compressor station  
in the Leningrad Region



# Gazprom Group sees promoting the use of natural gas as motor fuel as its priority

For more details, see the **Gas Distribution, Gas Infrastructure Expansion and NGV Fuel Markets** section  
↗ Page 106



One of Gazprom's compressed natural gas filling stations in Ufa



## Gazprom pays particular attention to the quality of its corporate governance by applying international standards and global best practices

For more details, see the [Corporate Governance section](#)  
↗ Page 156

Construction of Lakhta Centre, a multifunctional complex  
in Saint Petersburg



**Gazprom is a socially responsible company.  
The Group actively runs and supports projects promoting  
sports, science and arts, and preserving cultural and  
historical heritage**

For more details, see the [Company Information section](#)

↗Page 36

**Gazprom Arena stadium  
in Saint Petersburg**





This Annual Report has been prepared based on Resolution No. 1 of PJSC Gazprom's Management Committee On Organising Activities Relatedto Holding PJSC Gazprom's Annual General Shareholders Meeting dated 28 January 2021.

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

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

This Annual Report determines some operating and economic metrics in accordance with the IFRS principles for Gazprom Group companies included in the IFRS consolidated financial statements of PJSC Gazprom for the year ended 31 December 2020. Therefore, they may differ from similar metrics used in reports of PJSC Gazprom, which are prepared under Russian statutory requirements.

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

Analysis of financial results should be read in conjunction with the audited consolidated financial statements of PJSC Gazprom for the year ended 31 December 2020, prepared in accordance with IFRS.

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

## Conventions used in the Annual Report

- |   |                                |
|---|--------------------------------|
|   | External factors               |
|  | Results                        |
|  | Goals and plans                |
|  | Resources and capital          |
|  | Governing bodies               |
|  | Documents                      |
|  | Information                    |
|  | Additional information sources |

# Gazprom

# Annual Report

# 2020

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

**Dear Shareholders,**

In 2020, Gazprom successfully overcame the headwinds faced by the entire global economy. We have rapidly and effectively redesigned our large-scale operations to respond to new challenges. As a result, the Company has fully delivered on its commitments to supply gas to domestic and international consumers. We have secured a strong position across key markets and continued delivering on our strategic development plans.

As consumers opt for affordable, reliable and green energy, Gazprom's supplies of natural gas meet these demands in full measure. In 2020, the Group's fields produced over 450 bcm of gas. Our pipeline exports to far abroad countries exceeded 179 bcm, representing a top 5 result over PJSC Gazprom's operating history.

The launch of the TurkStream offshore pipeline across the Black Sea in 2020 significantly improved the reliability of supplies to Europe and Turkey. Characterised by its low-carbon footprint, this new high-tech trunk pipeline already supplies the gas needs of seven countries. Our Nord Stream pipeline across the Baltic Sea is another low-carbon project, it has transported a record quantity of gas during the year – over 59 bcm of natural gas. These form part of Gazprom's tangible contribution towards Europe's own environmental goals.

China has set an ambitious target to achieve carbon neutrality in its energy sector. A key role in achieving this target will be played by natural gas, and demand for gas continues to grow in the country. PJSC Gazprom is ramping up gas supplies via the Power of Siberia gas pipeline under a long-term contract with CNPC. In Q4 2020, supplies were increased at the request of the Chinese side, exceeding the previously planned volumes. In addition, our bilateral agenda includes a number of other promising pipeline projects, including via Mongolia.

Some important decisions were made in 2020 to accelerate gas infrastructure expansion in Russia. For Gazprom, this is a priority CSR project, which directly improves the quality of life for Russians while reducing our environmental footprint by eliminating the use of coal and fuel oil. Gas supply and infrastructure expansion programmes spanning the period from 2021 to 2025 were agreed with 67 Russian regions. The pace and scope of related activities have been significantly increased. The programmes will allow 538 thousand homes, mostly in rural areas, to connect to gas infrastructure, along with over 3 thousand boiler houses and businesses. As a result, the level of gas infrastructure penetration in Russia will reach 90.1% of the level technically feasible.

In order to cater for the interests of our international and domestic consumers, we continued to systematically strengthen Gazprom's resource base and production capabilities. In 2020, our gas reserve replacement ratio exceeded 100% of gas production for the sixteenth year running. The 75 Years of Victory field, discovered offshore the Yamal Peninsula in the Kara Sea, was one of the highlights of our successful exploration campaigns. The new field containing over 200 bcm of gas was the largest hydrocarbon discovery in the world in 2020.

Moreover, the new discovery has expanded the mineral resource base of the Yamal gas production hub, a key source of gas for the country for decades to come. The Kharasaveyskoye field, a second crucial field in this region after Bovanenkovskoye, is being prepared. The drilling of development wells at this field was started in 2020 as planned.

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

The Company is increasingly focusing on gas processing that maximises the extraction of valuable components abundant in Gazprom's polar and eastern fields. By driving the holistic monetisation of its reserves, the Group is increasing the stability of its gas business while also supplying a valuable resource for the production of a wide range of sought-after products offered by related industries. A complex near Ust-Luga (Leningrad Region) will become an anchor project for the new processing cluster while the Amur Gas Processing Plant will drive the segment's growth in the Far East. The first process trains of the Amur GPP will be brought online in 2021.

OOO Gazprom energoholding successfully built a high-capacity thermal power plant within a tight timeframe. It was commissioned in spring 2021 and will mainly supply process steam for the Amur GPP.

Gazprom Group's oil division, PAO Gazprom Neft, is focused on increasing our hydrocarbon conversion rate. In 2020, new complexes, among the best in the world, came online at the Moscow Refinery, as well as at the Pančevo Refinery in Serbia.

Dear Shareholders, The challenges of the year, especially of its first half, repeatedly put Gazprom to the test. The Group passed these tests with flying colours and was able to allocate almost RUB 361 billion in dividends for 2019, which is close to a record high level in the Company's history.

The positive momentum observed in the markets in Q2 2020 and continuing into 2021 makes us feel optimistic about our projected financial performance. PJSC Gazprom is expected to reach the target payout level set in the Dividend Policy ahead of schedule.

Our management will continue to do everything necessary to support a balanced and dynamic growth of the Company's business while boosting its value for shareholders.



**Viktor Zubkov**

Chairman of PJSC Gazprom's Board of Directors



**Alexey Miller**

Chairman of PJSC Gazprom's Management Committee

# Contents

1

## Company Information 26

### Gazprom Group Today 28

Operating and Financial Highlights 30  
Share and Debt Capital 31  
Environmental and Social Responsibility 32

### Operations and Marketing Geography 38

#### Gazprom Group's Position in the Global and Russian Energy Industry 42

Natural Gas 42  
Oil and Gas Condensate 46  
Electricity and Heat Generation 47

### Business Model 48

### The Company's History 52

Milestones 54

2

## Strategy 56

### Trends and Developments in Global Energy Markets 58

### Development Strategy by Business Type 67

Gas Business 69  
Oil Business 77  
Power Generation Business 80

### Capex Programmes 83

### Long-Term Development Programme 87

3

## Performance Results 88

### Operations and Marketing 90

Exploration and Production 90  
Transportation and Underground Storage 100  
Gas Distribution, Gas Infrastructure Expansion  
and NGV Fuel Markets 106  
Hydrocarbon Processing and Petrochemicals 111  
Power Generation 117  
Marketing 121

### Innovations and Import Substitution 130

Innovations 130  
Import Substitution 136

### Financial Performance 139

# 4

## Corporate Governance 148

**Letter to Shareholders  
by the Chairman of PJSC Gazprom's  
Board of Directors** 150

**PJSC Gazprom's  
Corporate Governance Compliance Report,  
including Statement of Compliance  
with the Corporate Governance Principles  
Set Out in the Russian Corporate Governance Code** 151

**PJSC Gazprom's  
Corporate Governance Model** 156  
General Shareholders Meeting 158  
PJSC Gazprom's Board of Directors 159  
Audit Committee of the Board of Directors 163  
Nomination and Remuneration Committee  
of the Board of Directors 164  
Commission on Strengthening Financial Discipline  
for Domestic Gas Supplies 165  
Corporate Secretary 166  
Management Committee 167  
Audit Commission 172

**Board of Directors' Report on PJSC Gazprom's  
Development in Priority Business Areas** 173

**Remuneration of Members of Governing  
and Supervisory Bodies** 176

**Liability Insurance of Directors,  
Officers and the Company** 183

**Shareholdings of Members of the Board  
of Directors and Management Committee  
and Transactions with PJSC Gazprom Shares** 184

**Internal Audit** 186

**External Audit** 188

**Risk Management and Internal Control** 190

**Procurement Performance** 198

**Ensuring Compliance of Operations  
with Legal Requirements** 201

**Share Capital and Securities Market** 209

# 5

## Appendices 222

**Major and Interested Party Transactions** 224

**Disposal of Non-core Assets by PJSC Gazprom,  
its Subsidiaries and Entities** 225

**Implementation of Presidential and Governmental  
Directives and Instructions** 226

**Energy Consumption by PJSC Gazprom  
and its Actual Cost** 234

**Additional Information for the Annual Report available  
on PJSC Gazprom's Corporate Website** 235

**Glossary** 236

**Contacts** 241

# Company Information

## Gazprom Group Today <sup>28</sup>

Operating and Financial Highlights <sup>30</sup>

Share and Debt Capital <sup>31</sup>

Environmental and Social Responsibility <sup>32</sup>

## Operations and Marketing Geography <sup>38</sup>

### Gazprom Group's Position in the Global and Russian Energy Industry <sup>42</sup>

Natural Gas <sup>42</sup>

Oil and Gas Condensate <sup>46</sup>

Electricity and Heat Generation <sup>47</sup>

### Business Model <sup>48</sup>

### The Company's History <sup>52</sup>

Milestones <sup>54</sup>

# Gazprom Group Today

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

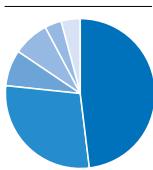
## Key Figures for 2020

### Gazprom Group's net sales revenue

RUB **6,321.6** bn

### Gazprom Group's net sales revenue breakdown, RUB billion

Net revenue from gas sales	3,049.3
Net revenue from sales of refined products	1,798.4
Net revenue from sales of electricity and heat	499.5
Net revenue from sales of crude oil and gas condensate	487.4
Net revenue from sales of gas transportation services	223.8
Other revenues	263.2



### Natural gas reserves in Russia\*,\*\*

bcm **33,574.5**

### Natural and associated gas production in Russia\*\*\*

bcm **454.5**

### Total headcount\*\*

thousand people **477.6**

### Capital expenditures

RUB **1,494.2** bn

### Profit for the year attributable to the owners of PJSC Gazprom

RUB **135.3** bn

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

**0.7%**

### Shares are listed on:

the Moscow Exchange – ordinary shares,  
the London Stock Exchange (LSE) – ADRs

**Tickers:** GAZP, OGZD

**Industry:** Integrated Oil and Gas

\* Russian classification of reserves. A+B<sub>1</sub>+C<sub>1</sub> gas reserves, including reserves of entities in which Gazprom has investments classified as joint operations.

\*\* As at 31 December 2020.

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

**Mission**

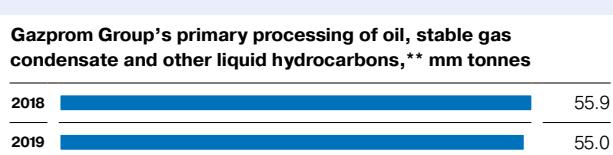
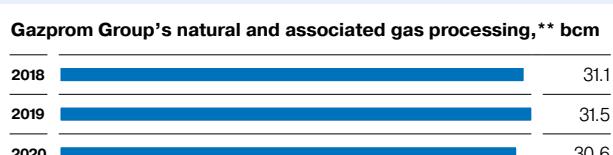
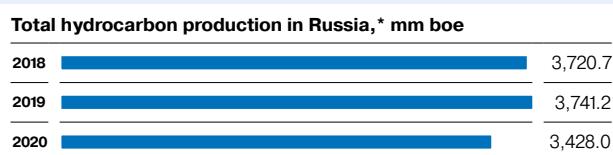
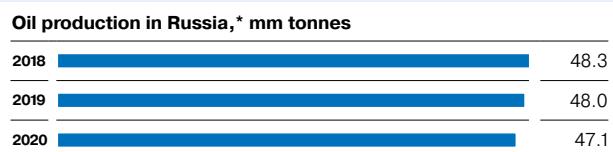
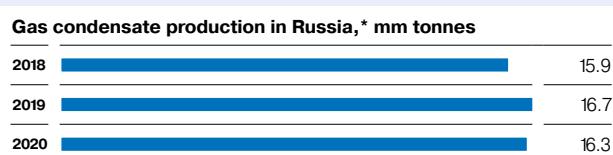
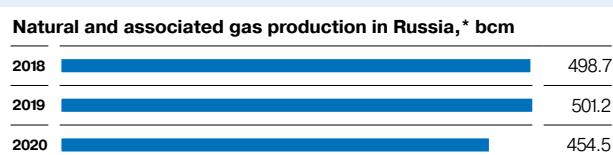
Reliable, efficient and balanced supply of natural gas, other energy resources and their derivatives to consumers.

**Strategic Goal**

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

# Operating and Financial Highlights

## Operating Highlights

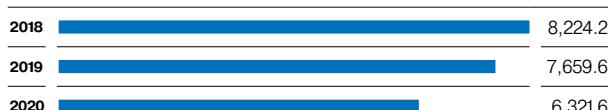


## Electricity generation, bn kWh

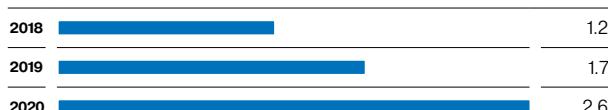


## Financial Highlights

### Net sales revenue, RUB billion

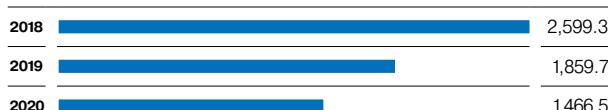


### Net debt/adjusted EBITDA



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

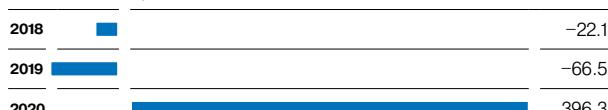
### Adjusted EBITDA, RUB billion



### Capital expenditures, RUB billion



### Free cash flow, RUB billion



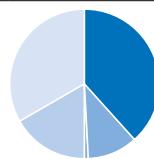
\* Including the Group's share in the production volumes of entities in which Gazprom has investments classified as joint operations.  
\*\* Excluding tolling arrangements.

# Share and Debt Capital

## Share Capital

### PJSC Gazprom's shareholding structure as at 31 December 2020, %

The Russian Federation represented by the Federal Agency for State Property Management	38.37
AO ROSNEFTEGAZ*	10.97
AO Rosgazifikatsiya*	0.89
ADR holders**	16.71
Other registered holders	33.06



## Dividends

PJSC Gazprom's balanced dividend policy reflects the Company's commitment to achieve long-term growth targets while protecting the rights of shareholders and increasing shareholder returns.

### PJSC Gazprom's dividend history and dividend yields, 2016–2020

	2016	2017	2018	2019	2020
Dividend per share,*** RUB	8.0397	8.04	16.61	15.24	12.55
PJSC Gazprom's dividend yield,**** %	5.2	6.2	10.8	5.9	5.9

## Debt Capital

### Total debt, RUB billion

2018	3,863.8
2019	3,863.9
2020	4,907.6

### Net debt, RUB billion

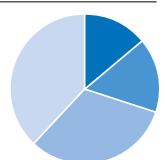
2018	3,014.4
2019	3,167.8
2020	3,872.7

### Cash and cash equivalents, RUB billion

2018	849.4
2019	696.1
2020	1,034.9

### Debt maturities as at 31 December 2020, %

Less than 1 year (inclusive)	14
1–2 years (inclusive)	16
2–5 years (inclusive)	32
Over 5 years	38



### Cost of debt as at 31 December 2020 \*\*\*\*\*

4.5 %

### Credit ratings of PJSC Gazprom

PJSC Gazprom has investment grade credit ratings from the Big Three rating agencies.

Rating agency	Long-term foreign currency rating
Standard & Poor's	BBB– (stable outlook)
Fitch Ratings	BBB (stable outlook)
Moody's	Baa2 (stable outlook)
Dagong	AAA (stable outlook)
ACRA	AAA (stable outlook)

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

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

\*\*\* Recommended dividend shown for 2020.

\*\*\*\* Dividend yield for the relevant period is calculated as a ratio of total dividend paid per share for the relevant year to the share price as at 31 December.

\*\*\*\*\* As at 31 December 2020.

# Environmental and Social Responsibility

With a relentless focus on sustainable development, PJSC Gazprom is guided by Russian laws and internationally recognised sustainability initiatives.

Despite the damage of the COVID-19 pandemic to global economies in general and the energy sector in particular, in 2020, Gazprom Group continued its commitment to the UN 2030 Agenda for Sustainable Development and significant contributions to achieving the UN Sustainable Development Goals. In the challenging epidemiological environment, Gazprom remained focused on the health and safety of its employees, their labour and social rights, support of the regions of operation and local communities in combating the pandemic and its consequences, charity programmes and corporate goals in environmental protection, occupational health and industrial safety.

## International sustainability initiatives PJSC Gazprom has committed to

- The Universal Declaration of Human Rights (UDHR), adopted by the UN General Assembly on 10 December 1948
- The International Bill of Human Rights
- The Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Organization (ILO) on 18 June 1998
- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- The UN Convention against Corruption
- Transforming Our World: the 2030 Agenda for Sustainable Development, the Resolution adopted by the UN General Assembly on 25 September 2015
- Principle 15 (precautionary approach) of the Rio Declaration on Environment and Development adopted by the United Nations Conference on Environment and Development in Rio de Janeiro, 3–14 June 1992
- The climate and water security programmes under the Carbon Disclosure Project (CDP), an international platform for companies to disclose their environmental impacts
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

## Sustainability ratings of PJSC Gazprom

Rating	Score
MSCI	BB
CDP Climate Change	B
CDP Water Security	B–
S&P CSA (SAM)	42
Sustainalytics ESG Risk Rating	37.5
CHRB	4.5

## Social Responsibility

The key drivers of PJSC Gazprom's consistently high profile as an employer include its well-balanced social policy, flexible incentive system and ample opportunities for professional development.

## Total headcount of Gazprom Group as at 31 December, thousand people



## Staff costs of Gazprom Group, RUB billion



**Gazprom Group's social expenses, RUB billion**

PJSC Gazprom's Quality Management, Occupational Health and Safety Management, Environmental Management and Energy Management Systems are certified to international standards.

Gazprom makes consistent efforts to prevent injuries, occupational diseases, accidents, incidents and fires.

**Industrial safety incidents at hazardous production facilities of entities covered by the UOHSMS****Lost time injury frequency rate (LTIFR) for 2020**

0.08	entities within the UOHSMS scope
0.54	Gazprom Neft***
0	Gazprom neftekhim Salavat***
0.08	Gazprom energoholding***

**Fatal accident rate (FAR) for 2020**

0.97	entities within the UOHSMS scope
0	Gazprom Neft***
0	Gazprom neftekhim Salavat***
0	Gazprom energoholding***



For more details on personnel and industrial safety across Gazprom Group,  
see [Gazprom Group's Sustainability Report 2020](#)  
→ [www.gazprom.com](http://www.gazprom.com)

**ISO 9001:2015\***

A certificate of compliance for PJSC Gazprom's Quality Management System, covering 14 departments of PJSC Gazprom and 70 of its subsidiaries.

**ISO 14001:2015\***

A certificate of compliance for PJSC Gazprom's Environmental Management System (EMS).

The EMS scope includes business units of PJSC Gazprom's Administration, Environmental Inspection Service and 37 wholly-owned subsidiaries engaged in core gas business activities.

**ISO 45001:2018\***

A certificate of compliance for PJSC Gazprom's Unified Occupational Health and Safety Management System (UOHSMS), also covering its subsidiaries and other entities.

The UOHSMS covers PJSC Gazprom, its major gas and gas condensate exploration, production, processing, transportation and underground storage subsidiaries, as well as subsidiaries supporting the operation of the Russian UGSS.

**ISO 50001:2018\*\***

A certificate of compliance for PJSC Gazprom's Energy Management System, covering PJSC Gazprom and its subsidiaries engaged in gas production, transportation and underground storage, as well as OOO Gazprom energo.

\* The Company was audited by Russian Register Certification Association, an internationally recognised Russian certification and expert organisation. The certificates are valid until December 2023.

\*\* The certification audit was conducted by Bureau Veritas, an independent international certification body. The certificate is valid until June 2023.

\*\*\* Outside the UOHSMS scope.

## Environmental Responsibility

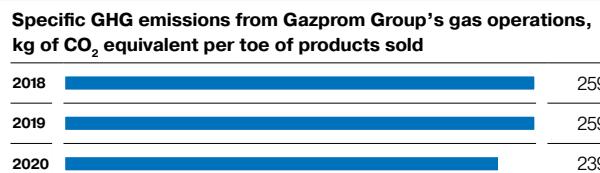
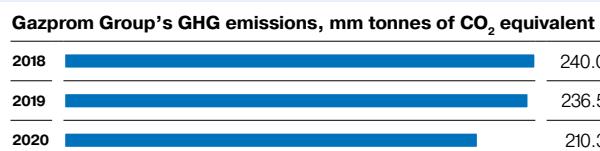
### PJSC Gazprom's Corporate Environmental Targets for 2020–2022 (against a 2018 baseline)

- Reduce GHG emissions from natural gas transportation
- Reduce nitrogen oxide emissions from natural gas transportation
- Reduce above-limit pollutant discharges into surface water bodies
- Reduce the landfill share in the Group's total waste
- Reduce the share of subsidiaries that exceed 5% of above-limit impact charges

In the reporting year, PJSC Gazprom met all its Corporate Environmental Targets set for 2020–2022.

**Note.** Corporate Environmental Targets are set for PJSC Gazprom and its subsidiaries within the EMS scope.

Starting from 2017, information on the Company's GHG emissions is annually audited by KPMG for compliance with international standards.



### Gazprom Group's air pollutant emissions, thousand tonnes

2018	2,894.0
2019	2,862.7
2020	2,445.7

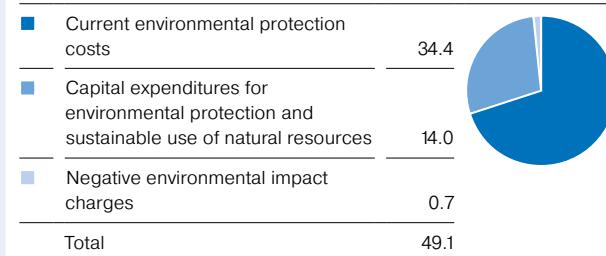
### Gazprom Group's wastewater discharge into surface water bodies, mmc m

2018	3,658.4
2019	3,241.8
2020	2,610.8

### Gazprom Group's waste generation, thousand tonnes

2018	3,555.1
2019	3,337.1
2020	3,229.8

### Gazprom Group's environmental protection costs in Russia in 2020, RUB billion

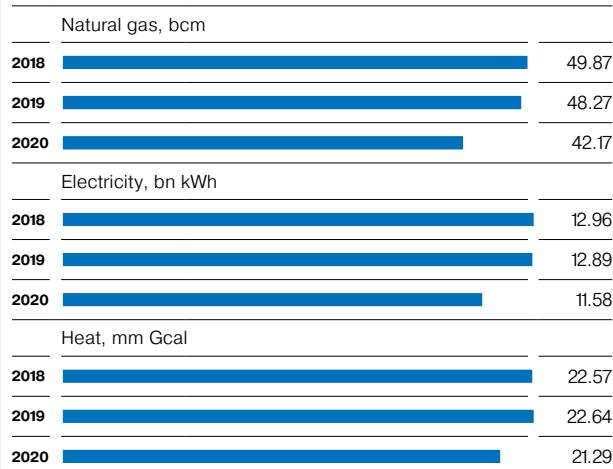


Gazprom works consistently to save energy and improve its energy efficiency in accordance with the Energy Efficiency and Energy Saving Policy approved in 2018.

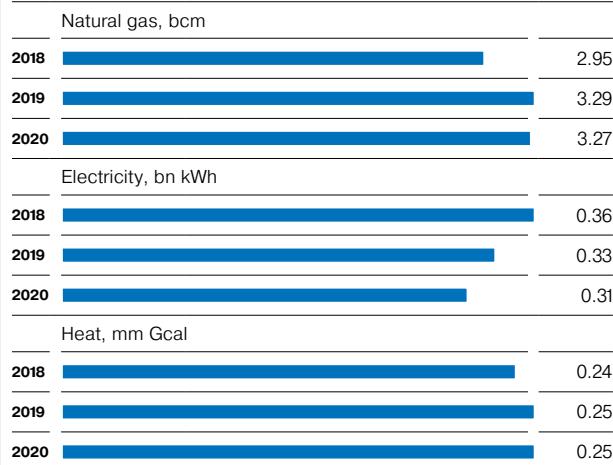
Natural gas accounts for the bulk of Gazprom's energy savings.

**Energy consumption and savings by PJSC Gazprom and subsidiaries covered by PJSC Gazprom's energy saving programmes\***

**Energy consumption**



**Energy savings**



For more details on Gazprom Group's corporate environmental targets, environmental performance and environmental protection costs, as well as key energy saving and energy efficiency initiatives, see [PJSC Gazprom Environmental Report 2020](#)

→ [www.gazprom.com](http://www.gazprom.com)



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

## Key charity sponsorship efforts

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

In addition to a large number of projects planned for 2020, during the year Gazprom Group companies were actively engaged in new humanitarian initiatives to counter the COVID-19 pandemic and its impact.

**PJSC Gazprom's charitable expenditures, RUB billion**

2018		35.0
2019		27.7
2020		28.8

**Note.** In accordance with the annual accounting (financial) statements of PJSC Gazprom

## Key charity efforts of PJSC Gazprom and its subsidiaries and entities in 2020

### The Gazprom for Children Programme

Supporting beautification and restoration of War Memorials in Russia and FSU countries and preserving the historical memory of the Great Patriotic War	Financing gas supply, maintenance, beautification, gas infrastructure expansion and restoration operations for Eternal Flame memorials Organising concerts and commemorative events, such as the Victory concert on the Mamayev Kurgan in Volgograd, the Memory Garden international initiative and others
Supporting healthcare	Assisting local communities across the Group's regions of operation in fighting the COVID-19 pandemic and overcoming its consequences Providing charitable support for healthcare facilities to purchase medicines and medical consumables Supporting construction and renovations of medical facilities
Supporting vulnerable groups	Supporting the elderly, including veterans of the Great Patriotic War, and facilitating their social integration Financing treatment courses for people with disabilities and severely ill children Financing projects aimed at providing comprehensive support to people with disabilities, including those related to creating the environment for their social and cultural rehabilitation and unlocking their creative potential
Supporting the preservation of cultural and historical heritage and revival of cultural and spiritual values	Participating in the financing of the Russia – My History initiative (an initiative for designing historical parks illustrating the history of the country and its individual regions in a multimedia format using state-of-the-art technology) Supporting church construction and renovation, and restoration of religious sites and church complexes Supporting exhibition projects aimed at the preservation of cultural and historical heritage Supporting research expeditions as well as expeditions dedicated to memorable dates in the history of Russia Assisting restoration projects in the Tsarskoye Selo State Museum-Preserve and the Oranienbaum palaces and gardens as part of the Peterhof State Museum Reserve»
Supporting culture and the arts	Providing financial support for theatres, museums and musical groups Supporting initiatives aimed at preserving national and cultural traditions
Supporting indigenous minorities	Providing social support for indigenous communities through equipment purchases, medical care and welfare initiatives Educational initiatives: individual scholarships for students, financing the participation of gifted children in international competitions and festivals, grant competitions for postgraduate studies, etc. Initiatives to preserve the traditional way of life of indigenous minorities: maintaining reindeer herding practices by organising the crossing of OGCF infrastructure by reindeer herds, organising traditional festivals (the Reindeer Herder's Day, the Fisherman's Day) and supporting projects to preserve indigenous cultures and crafts
Supporting education	Cooperation, including scientific and technical, with supporting higher education institutions and basic departments Financial support for educational institutions (renovation projects, provision of equipment, and specialised classrooms) Support for awareness-raising projects
Supporting organisations whose projects focus on environmental protection and population growth of rare animal species	Supporting the Amur Tiger Centre Supporting the Eurasian Centre of Saving Far Eastern Leopards Supporting the Russian Geographical Society's projects in the Arctic

**Key sponsorship efforts of PJSC Gazprom and its subsidiaries and entities in 2020**

Supporting sports	Partnerships with UEFA Sponsoring the Russian Olympic Committee and Russian national teams in competition preparation and participation Sponsoring sports federations and sports clubs Sponsoring competitions and sports events Sponsoring the Energy of Victories national sports journalism festival contest
Supporting cultural and art projects	Sponsoring Children's Radio, Russia's only radio station broadcasting for children Sponsoring theatres Sponsoring exhibition projects Sponsoring Diana Vishneva's Context, an international festival of contemporary dance Sponsoring the Pristine Russia festival of nature Sponsoring the White Nights of St Petersburg international music festival



For more details on Gazprom Group's social projects,  
see [Gazprom Group's Sustainability Report 2020](#)  
→ [www.gazprom.com](http://www.gazprom.com)

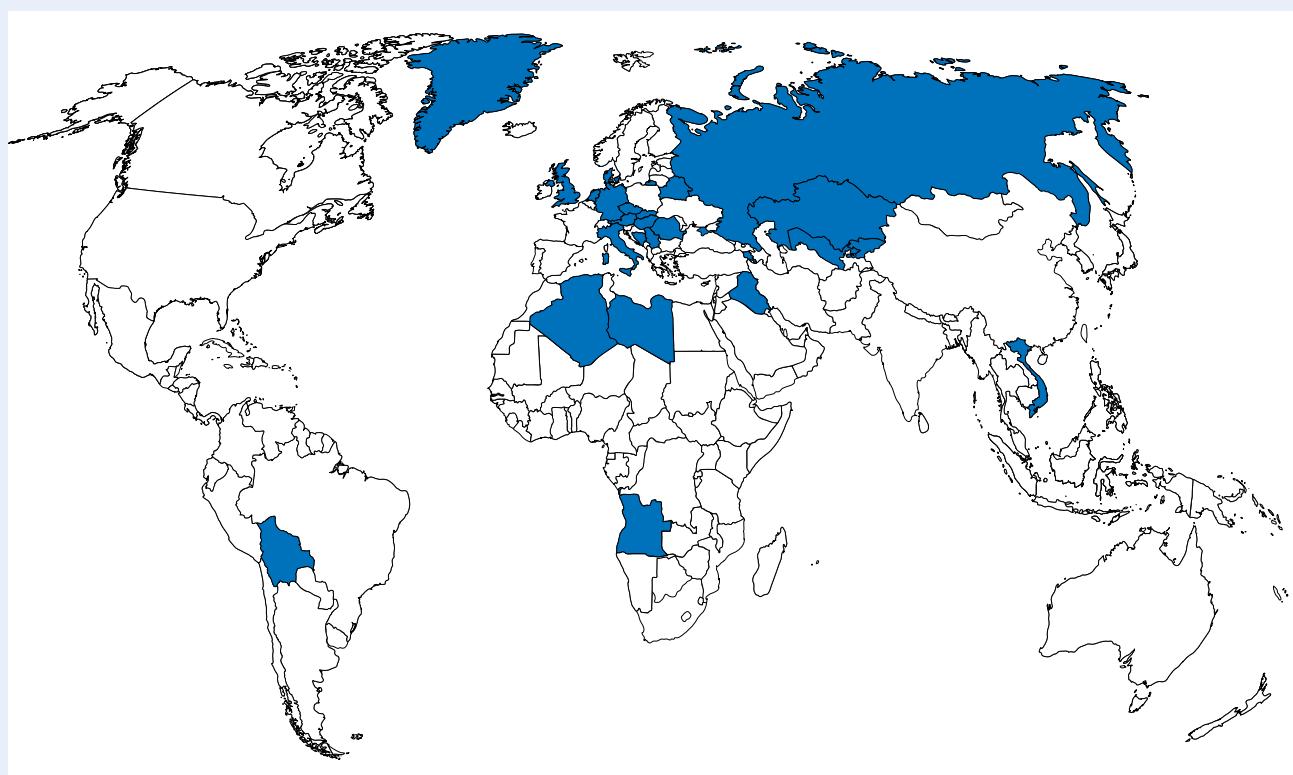


# Operations and Marketing Geography

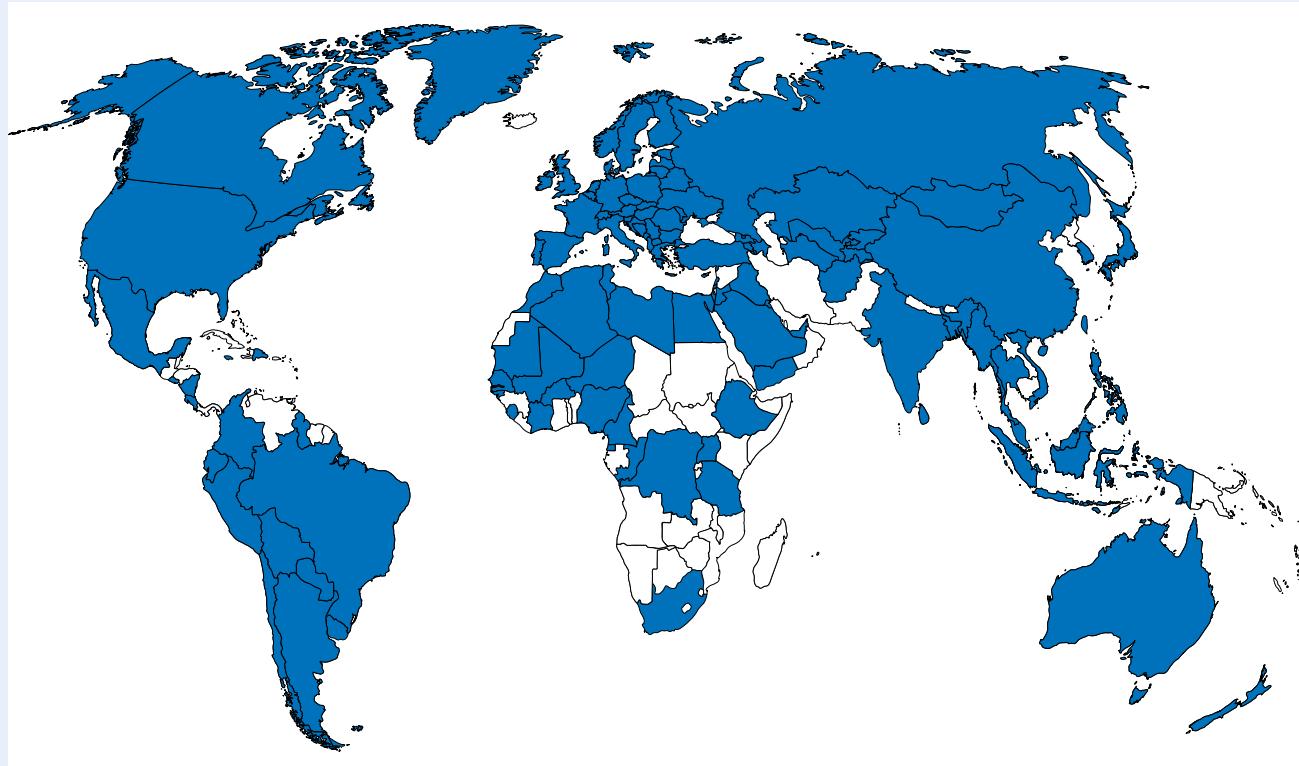
(for 2020 or as at 31 December 2020)

Gazprom operates in more than 20 countries, and its products are supplied to more than 100 markets around the world.

## Gazprom Group's Operating Geography



Activity	Russia	FSU countries	Europe	Africa	Near and Middle East	Asia-Pacific	Central and South America
Hydrocarbons prospecting and exploration	■	■	■	■	■	■	■
Gas and gas condensate production	■	■	■			■	■
Oil production	■		■	■	■		
Gas transportation	■	■					
Gas underground storage	■	■	■				
Gas distribution	■	■					
Gas processing	■						
Oil refining	■	■	■				
Production of oil and gas chemical products	■	■	■			■	
Electricity and heat generation	■	■	■				

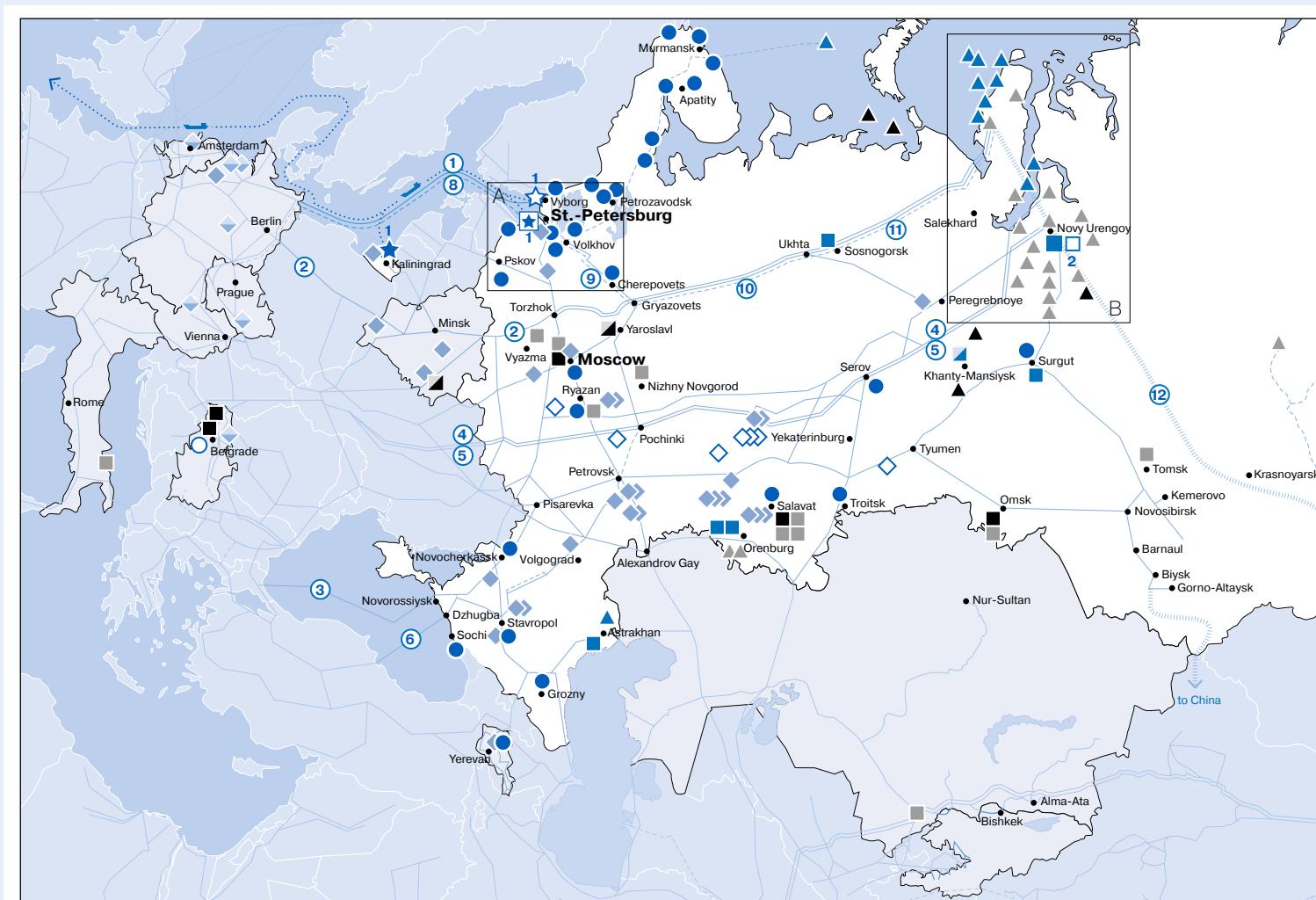
**Gazprom Group's Marketing Geography**

Activity	Russia	FSU countries	Europe	Africa	Near and Middle East	Asia-Pacific	North America	Central and South America
Trunk pipeline gas sales	■	■	■			■		
Gas sales to end consumers	■	■	■					
Oil and gas condensate sales	■	■	■			■		
Refined hydrocarbon products sales	■	■	■	■	■	■	■	■
Large scale LNG sales			■		■	■		
Small scale LNG and CNG sales	■	■	■					
Oil products retail sales	■	■	■					
Electricity and heat sales	■	■	■					



For more details on the countries in which Gazprom Group is engaged in operations and marketing, see [Gazprom in Figures 2016-2020 Factbook](#)

**Gazprom Group's major production assets and projects in Russia,  
FSU and European far abroad countries**

**Largest fields**

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

**Major trunk gas pipelines**

- Gazprom Group's existing gas pipelines
- Other existing gas pipelines
- - - Gas pipelines under construction and projected gas pipelines

➡ Projected supply routes

**Underground gas storage facilities**

- ◆ Existing UGSFs
- ◆ Existing UGSFs co-invested by Gazprom Group
- ◆ UGSFs under construction and projected UGSFs

**Power generation facilities**

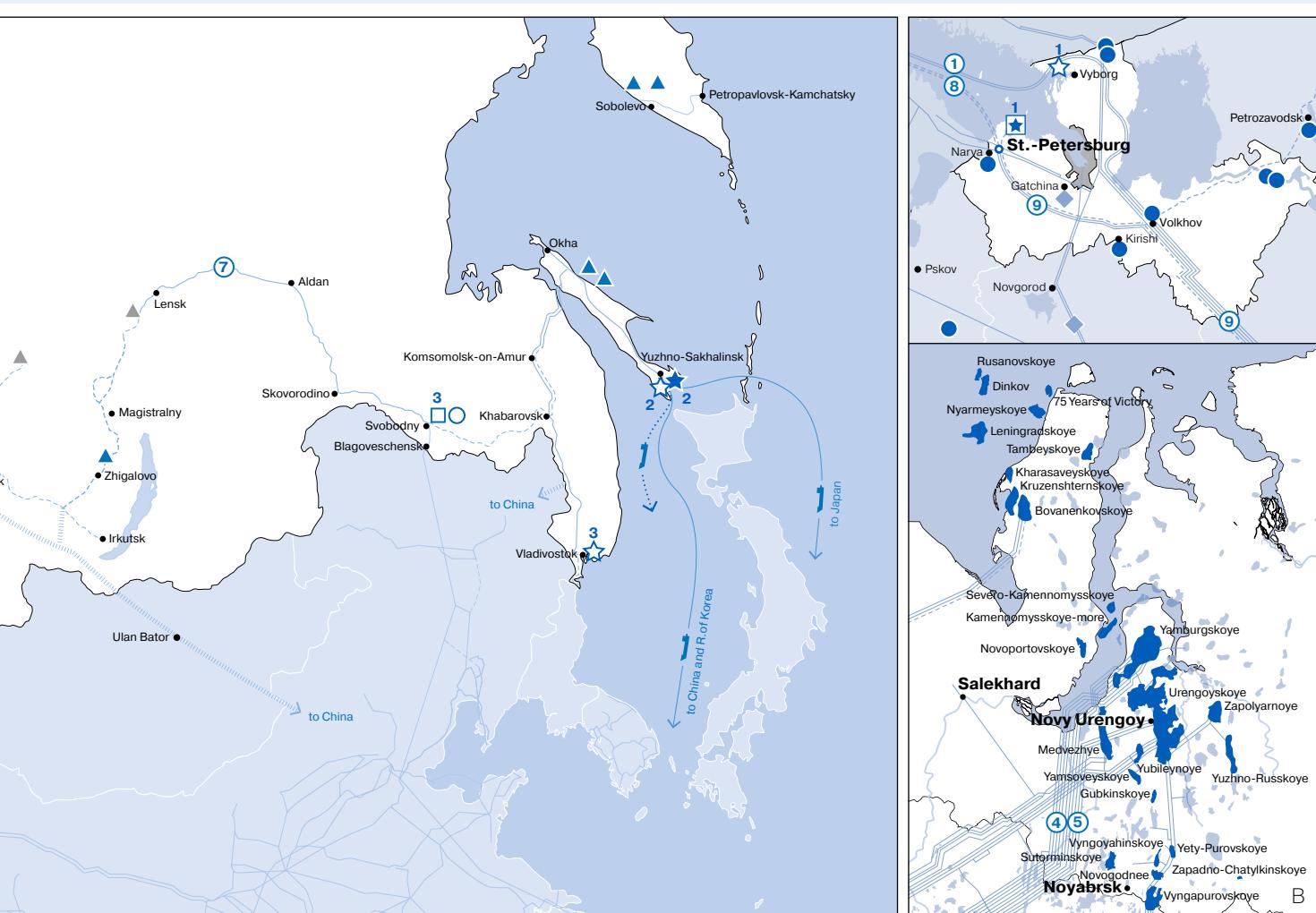
- Existing facilities
- Facilities under construction and projected facilities

**Existing refining/processing, gas chemical and petrochemical assets**

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

**Refining/processing, gas chemical and petrochemical projects**

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

**LNG production and regasification assets**

- ★ 1 Kaliningrad regasification terminal
- ★ 2 LNG plant, Sakhalin
- ★ 1 LNG production, storage and shipping complex near the Portovaya compressor station
- ★ 2 Phase 3 of LNG plant, Sakhalin
- ★ 3 LNG plant near Vladivostok

**LNG supply routes**

- Existing LNG supply routes
- Projected LNG supply routes

**Key gas export routes**

- ① Nord Stream gas pipeline
- ② Yamal–Europe gas pipeline
- ③ TurkStream gas pipeline
- ④ Progress gas pipeline
- ⑤ Urengoy–Uzhgorod gas pipeline
- ⑥ Blue Stream gas pipeline
- ⑦ Power of Siberia gas pipeline

**Gas transportation projects**

- ⑧ Nord Stream 2 gas pipeline
- ⑨ Expansion of UGSS' gas transportation capacity at the Gryazovets–Slavyanskaya CS section in the North-West region
- ⑩ Ukhta–Torzhok 3 gas pipeline
- ⑪ Bovanenkovo–Ukhta 3 gas pipeline
- ⑫ Power of Siberia 2 gas pipeline

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

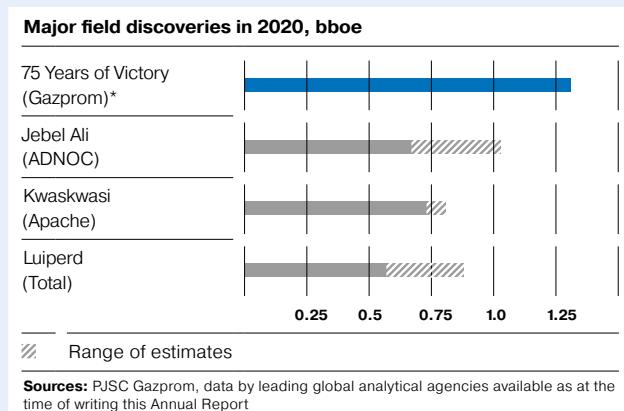
(in 2020 or as at 31 December 2020)

## Natural gas

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

### Exploration

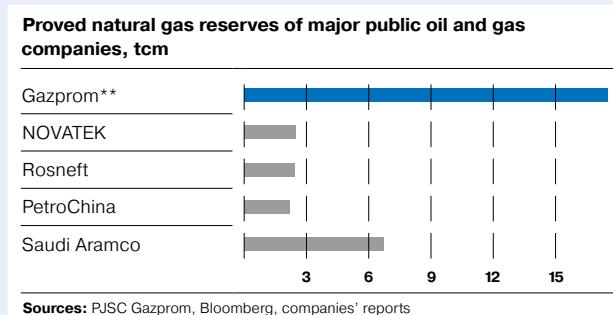
Largest hydrocarbon discoveries globally



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

### Reserves

No. 1 globally by natural gas reserves



16%  
of global natural gas reserves\*\*\*

70%  
of Russia's natural gas reserves\*\*\*

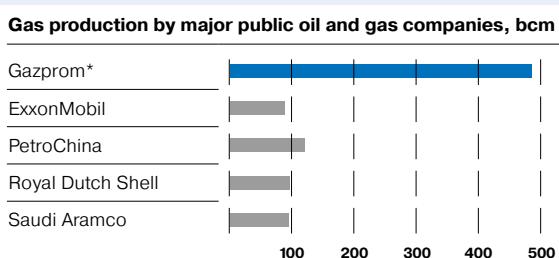
\* C<sub>1</sub>+C<sub>2</sub> reserves under the Russian classification.

\*\* Gazprom Group's proved natural gas reserves under PRMS, including the share in the reserves of entities in which Gazprom has investments classified as joint operations and excluding the share in the reserves of associates and joint ventures. 92.0% of Gazprom Group's A+B+C<sub>1</sub> reserves (as per the Russian Classification of Reserves and Resources) were estimated under PRMS standards as totalling 33.57 tcm. Data on other major public oil and gas companies include share in the reserves of associates and joint ventures.

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

## Production

No. 1 globally  
by gas production



Sources: PJSC Gazprom, Bloomberg, companies' reports

## Transportation

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

**176.8** thousand km  
**total length of the GTS in Russia**

**11**%  
of global natural gas production\*\*

**66**%  
of Russia's natural gas production\*\*

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

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

**Processing/refining**

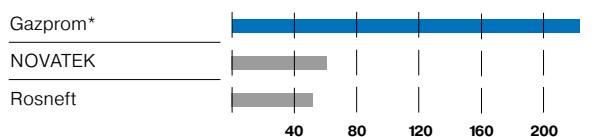
No. 1 in Russia by gas processing volumes

More than **50%**  
of Russia's total gas processing volumes

**Marketing**

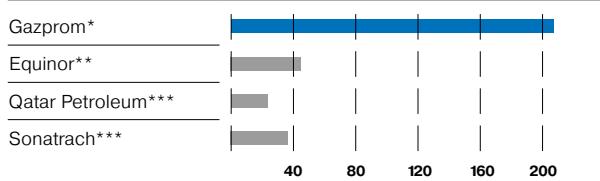
No. 1 globally by gas sales, including exports

**Gas sales by Russia's major gas suppliers, bcm**



**Source:** Companies' reports and website data available as at the time of writing this Annual Report

**Gas sales by major gas suppliers to European far abroad countries, bcm**



**Note.** Companies' reports and website data available as at the time of writing this Annual Report. Volumes of natural gas are given according to the Russian standard conditions (calorific value of 8,850 kcal per cu m at 20 °C).

**32.2 %**

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

\* PJSC Gazprom's IFRS consolidated financial statements.

\*\* Excluding volumes of gas sold from the SDFI portfolio.

\*\*\* Sales volumes of joint ventures are taken into account proportionally to share of participation.

#### Climate rating

High climate action rating among major oil and gas companies

##### Climate action rating

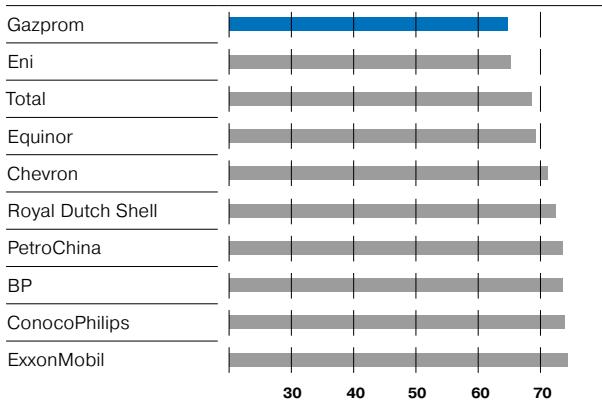
Company	Rating
Eni	A-
Total	A-
Gazprom	B
Equinor	B
Royal Dutch Shell	B
ConocoPhilips	B
PetroChina	D-
BP	F
Chevron	F
ExxonMobil	F

**Source:** CDP (Carbon Disclosure Project) data based on an analysis of the environmental disclosure score available as at the time of writing this Annual Report, with the average global disclosure score corresponding to "C"

#### Carbon footprint

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

##### Specific GHG emissions, g of CO<sub>2</sub> equivalent per MJ of products sold



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

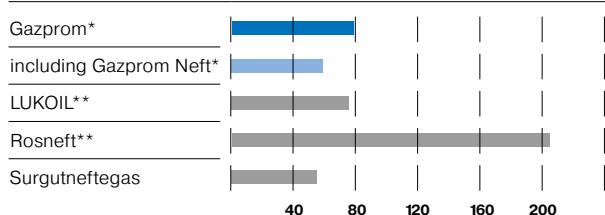
## Oil and Gas Condensate

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

### Production

No. 2 in Russia by oil and gas condensate production

Liquid hydrocarbon production in Russia by largest Russian oil and gas companies, mm tonnes

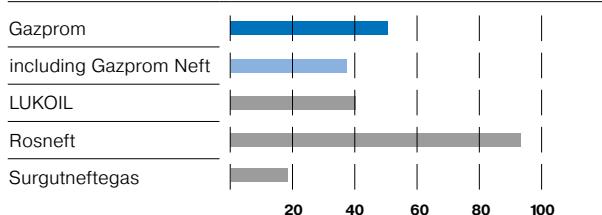


Source: PJSC Gazprom, companies' reports and website data available as at the time of writing this Annual Report

### Processing/refining

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

Oil and stable gas condensate primary refining in Russia by largest Russian oil and gas companies, mm tonnes



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

12 %

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

19 %

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

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

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

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

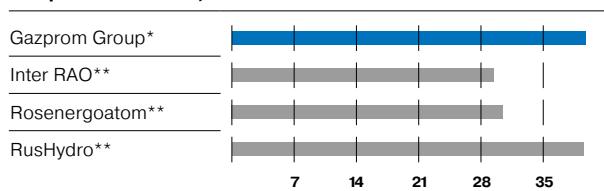
## Electricity and Heat Generation

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

### Electricity Generation

No. 1 in Russia by installed electrical capacity and electricity output in heat generation

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



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

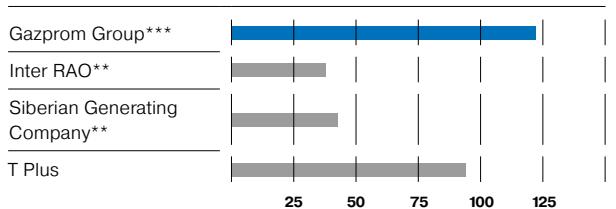
13%  
of Russia's total electricity generation

8%  
share of renewables in electricity generation capacity

### Heat Generation

No. 1 in Russia by heat generation

Heat production in Russia by Russia's largest generating companies, mm Gcal



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

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

\*\* Including subsidiaries.

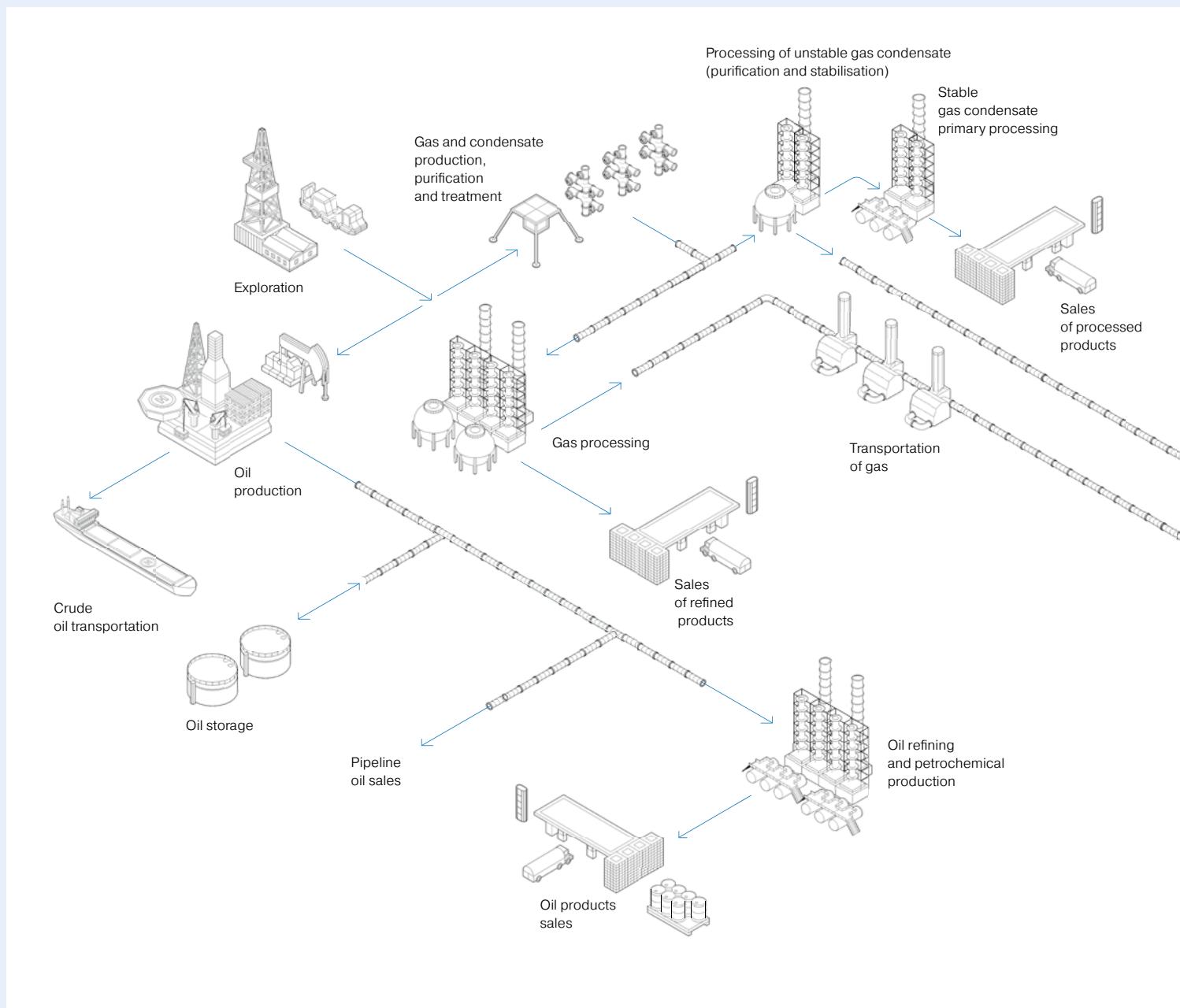
\*\*\* Heat generation by Gazprom energoholding and other generating assets of Gazprom Group.

# Business model

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

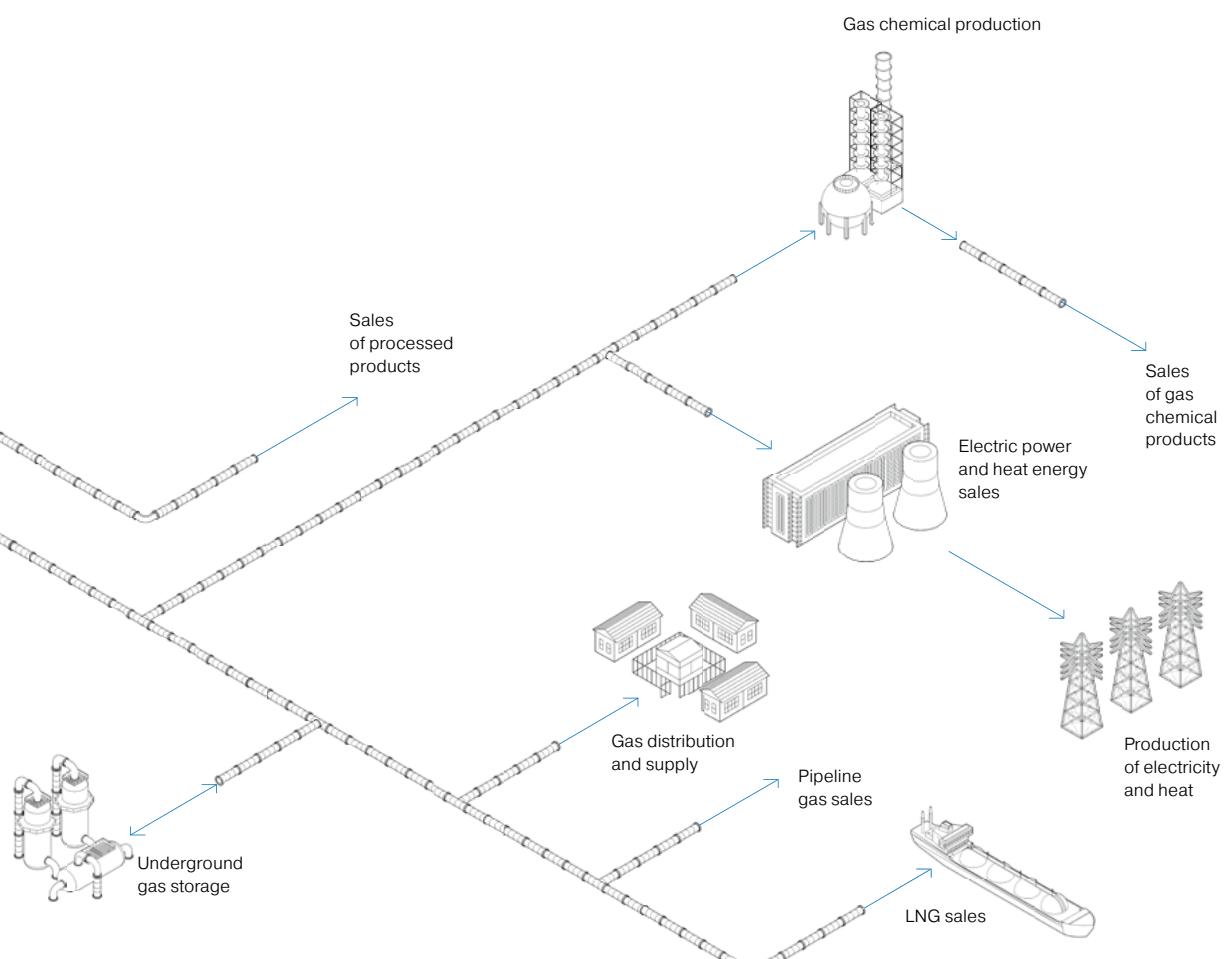
Its comprehensive vertically integrated business model is aligned with Gazprom's strategic goal, driving operational efficiencies, improving reliability of supplies and leveraging the existing production and R&D capabilities.

## Production and marketing of Gazprom Group



## Competitive advantages

- The Company's extensive resource base and robust production infrastructure
- The unique Unified Gas Supply System (UGSS) of Russia
- Vertical integration of the Company
- Favourable geographical position between Europe and Asia
- Track record of cooperation with foreign partners and a strong reputation as a reliable supplier
- An established portfolio of long-term contracts for gas supplies to European and Asian consumers
- Access to international capital markets on terms acceptable to the Company
- Extensive production, research and design capabilities



## Exploration and Production

**33,574.5** bcm  
of natural gas reserves  
in Russia\*, \*\*

**3,518.2** mm  
tonnes  
of oil and gas condensate  
reserves in Russia\*, \*\*

**7,494**  
active gas production wells  
in Russia

**8,519**  
active oil production wells  
in Russia

## Gas Transportation and Underground Storage

**176.8** thousand km  
total length of trunk  
gas pipelines in Russia

**75.1** bcm  
of aggregate working gas  
capacity across  
27 underground gas storage  
facilities in Russia

**8.6** bcm  
of working gas capacity across  
underground storage facilities  
(UGSFs) used by OOO Gazprom  
export on a long-term basis  
by the start of the autumn  
and winter period 2020/2021\*\*\*

## Processing/refining

**6**  
gas and condensate processing plants, including  
three gas processing plants, a helium plant, condensate  
pretransportation preparation plant and condensate  
stabilisation plant in Russia

**5**  
refineries, including three  
refineries in Russia and two  
refineries abroad

Gas chemical and  
petrochemical plants

## Power Generation

**38.7** GW  
total installed electrical  
capacity of generating assets  
in Russia and abroad

## Marketing

An established portfolio of  
long-term contracts for gas  
supplies to European and  
Asian consumers

Reputation as a reliable  
supplier

\* A+B+C<sub>1</sub> reserves under the Russian classification.

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

\*\*\* Additional commercial gas storage contracts expiring in 1H 2021 secured about 2.5 bcm of gas storage capacity at UGSFs in Austria, Hungary and Slovakia.

\*\*\*\* Excluding tolling arrangements.

**454.5** bcm  
of natural and associated  
gas production in Russia\*\*

**63.4** mm tonnes  
of oil and gas condensate  
production  
in Russia\*\*

**1.08**  
natural gas reserve  
replacement ratio\*\*



For more details, see the [Exploration and Production section](#)

**625.0** bcm  
amount of gas transported  
through Gazprom's GTS  
in Russia

including **129.0** bcm  
of gas from companies  
outside the Group



For more details, see the [Transportation and Underground Storage section](#)

**30.6** bcm  
natural and associated gas  
processing volumes\*\*\*\*

**53.7** mm tonnes  
oil and gas condensate  
primary processing  
volumes\*\*\*\*

**49.4** mm tonnes  
output of oil products\*\*\*\*

**4.5** mmcm  
helium production\*\*\*\*

**3.6** mm tonnes  
LPG production\*\*\*\*



For more details, see the [Hydrocarbon Processing and Petrochemicals section](#)

**132.1** bn kWh  
total electricity generation  
in Russia and abroad

**118.5** mm Gcal  
total heat generation



For more details, see the [Power Generation section](#)

**475.3** bcm  
of gas sales

**24.12** mm tonnes  
of oil and gas condensate  
sales

**66.63** mm tonnes  
of refined products sales



For more details, see the [Gas Distribution, Gas Infrastructure Expansion and NGV Fuel Markets section and the Marketing section](#)

# The Company's History

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

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

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

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

## 2020 in the Company's history

### Gas supplies launched via TurkStream

In January 2020, commercial gas supplies were started via TurkStream, the Company's new export gas pipeline across the Black Sea. TurkStream will supply Russian gas to Turkey and also includes a transit section running across Turkey to Southern and Southeastern Europe countries. In 2020, the list of these countries was joined by Bulgaria, Greece, North Macedonia and Romania, expanded to Serbia, Bosnia and Herzegovina as of 1 January 2021.

### Gazprom continued developing the Yamal gas production hub

Gazprom continues developing the country's key gas production center – Yamal, currently focusing on its second (after Bovanenkovo) core field, Kharasaveyskoye. The drilling of development wells began in June. A new field, named 75 Years of Victory, was discovered on the Russian continental shelf in the Kara Sea. The total recoverable reserves of the field exceed 200 bcm of gas. In terms of reserves, the field can be classified as large.

### The construction of production and gas transportation infrastructure was ongoing in the east of Russia

As part of the Eastern Gas Program, the Company continues building ambitious gas infrastructure in Eastern Siberia and the Russian Far East to support gas supply to Russian consumers and expand gas exports. Scheduled construction of field facilities for the full-scale development of the Chayandinskoye field in Yakutia as well as field facilities at the Kovyktinskoye field in the Irkutsk Region is ongoing. The Company also continues the construction of compressor stations at the Power of Siberia gas pipeline and expansion of the Sakhalin–Khabarovsk–Vladivostok gas pipeline from Komsomolsk-on-Amur to Khabarovsk.

### Progress was made on significant gas processing projects

Implementation of two gas processing projects in Russia continued, including the Amur Gas Processing Plant (GPP) in the east, and an integrated complex for gas processing and liquefaction near the seaport of Ust-Luga. These facilities will be among the global leaders by throughput.

By year-end, the Amur GPP project was over 70% complete, with the first two process trains scheduled for launch in 2021.

In June, key 20-year commercial contracts for supplying feed gas and marketable gas were signed for the complex near Ust-Luga (a joint project of PJSC Gazprom and AO RusGazDobycha). The complex will be thus provided with raw materials in the long term. In addition, a contract was signed to supply ethane fraction for further processing at the gas chemical plant affiliated with the complex.

**Gas supply and gas infrastructure expansion in Russia is planned to be stepped up**

Gas supply and gas infrastructure expansion programmes for 2021–2025 were signed with 67 Russian regions. The programmes provide for a significant increase in construction volumes. For instance, Gazprom will be responsible for the construction of more than 24 thousand km of gas pipelines (a 2.5-fold increase against the previous five-year period) and extension of gas infrastructure to connect 3,632 locations (a 2.7-fold increase). By the end of 2025, gas infrastructure expansion in 35 regions will be completed to the maximum extent technically possible.

**A programme of measures to fight the COVID-19 pandemic and its implications has been implemented**

In order to protect employee health and lives, while ensuring the continuity and safety of technological processes, Gazprom Group implemented a wide range of measures to fight the pandemic and minimise the COVID-19 incidence rate. A system of vertically organised emergency response centres was set up to effectively manage the response of Group entities to the pandemic. Throughout 2020, Gazprom consistently provided support to its regions of operation, healthcare institutions and local communities affected by the pandemic.

**PJSC Gazprom's Quality Management System and Environmental Management System were re-certified**

In December 2020, two corporate systems of the Company underwent recertification:

- The Quality Management System re-certified to ISO 9001:2015 due to the expansion of its scope to confirm the Company's commitment to high-quality performance in supplying natural gas, other types of energy resources and refined products
- PJSC Gazprom's Environmental Management System re-certified to ISO 14001:2015 due to the expansion of its scope and boundaries to foreign subsidiaries: ZAO Gazprom Armenia and OsOO Gazprom Kyrgyzstan

New certificates of compliance valid to December 2023 were issued.

**Gazprom Group's environmental footprint was reduced**

The consistent reduction of Gazprom Group's negative environmental impact is one of its key commitments to preserve the environment for future generations. In 2020, the Group's initiatives implemented as part of its climate action significantly reduced greenhouse gas (GHG) emissions (down 11.1% year-on-year), including through energy saving and innovation, increased use of natural gas saving technologies during repairs as well as reduced natural gas consumption as fuel.

The Group's water consumption decreased by 17.5% and waste generation by 3.2%.

**PJSC Gazprom's Unified Occupational Health and Safety Management System was certified to ISO 45001:2018**

In 2020, the Company maintained its focus on improving PJSC Gazprom's Unified Occupational Health and Safety Management System (UOHSMS). The UOHSMS was certified to ISO 45001:2018 Occupational health and safety management systems – Requirements with guidance for use.

# Milestones

1990s

## 1993–1998

According to the Russian Government's Resolution dated 17 February 1993, and pursuant to the Presidential Decree, Gazprom State Gas Concern was reorganised into Gazprom Russian Joint Stock Company (RAO Gazprom).

Privatisation of the Company started in **April 1994**.

Its first annual General Shareholders Meeting was held on **31 May 1995**.

On **26 June 1998**, pursuant to the resolution of the General Shareholders Meeting, RAO Gazprom was reorganised into Gazprom Open Joint Stock Company.

2000s

## 2001

### 30 May

Alexey Miller was elected Chairman of the Company's Management Committee.

### 31 October

Gas production started at the Zapolyarnoye field, one of the largest in the world.

## 2006

### 18 August

Gazprom's first LNG shipment to an Asian market, purchased by Japan.

## 2007

### 25 April

The Board of Directors approved JSC Gazprom's Power Generation Strategy, the implementation of which transformed the Company into one of Russia's largest electricity producers.

### 18 December

The Yuzhno-Russkoye field came on stream, Russia's first international gas production project based on asset swap.

## 2009

### 18 February

Russia's first large-scale LNG plant was put into operation in Sakhalin.

## 1999

### November

Gas supply started via the Yamal–Europe gas pipeline, running across four countries: Russia, Belarus, Poland and Germany.

## 2005

### 2 September

Gazprom's first LNG shipment; the gas tanker arrived at a US LNG regasification terminal.

### 21 October

Gazprom Group took control of 75.679% of OAO Sibneft, which provided a platform for further development of Gazprom's oil business.

### December

The law prohibited the State from holding less than 50% plus one share in the Company. Restrictions were lifted on the acquisition of shares in the Company by foreign investors.

2010s

## 2010

### 12 February

Russia's first coal bed methane project was launched in the Kemerovo Region.

### 29 September

Sobolevo–Petrovavlovsk–Kamchatsky trunk gas pipeline was put into operation, bringing first natural gas supplies to the capital of the Kamchatka Territory.

## 2011

### 6 June

The Dzhubga–Lazarevskoye–Sochi, Russia's first offshore gas pipeline, was commissioned.

### 8 September

The first section of the Sakhalin–Khabarovsk–Vladivostok gas transmission system, the Far East's first interregional GTS, was commissioned.

### 8 November

Commercial gas supplies started via the first string of the Nord Stream pipeline, a fundamentally new Russian gas export supply route to Europe through the Baltic Sea.

### 25 November

The Company closed the deal to acquire 100% of OAO Beltransgaz, becoming the owner of Belarus GTS.

## 2012

### 23 March

An 800 MW CCGT plant was launched at the Kirishskaya GRES. It was the largest heat generation plant commissioned in 30 years, and Russia's most powerful combined cycle gas turbine unit at the time.

### 23 October

A new major gas production hub was launched in Russia, in the Yamal Peninsula. The Bovanenkovo field and the Bovanenkovo–Ukhta trunk gas pipeline came on stream. The transmission corridor was expanded with the new Ukhta–Torzhok gas pipeline.

## 2013

### 23 October

Gazprom was the first in Russia to produce gas by using an underwater production system without recurring to above-water structures on the Kirinskoye field in the Sea of Okhotsk.

### 20 December

Oil production started at the Prirazlomnoye field in the Pechora Sea. It is Russia's first ever Arctic shelf project.

## 2014

### 21 May

The Company and China's CNPC signed a contract for gas supplies – the 30-year gas supply contract for over 1 tcm is the largest of its kind in the entire history of the Russian gas industry.

## 2015

### 14 October

The Company launched the construction of the (laid the foundation stone) of the Amur GPP, Russia's largest gas processing facility, which will be an essential part of the process chain of natural gas supply to China via the Power of Siberia gas pipeline.

## 2016

### 25 May

The Arctic Gate ("Vorota Arktiki"), a unique oil loading terminal, was commissioned enabling, for the first time ever, year-round oil shipments from the Yamal Peninsula by sea.

### 16 September

With Gazprom's involvement, commercial production was launched at the Incahuasi field, one of the largest gas condensate fields in Bolivia.

## 2017

### 18 January

Launch events were held for the commissioning of the Bovanenkovo–Ukhta 2 gas pipeline increasing the supplies of gas from the Yamal Peninsula to Russia's UGSS.

## 2018

### 5 September

Work started to install the deep-water section of the Nord Stream 2 gas pipeline.

### 5 December

The third and final gas production site was commissioned at the core Bovanenkovo field. Gazprom commenced the construction of the Ukhta–Torzhok 2 trunk gas pipeline within the Northern Gas Transmission Corridor of Russia's UGSS to supply additional gas to northwestern Russia, expand the gas infrastructure to domestic consumers and support export supplies via Nord Stream 2.

## 2019

### 8 January

A commissioning ceremony was held in the Kaliningrad Region for an offshore gas receiving terminal and a floating storage and regasification unit, Marshal Vasilevskiy. The alternative, independent offshore route for gas supplies brought the region's energy security to a fundamentally new level.

### 20 March

The Group commenced the full-scale development of the Kharasaveyskoye field, Gazprom's second core asset in the Yamal Peninsula.

### 29 March

Gazprom made a decision to participate in the construction of a large integrated complex for gas processing and liquefaction near the seaport of Ust-Luga.

### 2 December

An official ceremony was held to celebrate the start of the first-ever Russian pipeline gas supplies to China via the Power of Siberia gas pipeline.

## 2020

### 8 January

An official ceremony was held to celebrate the start of TurkStream pipeline gas supplies to Turkey and the European market.

# Strategy

# **Trends and Developments in Global Energy Markets** 58

## **Development Strategy by Business Type** 67

Gas Business 69

Oil Business 77

Power Generation Business 80

## **Capex Programmes** 83

## **Long-Term Development Programme** 87

# Trends and Developments in Global Energy Markets

The gas business and its long-term prospects were not significantly impacted by changes in the global gas market amid the new coronavirus pandemic.

## Global Economy and Gas Market Development in 2020

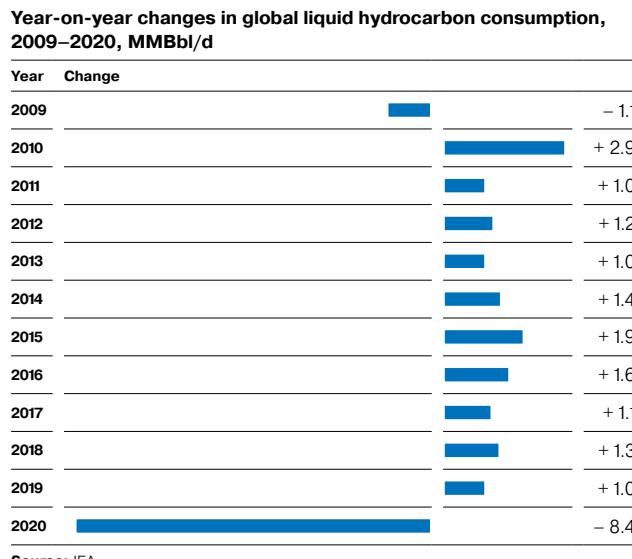
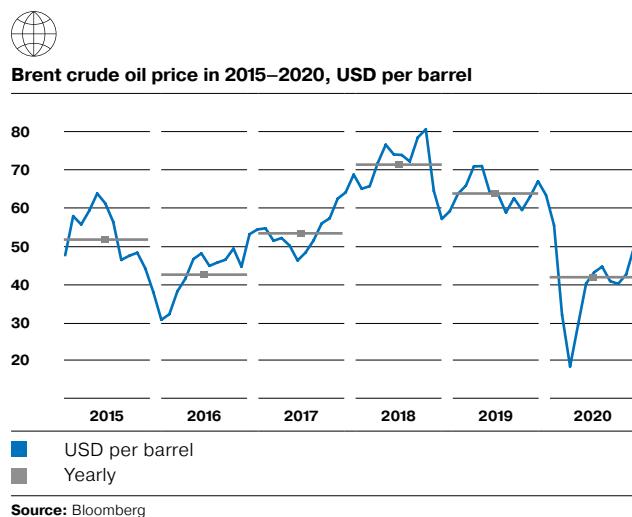
### Impact of the COVID-19 pandemic

The new coronavirus pandemic was the single most important event of 2020, including for the global energy market. Lockdowns and anti-epidemic efforts reduced economic activity and consumption of resources, including energy.

The IMF World Economic Outlook (January 2021) projects that, amid exceptional global uncertainty, the economy will grow 5.5% in 2021 and 4.2% in 2022. However, the IMF experts pointed out that the projected growth recovery follows a severe collapse in 2020. According to an estimate of the Organisation for Economic Co-operation and Development (OECD), the global economy declined by 3.4% year-on-year in 2020.

The epidemic was fought at the cost of a global economic downturn and lower consumption of petroleum products. Various agencies estimate average oil demand in 2020 at 8–9 MMBbl/d. In May 2020, this led to an OPEC+ deal for long-term major production cuts. The deal will last at least until January 2022. Average Brent prices in the reporting year were comparable to 2016.

The pandemic impact on the global gas market was not so big. According to preliminary estimates, natural gas consumption in 2020 decreased 1.3% year-on-year.



## Decline of natural gas consumption in Europe

The European gas market was highly volatile in 2020, with gas prices hitting all-time lows in the first half of the year and approaching several-year highs in the second half. In the first half of 2020, gas prices and demand slipped amid high volumes of gas in underground storage, higher LNG supply, and unprecedentedly warm winter in Europe. At the same time, gas producers did not adjust supply volumes which increases surplus on the European gas markets even further and lead to gas price collapse at European hubs. By May, the price was four times lower than at the beginning of 2020.

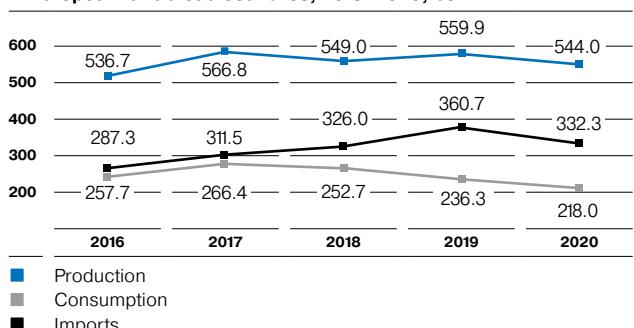
The situation turned around in the middle of the year. By year end, gas price on the European market grew more than 6 times from the May 2020 lows and exceeded its level at the beginning of the year. The gas price recovery came on the back of expected growth of demand for natural gas due to partial lifting of COVID-19 lockdowns and limited natural gas supply in Europe. During the last months of the year, LNG deliveries were reoriented to the Asian market offering more attractive prices. By year end, level of gas in European storage facilities came down to a five-year average. The cold 2020/2021 winter in Asia and Europe pushed up prices on main trading venues towards the end of 2020 and kept supporting the prices in January 2021.

According to preliminary estimates, total natural gas consumption in European far abroad countries in 2020 decreased 2.8% year-on-year to 544.0 bcm due to warmer winter and fight against COVID-19 spread.

The decline was led by power generation, due to growth in solar and hydropower generation, and industry, including due to restrictions that reduced economic activity.



**Gas consumption, domestic production and imports in European far abroad countries, 2016–2020, bcm**



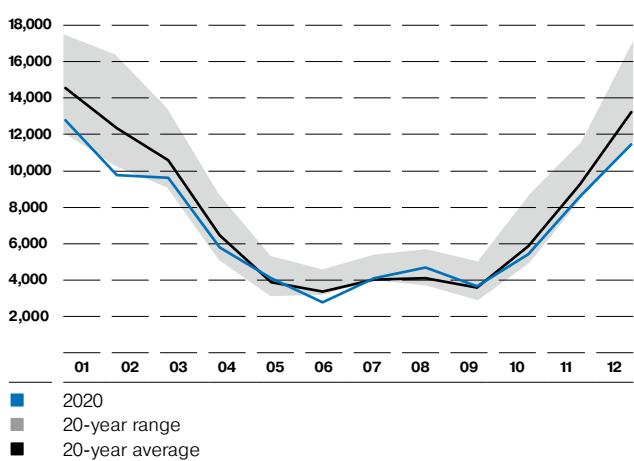
**Note.** Calculated based on statistical data, with natural gas volumes converted to Russian standards (calorific value of 8,850 kcal/cu m at 20°C). Figures for 2019 and previous years may differ from the data in Annual Report 2019 since international statistics may have been subsequently updated.

**Sources:** Eurostat, national statistical offices, IHS Markit and other sources

The weather index in Europe in 2020 was below both the climatic norm and previous year (90.6% vs. 93.5% in 2019), hitting a new record lows in February and June 2020.

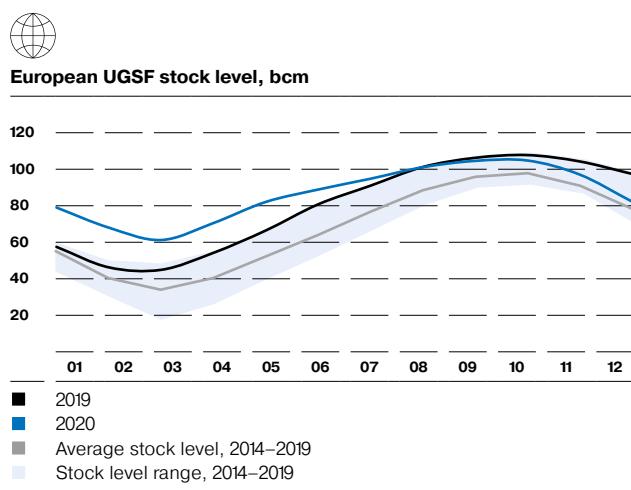


**Weather index in Europe by month in 2020**



**Note.** The index is calculated as a sum of degree days for each month: heating degree days or cooling degree days. The calculation is based on weather data for over 90 territorial units of various European countries.

UGSF levels were one of the key factors in restoring the gas market balance in 2020. Higher levels in Q1 2020 resulted from an abnormally warm winter and the risk of disruption of transit through Ukraine, with major inventories built up to counter this risk. Inventory surplus over the 2014–2019 average peaked in April–May 2020 and then began falling off amid lower LNG supply due to reorientation towards Asian markets and higher withdrawal in Q4 2020. Towards yearend 2020, UGSF volumes were at the 2014–2019 average.



Source: IHS Markit

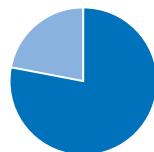
On the supply side, a decline was seen in both total import (−7.9%) and domestic gas production (−7.7%). The decline in production was led by Netherlands (−28.3%) due to another restriction imposed on production from the Groningen giant gas field. LNG supplies also dropped (−1.9%).

PJSC Gazprom's gas sales under OOO Gazprom export's contracts to European far abroad countries were 174.9 bcm in 2020.



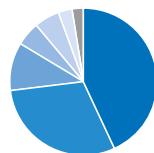
#### Breakdown of gas supplies to European far abroad countries by distribution method in 2020

- Pipeline supplies
- LNG supplies



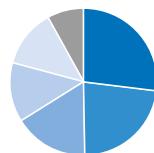
#### Breakdown of pipeline gas supplies to European far abroad countries in 2020

- PJSC Gazprom
- Norway (incl. LNG)
- United Kingdom
- The Netherlands
- Algeria
- Azerbaijan
- Other import pipeline supplies



#### Breakdown of LNG supplies to European far abroad countries in 2020

- Qatar
- USA
- Other Russian producers (LNG supplies from Russian projects)
- Nigeria
- Algeria
- Other LNG supplies



**Note.** Calculated based on statistical data, with natural gas volumes converted to Russian standards (calorific value of 8,850 kcal/cu m at 20°C).



For more details on Gazprom Group's gas sales to European far abroad countries in 2020 see the [Marketing](#) section



#### Breakdown of gas supplies to European far abroad countries by suppliers, 2016–2020, bcm

	2016	2017	2018	2019	2020
<b>Supplies by major gas exporters</b>					
PJSC Gazprom*	178.3	192.2	200.8	199.0**	174.9
Algeria (incl. LNG)	50.8	49.4	48.5	38.9	36.6
Qatar	23.7	24.1	23.3	32.1	30.6
USA	0.5	2.6	3.7	18.3	25.8
Other Russian producers (LNG supplies from Russian projects)	–	0.1	6.8	20.7	18.6
Nigeria	9.8	12.6	13.0	16.0	14.8
Azerbaijan	6.7	6.8	7.8	9.9	11.9
<b>Supplies by major European producers</b>					
Norway (incl. LNG)	124.1	134.8	130.9	124.0	121.8
United Kingdom	44.9	45.0	43.6	43.3	42.7
The Netherlands	43.2	41.7	35.0	30.1	21.6
Other supplies (excluding re-export)	54.7	57.5	35.6	27.6	44.7
<b>Total</b>	<b>536.7</b>	<b>566.8</b>	<b>549.0</b>	<b>559.9</b>	<b>544.0</b>

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

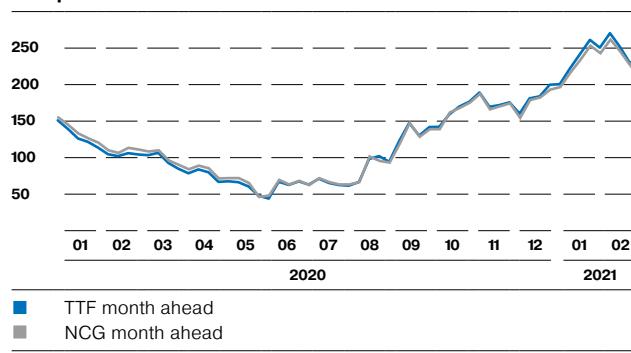
\*\* Including commodity (gas) repo agreements.

**Note.** Calculated based on statistical data, with natural gas volumes converted to Russian standards (calorific value of 8,850 kcal/cu m at 20°C). Figures for 2019 and previous years may differ from the data in Annual Report 2019 since international statistics may have been subsequently updated.

**Sources:** Eurostat, national statistical offices, IHS Markit and other sources



#### Month-ahead gas prices on TTF and NCG in 2020–2021, USD per mcm



**Source:** Bloomberg

#### New EU environmental initiatives in the energy industry

Environmental protection and climate policy are key topics in the EU agenda.

##### EU environmental initiatives in the energy industry

- The EU Green Deal aims to achieve net zero greenhouse gas (GHG) emissions by 2050. A number of strategic documents are expected to be adopted: the Climate Law (draft published in March 2020), Energy Taxation Directive, and others
- The EU hydrogen strategy supports renewable hydrogen production (mainly through water electrolysis using renewable energy), however it also mentions the need to support the development of reliable technology for hydrogen production from natural gas by methane pyrolysis
- Support for the use of natural gas in vehicles and LNG bunkering (under a EUR 2 billion stimulus package to support the transport sector adopted in August 2020)
- EU strategy to reduce methane emissions (presented in October 2020). The document provides for mandatory monitoring, including satellite monitoring, and verification of methane emissions in the energy industry, covering areas outside the EU, and assigning a "methane supply index" to foreign suppliers to inform consumers of the environmental characteristics of various fuel sources

The EU also plans to develop other regulations, mostly in energy, to achieve its environmental goals. Low-carbon supply of natural gas from PJSC Gazprom can help to achieve the stated EU goals.

## Global LNG trade growth

Global LNG trade in 2020 reached 362 mm tonnes. The increase was driven primarily by Asian countries, with China, India, Taiwan (ROC) and Thailand accounting for the largest LNG supply growth. Europe's share of the global LNG market decreased from 25% to 23% year-on-year, while the Asia-Pacific increased its share from 69% to 71%.



Global LNG trade volume, 2016–2020, mm tonnes

Year	Volume (mm tonnes)
2016	262
2017	292
2018	318
2019	357
2020	362

**Note.** Data for actual LNG deliveries (including boil-off gas), less any re-exports.

Source: IHS Markit

Global LNG surplus and lower demand due to the coronavirus pandemic caused spot prices to plunge both in the Asia-Pacific and in the Atlantic region in Q1–Q2 2020. Price growth in Q3–Q4 2020 came on the back of demand recovery in Asia amid LNG supply disruptions due to technical issues with production and liquefaction projects of some major suppliers as well as restricted transport via the Panama Canal.

The unfavourable conditions for LNG suppliers in the first half of 2020 as well as uncertainty regarding demand in the medium and long term delayed final investment decisions (FID) on the so-called "second-wave" LNG projects. Only one FID was made in 2020 – Energia Costa Azul LNG in Mexico. IHS reports that global LNG capacities increased by 21 mm tonnes in 2020, driven by commissioning of new trains at the US liquefaction plants.

## Growing gas consumption and imports in China

China is one of the world's fastest growing gas markets. Responding to growing gas consumption, Chinese companies both actively ramp-up own production and increase gas imports.

Gas consumption in China kept growing in 2020 despite the coronavirus pandemic and economic slowdown. Gas consumption increase in China in 2020 is preliminarily estimated at almost 6.5%. Governmental environmental programmes were the main driver of gas consumption growth despite the economic downturn. One of these programmes, Battle for Blue Skies, aimed at converting over 7 million households in northern China from coal to clean energy, including natural gas, before the 2020 heating season.

Imports play an important role in meeting China's gas demand. According to preliminary estimates, China imported 141 bcm in 2020, up 5.4% year-on-year.

141  
bcm

natural gas imports to China in 2020

In September 2020, President of China Xi Jinping speaking at the UN General Assembly announced China's goal to pass a peak in GHG emissions in 2030 and become carbon neutral by 2060. Though no specific programme was presented, leading organisations and experts agree that the goal will be achieved, in part, by a higher role of natural gas in the nation's energy mix.

The Power of Siberia gas pipeline throughput in 2020 increased, with total export in the reporting year exceeding 4 bcm. In December 2020, China commissioned another section of its gas transportation infrastructure to distribute gas received through the Power of Siberia, which will, among other things, let increase Russian gas supply to the Beijing area. The Chinese government considers Russian pipelines supplies an important factor of the nation's sustainable development.

## Gas consumption in Russia and domestic market development initiatives

In 2020, gas consumption in Russia totalled 460.5 bcm, 4.3% down year-on-year. The decline was mostly driven by warmer weather in autumn and winter of 2019/2020 (air temperature in Q1 2020 averaged at  $-2.5^{\circ}\text{C}$ , which is  $3.0^{\circ}\text{C}$  higher than 2015–2019 average) as well as lower industrial production due to the COVID-19 pandemic and lockdowns.



**Russia's domestic gas consumption, 2016–2020, bcm**

2016	456.7
2017	468.0
2018	493.2
2019	481.0
2020	460.5

Data for actual LNG deliveries (including boil-off gas), less any re-exports.

In 2020, natural gas accounted for about 54% in Russia's energy mix, remaining virtually flat over the past few years.

The largest consumers of natural gas in Russia include electricity and heat generators (33%), household consumers (11%), the oil industry (10%), the housing and utilities sector (8%), the agrochemical industry (7%) and metallurgy (6%).

Gas on the Russian domestic market is sold at regulated or nonregulated prices in accordance with the applicable laws. Gazprom Group remains the dominant gas supplier at regulated prices. A number of regional gas companies also sell gas at regulated prices outside the UGSS.

**62**  
%

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



**Gazprom's contribution to covering domestic gas consumption in Russia, 2016–2020, bcm**

	2016	2017	2018	2019	2020
Domestic gas consumption in Russia	456.7	468.0	493.2	481.0	460.5
Supplies to Russian consumers via Gazprom's GTS*	348.8	351.3	361.7	353.9	338.8
incl. Gazprom Group via the GTS (with purchases from independents)	226.9	231.3	244.1	240.0	225.9
Supplies to Russian consumers via Gazprom's GTS from Gazprom Group's production*	210.2	216.3	224.9	221.2	208.4

\* Excluding GTS process needs.

Gas produced by PJSC Gazprom's subsidiaries is sold mostly at prices fixed by the Government. These prices are differentiated between consumer groups (households vs industrial consumers), as well as by price zone, based on the relative distance from the gas production region to the consumer. Wholesale gas prices for industrial consumers are 18% higher than for household consumers.

As per the Forecast of Russia's Socio-Economic Development drafted by the Russian Ministry of Economic Development and approved by the Government in September 2020, a 3% annual increase in regulated domestic wholesale gas prices is expected in 2021–2023 for all consumer categories, with prices indexed annually on 1 July.

PJSC Gazprom is actively involved in the Russian gas market development. To promote market-driven pricing principles, PJSC Gazprom participates in exchange-based gas trade at Saint Petersburg International Mercantile Exchange (AO SPIMEX). For instance, PJSC Gazprom's gas volumes sold through the exchange totalled 12.5 bcm in 2020.

Consistent efforts to provide gas supply to Russian regions are ongoing. As part of efforts to create a common gas market of the Eurasian Economic Union (EAEU), work is underway to develop fundamental documents regulating the EAEU's common gas market.



**Weighted average wholesale regulated gas prices for industrial consumers and households, 2016–2020**

	2016	2017	2018	2019	2020
Weighted average annual price for industrial consumers and households* (RUB per mcm)	3,938.2	3,988.5	4,117.2	4,224.8	4,286.2
Weighted average annual price for industrial consumers** (RUB per mcm)	4,158.1	4,202.3	4,316.4	4,423.7	4,499.2
Weighted average annual price for subsequent resale to households** (RUB per mcm)	3,422.8	3,512.9	3,640.0	3,734.4	3,813.1

\* Price calculated as the combined weighted average prices for industrial and household consumers for the year indicated. Weighting is based on actual volumes delivered to each price zone for industrial consumers and households, respectively (exclusive of gas volumes supplied pursuant to Resolution of the Government of the Russian Federation No. 333 dated 28 May 2007 On Improvement of State Gas Price Regulation).

\*\* Weighting is based on actual volumes delivered to each price zone for each group of consumers separately, industrial consumers and households, respectively (exclusive of gas volumes supplied pursuant to Resolution of the Government of the Russian Federation No. 333 dated 28 May 2007 On Improvement of State Gas Price Regulation)



**PJSC Gazprom's role in the Russian gas market development in 2020**

Area of development	Initiatives
Improvement of the gas transportation services system	<p>Proposed method for calculating trunk gas pipeline transportation tariffs under the entry-exit system submitted to the Russian Federal Antimonopoly Service (FAS)</p> <p>Coordination with FAS on adjusting tariffs for gas pipeline transportation services provided by PJSC Gazprom using its own trunk gas pipelines to independent companies within UGSS arranged</p> <p>PJSC Gazprom position on basic approaches to gas transportation services, the need and rationale for gas storage regulation, as well as the organisational and economic aspects of connection to trunk gas pipelines communicated to the government of the Russian Federation and federal executive bodies</p>
Developing market-based gas pricing approaches	<p>Proposals on transition to market gas pricing on the domestic market, including gradual expansion of the nonregulated segment, as well as proposals on amending the existing laws to establish the maximum wholesale gas price with an option for its reduction (the price cap principle) prepared and submitted to the interested federal executive bodies</p> <p>Coordination with FAS on gas industry pricing issues, including cross subsidisation elimination and reference tariff setting, arranged</p> <p>Proposals submitted to FAS on adjusting wholesale prices of gas to be sold to all consumer categories on and after 1 July 2020. Wholesale prices for all consumer categories indexed by the planned 3% starting from 1 August 2020</p>
Developing a common gas market of the Eurasian Economic Union (EEAU)	<p>Proposals on protecting the interests of the Russian Federation and PJSC Gazprom and introduction of market pricing principles on the EEAU's common gas market, prepared and submitted to federal executive bodies</p> <p>Comments and proposals on the draft Agreement on the Common Gas Market of the EEAU, draft Uniform Rules for Access to Gas Transportation Services on the Territories of the EEAU Members, and draft Procedure for Gas Trading on the Common Gas Market of the EEAU prepared under the guidance of Russian authorities (Ministry of Energy of the Russian Federation and Russian FAS) with contribution from independent organisations</p>

## Long-Term Outlook for the Global Energy Market

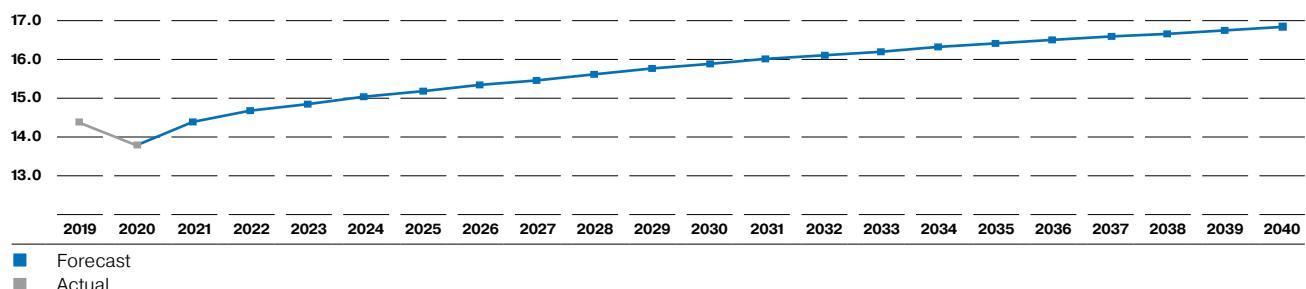
Global energy markets changed considerably in 2020. According to preliminary estimates, global energy consumption in 2020 slipped almost 4% year-on-year.

At the same time, global gas consumption in 2020 decreased only by 1.3%. Global consumption of other fossil fuels – oil and coal – decreased faster. According to preliminary data, global oil consumption declined 7.5% year-on-year; coal consumption, 4.4%. Stable gas consumption amid the pandemic and unfavourable weather indicate a high potential of further growth in demand for gas.

Despite the global energy consumption decline in 2020 driven by the coronavirus pandemic, the key factors shaping the global energy industry development in the recent years remained unchanged: continuing population growth with concomitant increase of energy consumption as well as growing interest of many countries in the environment and climate change.



Global energy consumption forecast to 2040, bn toe



## Global energy consumption growth

Global energy consumption is expected to increase steadily, rising 22% by 2040 from 2020, with rapid growth in natural gas and renewable energy consumption, accounting for over 78% of the world's total energy consumption growth by 2040.

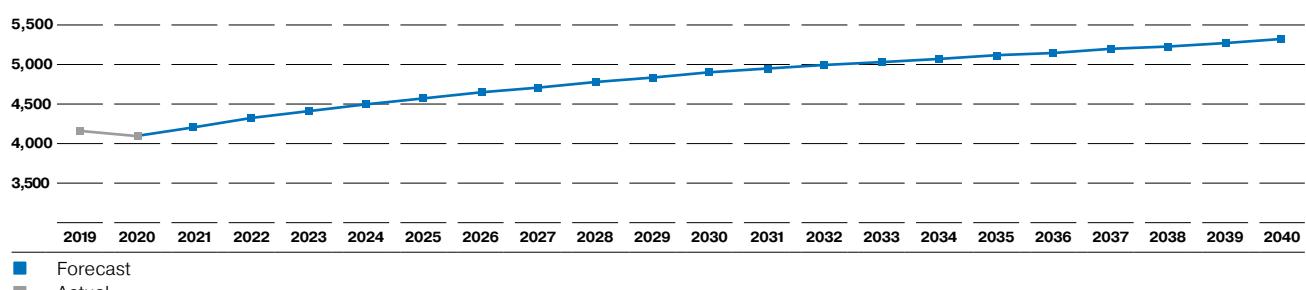
## Long-term prospects of natural gas in the global and regional energy industry

A defining trend in the world's energy industry in recent years has been the growing role of natural gas in the global energy mix. As the cleanest burning and the most cost-efficient fuel, natural gas is increasing its presence in the global market as a solid competitor to other fossil fuels – oil and coal.

In 2020, gas consumption was significantly affected by the coronavirus pandemic. However, its impact on long-term gas consumption will be minor. Global gas consumption will begin recovering already in 2021, even if the pandemic continues into the first half of the year. Demand recovery will accelerate in the medium term.



Global natural gas consumption forecast to 2040, bcm



In the long term, initiatives supporting renewables and decarbonisation, including those announced in 2020, may prove to be the strongest factors influencing gas consumption. Nonetheless, despite ambitious goals, these initiatives will be hindered by lack of financing.

Global gas consumption is expected to grow about 19% from 2019 by 2030 to about 4.9 tcm, and 29% to 5.3 tcm by 2040.

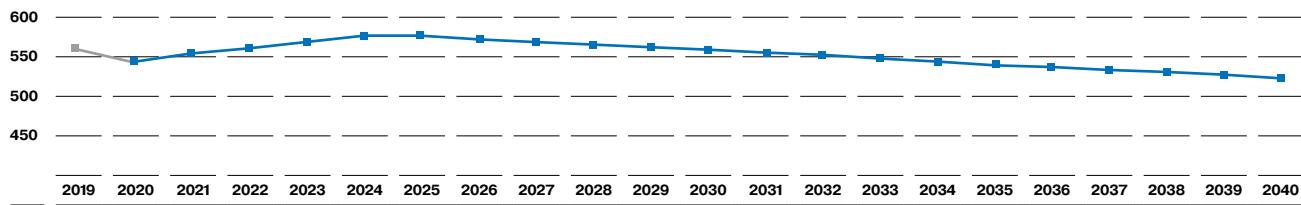
The pandemic and mild weather pushed down gas consumption in Europe in 2020. However, gas consumption is expected to recover already in 2021.

In the medium term, the recovery of demand for gas in Europe will be supported by drive to shut down coal-fired power plants and use gas in transport in various EU countries. Annual natural gas consumption in this region will stay within a range from 550 to 575 bcm in the next decade. However, new decarbonisation and renewable energy initiatives may lead to some decrease of gas consumption in the long term.

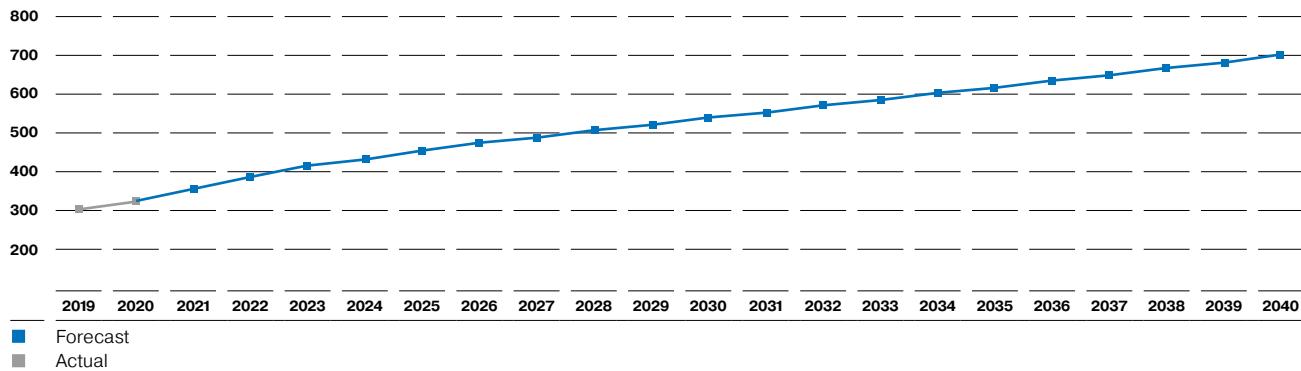
Gas consumption in China increased in 2020, despite the pandemic and economic slowdown. Natural gas consumption will steadily grow in this country in the medium and long term. China will remain a global leader in gas consumption growth. Domestic gas production in China will not keep pace with consumption growth, which will boost imports.



Natural gas consumption in Europe forecast to 2040, bcm



Natural gas consumption in China forecast to 2040, bcm



# Development Strategy by Business Type

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

Strategic planning is the top tier of PJSC Gazprom planning framework, covering its gas, oil and power generation businesses, and aims to achieve Gazprom Group's strategic goal. Gazprom Group uses Strategic Performance Targets (SPT), as quantitative indicators of progress towards its key objectives, for budgeting and priority project implementation, thus the SPTs form the foundation of investment planning in PJSC Gazprom.



## Changes to long-term planning in PJSC Gazprom

In 2020, as a follow-up of SPT-based long-term planning system rollout to all businesses of Gazprom Group, the Management Committee approved a new PJSC Gazprom Planning Procedure Based on Strategic Performance Targets regulating long-term planning in the gas, oil and power generation businesses.

The document includes an updated list of Tier 1 and Tier 2 SPTs for the gas business and SPTs that had not been set before: for the oil business (Tier 1) and power generation business (Tier 1 and Tier 2). Also, corporate SPTs reflecting overall performance of Gazprom Group were developed to consolidate the targets across business segments. Tier 1 and Tier 2 SPTs give a quantitative detailed description of tasks contributing to Gazprom Group's strategic goals for each of its businesses. PJSC Gazprom's Board of Directors sets reference values for the corporate and Tier 1 SPTs for the last year of a ten-year planning period to be used as targets in the PJSC Gazprom's Long-Term Development Programme. The Board of Directors also annually sets calculated SPTs under the Long-Term Development Programme to be used as interim objectives leading to the SPTs set for the last year of the ten-year period. Calculated SPTs for the last year of the ten-year period cannot be less than the reference SPTs set by the Board of Directors.



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

Metric	Reference value
Economic profit growth	Positive
Debt/equity ratio	Not more than 40%
Hydrocarbon refining volume	No less than 150 mm t c.e.
Reserve replacement ratio	Not less than 1
Total installed capacity	No less than 100 GW
Peak UGSS autumn and winter capacity	No less than 2,550 mmc m per day

Key risks to the strategic goals of Gazprom Group include macroeconomic, political, legislative, sanction, reputational and market risks, as well as risks related to unconventional gas production and renewable energy.



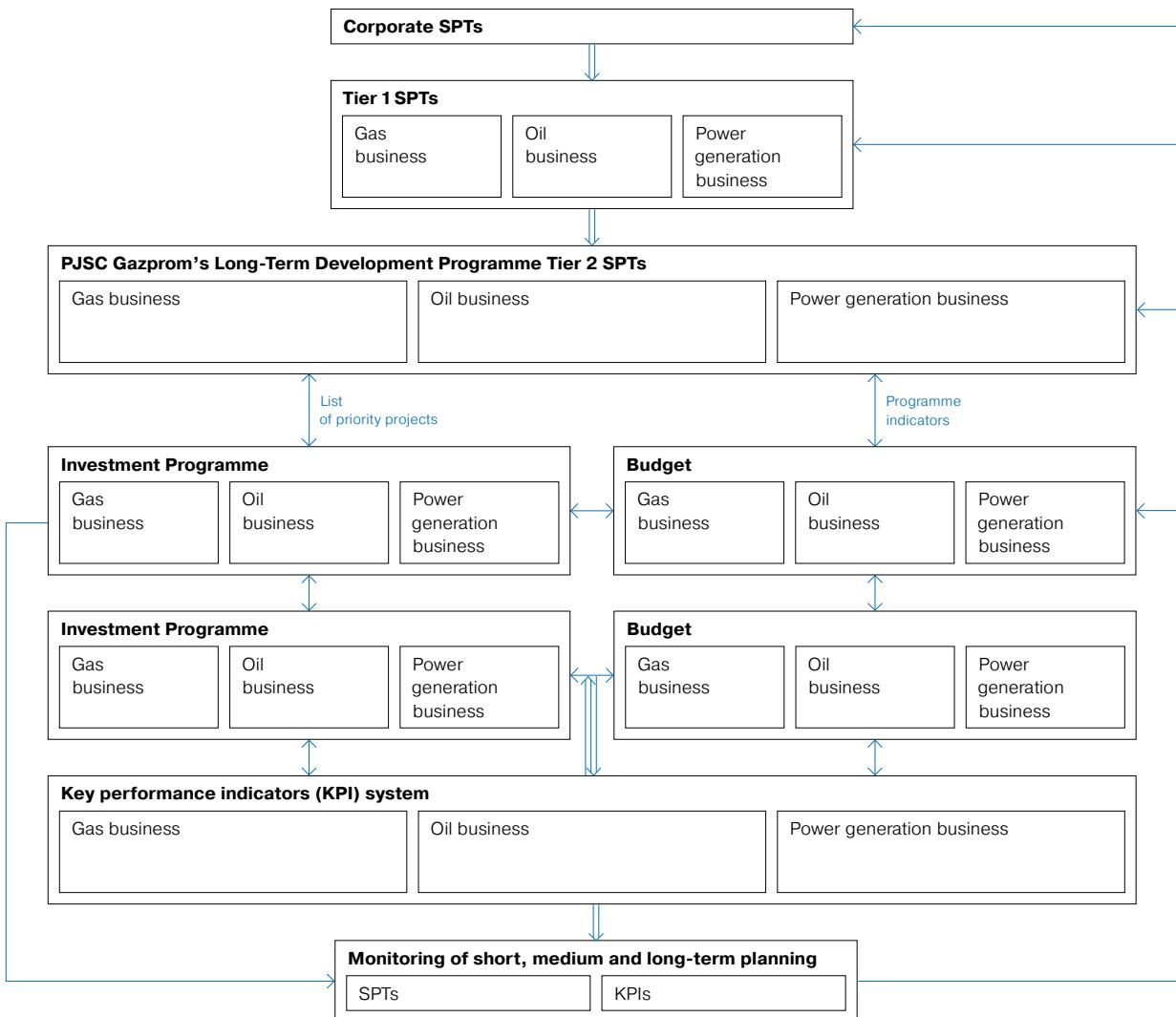
**Relations between planning processes in PJSC Gazprom**

Strategic (long-term) planning

Mid-term planning

Short-term planning

Monitoring



## Gas Business

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

No significant adjustments were made to Gazprom Group's gas business strategy in the reporting year.

### **Key strategic tasks of Gazprom Group's gas business**

- 
- 1** Ensuring efficiency of the gas business
  - 2** Realising the potential of existing fields and creation of new gas production hubs
  - 3** Ensuring the reliability of gas supplies to consumers
  - 4** Ensuring the operation and development of UGSS and other gas pipeline systems with provisions for peak consumption of natural gas
  - 5** Market diversification
  - 6** Expansion of LNG production, transportation and sale (including small-scale LNG)
  - 7** Ensuring leadership in the modernisation and operational efficiency of downstream assets
  - 8** Boosting high value added product sales
  - 9** Development of NGV fuel production and sale (including abroad)
  - 10** Gas business development on foreign markets
  - 11** Innovative development, enhancement of own technology potential

## Gas exploration and production

**Strategic tasks** [1](#) [2](#) [3](#) [11](#)

### Strategic priorities and goals by activities

- Building gas production hubs in eastern Russia
- Bringing into development the Yamal Peninsula's unique, large fields
- Bringing online new fields in the Nadym-Pur-Taz region
- Further exploration of deep-lying Achimov and Jurassic deposits and above the Cenomanian sediments in the fields under development in the Yamal-Nenets Autonomous Area
- Bringing into development continental shelf fields in Russian northern seas

### Development strategy implementation in the reporting year

#### Field development

- Yamal gas production hub development was continued: production drilling and construction of field facilities is now underway on the Kharasaveyskoye field, the development of Cenomanian-Aptian deposits of the Bovanenkanskoye field was ongoing
- Scheduled construction of field facilities for the full-scale development of the Chayandinskoye field in Yakutia as well as field facilities at the Kovyktinskoye field in Irkutsk Region was ongoing
- The construction of field facilities at the Kirinskoye and Yuzhno-Kirinskoye fields on the Russian Sea of Okhotsk continental shelf continued
- On the Urengoyskoye field, Block 1 is in full-scale development, with ongoing construction of field facilities to produce from the Achimov deposits on Blocks 2, 4 and 5
- Revamps and retrofits of gas production facilities carried out at the Yamburgskoye, Zapolyarnoye, Urengoyskoye, Bovanenkanskoye, Medvezhye, Yubileynoye, Yamsvoeiskoye, Zapadno-Tarkosalinskoye, Komsomolskoye, Vyngayakhinskoye, Orenburgskoye and Astrakhanskoye fields

#### Resource base development

- Exploration-based gas reserve growth achieved at the levels exceeding production volumes
- Further exploration of the Achimov and Jurassic deposits performed at the Urengoyskoye, Yamburgskoye and other fields in the Yamal-Nenets Autonomous Area as well further exploration of the Chayandinskoye and Kovyktinskoye fields
- Feasibility studies of developing deposits above the Cenomanian sediments carried out at the Yuzhno-Russkoye, Medvezhye, Yamburgskoye, Zapolyarnoye, Vyngapurovskoye and other fields in the Yamal-Nenets Autonomous Area
- Exploration was ongoing on the Kamchatka Peninsula and the Russian Sea of Okhotsk continental shelf for gas supply to consumers in the Kamchatka Territory with 2025 planning horizon

**Medium-term priority projects and development focus areas**

<b>Project</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Cenomanian-Aptian deposits of the Bovanenkovskoye field	<ul style="list-style-type: none"> <li>— Expansion of booster compressor capacity</li> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Booster compressor commissioning</li> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Booster compressor commissioning</li> </ul>
Cenomanian-Aptian deposits of the Kharasaveyskoye field			<ul style="list-style-type: none"> <li>— Start of commercial development</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>
Chayandinskoye field	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Booster compressor commissioning</li> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— PGTU-4 commissioning</li> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Expansion of booster compressor capacity</li> <li>— Ramp-up to design capacity</li> </ul>	
Kovyktinskoye field		<ul style="list-style-type: none"> <li>— Start of development</li> </ul>	<ul style="list-style-type: none"> <li>— CGTU 3 commissioning</li> <li>— Booster compressor commissioning at CGTU 2</li> <li>— Well commissioning</li> <li>— Commercial production startup</li> </ul>	<ul style="list-style-type: none"> <li>— CGTU-1 commissioning</li> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>
Block 2 of the Achimov deposits at the Urengoyskoye field	<ul style="list-style-type: none"> <li>— CGTU-21 commissioning</li> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	
Blocks 4 and 5 of the Achimov deposits at the Urengoyskoye field	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>
Yuzhno-Kirinskoye field			<ul style="list-style-type: none"> <li>— Start of commercial development</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>
Kirinskoye field	<ul style="list-style-type: none"> <li>— Well commissioning</li> </ul>				

- Ensuring increased reserve replacement rates
- Further building of new gas production hubs in Russia
- Revamps and retrofits of existing gas production facilities to maintain target gas production levels

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

## Transportation of gas

### Strategic tasks [1](#) [3](#) [4](#) [5](#) [10](#) [11](#)

Strategic priorities and goals by activities	Development strategy implementation in the reporting year
<ul style="list-style-type: none"> <li>— Synchronised commissioning of gas production, transportation and storage facilities</li> <li>— Diversification of gas export routes</li> <li>— Construction of new gas transportation capacity</li> <li>— Revamps and retrofits of existing gas transportation facilities</li> </ul>	<ul style="list-style-type: none"> <li>→ Under the Power of Siberia project, the Company continued the construction of the trunk pipeline section between the Kovyktinskoye and Chayandinskoye fields as well as a compressor station at the section between the Chayandinskoye field and the China border</li> <li>→ In 2020, the TurkStream gas pipeline began supplying gas to consumers in Turkey, Bulgaria, Greece, North Macedonia, and Romania</li> <li>→ On 1 January 2021, the TurkStream began supplying gas to consumers in Serbia, Bosnia and Herzegovina through national GTSSs of Bulgarian and Serbian operators</li> <li>→ Construction of the line sections of the Sakhalin–Khabarovsk–Vladivostok trunk gas pipeline was continued</li> <li>→ Construction of the CS of the Ukhta – Torzhok 2 and Bovanenkovo – Ukhta 2 trunk gas pipelines was continued.</li> <li>→ Construction of the offshore section of the Nord Stream 2 gas pipeline and the expansion of the GTS in Russia to supply gas into the Nord Stream 2 were ongoing</li> <li>→ Gazprom prepares a comprehensive feasibility analysis of the pipeline project to supply Russian gas through Mongolia to China. In January 2021, OOO Gazoprovod Soyuz Vostok, a special-purpose vehicle, was set up in Mongolia to address matters related to construction and operation of the gas pipeline in the country. Negotiations on the project are ongoing</li> <li>→ Negotiations on gas supply to China via the “western” route and from the Russian Far East were continued</li> <li>→ Gas transportation infrastructure facilities were revamped, upgraded or retrofitted under 41 investment projects</li> <li>→ Decommissioning and mothballing of excess gas transport capacity was continued</li> </ul>

**Medium-term priority projects and development focus areas**

Project	2021	2022	2023	2024	2025
Chayandinskoye field – China border section of the Power of Siberia gas pipeline				— Ramp-up to full capacity	
Kovyktinskoye field – Chayandinskoye field section of the Power of Siberia gas pipeline		— Start of phased commissioning			
Sakhalin–Khabarovsk–Vladivostok gas pipeline	— Looping of the linear section	— Expansion of the first compressor station			— Expansion of the first compressor station — Two compressor stations commissioning
Ukhta–Torzhok 2 gas pipeline	— Ramp-up to full capacity				
Bovanenkovo–Ukhta 2 gas pipeline	— Ramp-up to full capacity				
Bovanenkovo–Ukhta 3, Ukhta–Torzhok 3 gas pipelines			— Start of phased commissioning		
<ul style="list-style-type: none"> <li>→ Construction of gas transportation capacity to ensure diversification of gas export routes (including continued phased commissioning of the Power of Siberia trunk gas pipeline)</li> <li>→ Construction of new gas transportation capacity in Russia to ensure gas supplies to the domestic market and meet obligations under export contracts</li> <li>→ Implementation of comprehensive programmes for revamping and retrofitting existing gas transportation facilities</li> <li>→ Decommissioning of excess GTS capacity</li> </ul>					

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

## Underground gas storage

### Strategic tasks [1](#) [3](#) [4](#) [10](#) [11](#)

Strategic priorities and goals by activities	Development strategy implementation in the reporting year
— Maintaining UGSF capacity through revamps and replacement of worn-out and obsolete fixed assets, as well as debottlenecking of UGSFs and the GTS	→ Facility revamps at the Peschano-Umetskoye, Elshano-Kurdyumskoye, Stepnovskoye, Severo-Stavropol'skoye UGSFs, and Kanchurinsk-Musinsky UGS complex, expansion of Pungiskoye UGS, equipment retrofit at Shchelkovskoye UGS
— Improving the flexibility of Russia's UGSF system by constructing small peak-shaving gas storage facilities in salt caverns to maintain deliverability rates during increased gas withdrawal periods through to 1 February	→ Performed washing out of underground reservoirs and construction of facilities to expand the Kaliningradskoye UGSF compressor station, washing out of the Volgogradskoye UGSF
— Increasing daily deliverability and operating gas reserves of active UGSFs to satisfy current and projected gas demand	→ Following the commissioning of Kanchurinsk-Musinsky UGS complex, the working gas inventory of Russian UGSFs increased to 72.322 bcm → Maximum potential daily deliverability of UGSFs at the beginning of the 2020/2021 withdrawal season remained at an all-time high of 843.3 mmcm, achieved a year ago
— Expansion of Gazprom Group's UGSF capacity outside Russia	→ Construction of the Jemgum UGS (Germany) completed → Accumulated approximately 7.2 bcm of deliverable gas in OOO Gazprom export's UGSFs in Europe by the start of autumn and winter 2020/2021



### Medium-term priority projects and development focus areas

Project	2021	2022	2023	2024	2025
Volgogradskoye UGSF	— Capacity commissioning — Working gas capacity expansion	— Capacity commissioning — Working gas capacity expansion			— Capacity commissioning — Working gas capacity expansion
Kaliningradskoye UGSF	— Capacity commissioning — Working gas capacity expansion		— Capacity commissioning — Working gas capacity expansion	— Capacity commissioning — Working gas capacity expansion	— Capacity commissioning — Working gas capacity expansion
Udmurtia Reserving Complex		— Start of project implementation	— Capacity commissioning — Working gas capacity expansion	— Capacity commissioning — Working gas capacity expansion	

- Revamps and replacement of worn-out and obsolete fixed assets at existing UGSFs, including the Severo-Stavropol'skoye, Elshano-Kurdyumskoye, Stepnovskoye and Peschano-Umetskoye UGSFs
- Construction and expansion of the peak-shaving Kaliningradskoye and Volgogradskoye UGSFs, as well as the Udmurtia Reserving Complex
- Providing UGSF capacity to regions where such capacity is in short supply. The prospective areas for the construction of new UGSFs are Russia's Northwestern, Siberian and Far Eastern Federal Districts

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

## Processing

### Strategic tasks [1](#) [3](#) [6](#) [7](#) [8](#) [11](#)

#### Strategic priorities and goals by activities

- Construction of new gas processing facilities to support hydrocarbon developments in Eastern Siberia and the Far East
- Processing and transportation of projected volumes of liquid hydrocarbons produced at fields in Western Siberia, the Yamal Peninsula and the adjacent continental shelf of the Kara Sea
- Processing of ethane-containing gas from fields in Western Siberia
- Expansion of LNG production capacity

#### Development strategy implementation in the reporting year

- Construction of the Amur GPP continued
- Implementation of projects to enable liquid hydrocarbon transportation from the Nadym-Pur-Taz region (the Urengoy oil pumping station, the Urengoy–Purpe oil and condensate pipeline) continued
- Working on a pre-investment feasibility study for field construction to develop Neocomian-Jurassic deposits of the Kharasaveyskoye and Bovanenkanskoye fields, transportation and processing of liquid hydrocarbons produced at fields in the Yamal Peninsula and the adjacent continental shelf of the Kara Sea continued
- Construction of an LNG production, storage and shipping complex continued near the Portovaya compressor station in the Leningrad Region
- Integrated gas processing and liquefaction complex near the seaport of Ust-Luga. Engineering and design are ongoing, with preparations and land surveying already underway. Concurrently, the Company conducted survey and design for the expansion and upgrade of its ethane-rich gas gathering and transportation system
- A pre-investment study for a project to build a 1.5-mm-tonnes-per-year LNG plant near Vladivostok completed and submitted to PJSC Gazprom for expert review



#### Medium-term priority projects and development focus areas

Project	2021	2022	2023	2024	2025
Projects to enable liquid hydrocarbon transportation from the Nadym-Pur-Taz region	— Commissioning				
Amur GPP	— Commissioning of the first start-up complex	— Commissioning of the second and third start-up complexes	— Commissioning of the fourth start-up complex	— Commissioning of the fifth start-up complex	
LNG production, storage and shipping complex near the Portovaya compressor station	— Commissioning				
Complex for gas processing and liquefaction near the seaport of Ust-Luga*				— Commissioning of Phase 1	— Commissioning of Phase 2

- Construction of new gas processing facilities to support hydrocarbon developments in Eastern Siberia and the Far East as well as processing of the projected volumes of liquid hydrocarbons produced at fields in Western Siberia
- Revamps of existing facilities
- Implementation of LNG projects in Russia

\*Joint project of PJSC Gazprom and AO RusGazDobycha.

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

## Gas distribution

### Strategic tasks [1](#) [3](#) [4](#) [5](#) [6](#) [9](#) [10](#) [11](#)

#### Strategic priorities and goals by activities

- Expansion of gas supply and gas infrastructure across Russia
- Development of the domestic NGV fuel market and gas filling infrastructure in Russia
- Diversification of export destinations by supplying LNG to markets that are unable to import Russian pipeline gas
- Economically feasible use of pipelines and LNG production capacity when arranging gas exports

#### Development strategy implementation in the reporting year

- Construction of 141 gas distribution pipelines with a total length of 2.2 thousand km in 39 regions of Russia completed
- Programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025 covering 67 Russian regions prepared and approved with due consideration of proposals from regional administrations regarding the construction of gas distribution facilities in accordance with applicable master plans
- Construction of new NGV facilities in Russia was ongoing
- Collaboration with Russian automakers, transport companies and governmental authorities to develop an NGV fuel market in Russia was continued



#### Medium-term priority projects and development focus areas

Project	2021	2022	2023	2024	2025
Expansion of Gas Infrastructure in Russian Regions*	Construction of branch pipelines				
	0.1 thousand km	0.6 thousand km	0.5 thousand km	0.6 thousand km	1.2 thousand km
	Construction of inter-settlement gas pipelines				
	2.2 thousand km	3.6 thousand km	2.7 thousand km	6.6 thousand km	6.0 thousand km

→ Implementation of programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025

\* 2021 data taken from the programme for expansion of gas infrastructure in Russian regions for 2021; 2022–2025 data taken from the programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025.

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

# Oil Business

The strategic goal of Gazprom Group in the oil business is to maintain its status as one of the largest international global oil and gas companies by effective asset portfolio management throughout the value chain and using cutting edge technology, a company that aims to maximise its financial performance while staying committed to high social and environmental responsibility standards.

## Key strategic tasks of Gazprom Group's oil business

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

## Oil exploration and production

### Strategic tasks **1** **2**

Strategic priorities and goals by activities	Development strategy implementation in the reporting year
<ul style="list-style-type: none"> <li>— Efficient development of mature assets</li> <li>— Developing the resource base of the Yamal Peninsula</li> <li>— Bringing into development and monetising the uniquely vast liquid hydrocarbon reserves in the Nadym-Pur-Taz region</li> <li>— Building a hydrocarbon production hub on the Sea of Okhotsk continental shelf</li> <li>— Developing technology for cost-effective development of the Bazhenov formation, Domanic and Paleozoic deposits</li> <li>— Bringing into development the remaining recoverable reserves that are currently economically unrecoverable through development and deployment of new technologies</li> <li>— Building up the resource base to support production beyond 2025</li> </ul>	<b>Field Developments</b> <ul style="list-style-type: none"> <li>→ Total Gazprom Neft's hydrocarbon production was 96.1 mm toe*</li> <li>→ Alexander Zhagrin field (main field of the Zima project) in Khanty-Mansi Autonomous Area – Yugra is now in commercial development</li> <li>→ Work to bring into development oil rims, Achimov and Neocomian-Jurassic deposits of Gazprom Group fields continued under long-term risk-based operatorship agreements</li> <li>→ Continued developing technology for cost-effective development of hard-to-recover hydrocarbon reserves</li> </ul> <b>Resource base development</b> <ul style="list-style-type: none"> <li>→ Interpretation of the Sea of Okhotsk continental shelf exploration data was continued</li> <li>→ Exploration of Leskinsky licence block (Yenisei project) on the Gydan Peninsula was ongoing</li> </ul>

\* Including share in the production volumes of entities in which Gazprom has investments classified as joint operations, as well as associates and joint ventures, and in international projects.

**Medium-term priority projects and development focus areas**

Project	2021	2022	2023	2024	2025
Block 3A of the Achimov deposits and oil rims in the Urengoyskoye field				— Start of commercial development	
Neocomian-Jurassic deposits of the Bovanenkovskoye field					— Start of commercial development
Oil rims in the Nadym-Pur-Taz region's fields (Yen-Yakhinskoye, Zapadno-Tarkosalinskoye, Pestsovoye)			— Ramp-up to design capacity		
Tazovskoye field		— Start of commercial development			
Alexander Zhagrin field				— Ramp-up to design capacity	

- Driving mature asset performance and implementing enhanced oil recovery programme
- Further exploration of blocks on the Sea of Okhotsk continental shelf
- Bringing into development previously untapped reserves within the oil-rim deposits, and Achimov and Neocomian-Jurassic deposits at Gazprom Group fields
- Developing technology for cost-effective development of hard-to-recover hydrocarbon reserves

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

## Logistics, refining and marketing

### Strategic tasks 3 4

#### Strategic priorities and goals by activities

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

#### Development strategy implementation in the reporting year

- Russian and international refinery upgrade programme continued:
  - Euro+ combined refining unit at the Moscow Refinery commissioned
  - The construction of a primary refining unit, a deep conversion complex (including a hydrocracker and hydrogen and sulphur units), and a delayed coking unit is nearing completion at the Omsk Refinery
  - New delayed coking unit commissioned at the Pančevo Refinery (Serbia)
  - Upgrade programme continued at PAO Slavneft-YANOS (with Gazprom Neft's involvement)
- Product mix was expanded and marketing infrastructure is being further built up
- Construction of a high-tech catalyst plant is under way
- The construction of an LNG-bunkering vessel is nearing completion: the ship is now afloat with tanks and other cryogenic equipment installed and the commissioning of main ship systems underway. This vessel will leverage advanced technologies for small-scale LNG transportation and bunkering in the seaports of the Gulf of Finland and the Baltic Sea: Saint Petersburg, Ust-Luga and Primorsk



#### Medium-term priority projects and development focus areas

Project	2021	2022	2023	2024	2025
Advanced oil refining facility at Moscow Refinery			— Sulphur unit ready for operation	— Hydrocracker and hydrogen unit ready for operation	— Delayed coking unit ready for operation
Primary refining unit at Omsk Refinery	— Operational availability				
Advanced oil refining facility at Omsk Refinery	— Operational availability				
Delayed coking unit at Omsk Refinery	— Operational availability				
Catalyst production business in Omsk		— Operational availability			
LNG bunkering vessel	— Commissioning				

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

**Note.** Data as at 31 December 2020. Timelines for commissioning and ramp-up may be adjusted subject to the energy market environment.

# Power Generation Business

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

## Key strategic tasks of Gazprom Group's power generation business

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

## Power generation business

### Strategic tasks

[1](#) [2](#) [3](#) [4](#) [5](#) [6](#)

Strategic priorities and goals by activities	Development strategy implementation in the reporting year
<ul style="list-style-type: none"> <li>– Optimising the generation capacity mix</li> <li>– Driving operational excellence and cost optimisation</li> <li>– Constructing new and upgrading existing generating capacity, and decommissioning low-performing facilities</li> <li>– Innovative development</li> <li>– Diversifying the power business by entering promising markets in Russia and abroad</li> </ul>	<ul style="list-style-type: none"> <li>→ Construction of the Svobodnenskaya TPP to supply power to the Amur GPP was ongoing</li> <li>→ Construction of CHP plant in Pančevo (Serbia) was continued to supply heat to a refinery operated by NIS, a Gazprom Neft subsidiary, and sell electricity on the electricity market</li> <li>→ The Group has been preparing design documents, conducting surveys and dismantling activities, as well signing contracts for the supply of core equipment for upgrade projects covering the thermal power plants (Competitive Selection of Capacities for Modernisation) scheduled to commence 1.92 GW capacity supplies in 2022–2025</li> <li>→ Implemented measures to improve operational efficiency and optimise costs</li> <li>→ Decommissioned low-performing generating capacity, 0.15 GW in total</li> <li>→ Optimised generating equipment operation modes</li> <li>→ The following activities were completed to integrate AO REP Holding into Gazprom Group: performance improvement and cost optimisation transition to long-term production planning; medium-term supply contract concluded to deliver 19 Lada GPUs before yearend 2023 for PJSC Gazprom's facilities, with ongoing production localisation</li> </ul>

**Medium-term priority projects and development focus areas**

Project	2021	2022	2023	2024	2025
Svobodnenskaya TPP	— Commissioning				
Pančevo CHPP (Serbia)	— Commissioning				
Upgrade of Verkhne-Tulomskaya HPP-12 of PAO TGC-1	— Hydroelectric unit commissioning	— Hydroelectric unit commissioning	— Hydroelectric unit commissioning		
Revamp of Avtovskaya CHPP-15 of PAO TGC-1		— Turbine unit commissioning*		— Turbine unit commissioning*	
Revamp of Centralnaya CHPP's Power Plant No. 2 of PAO TGC-1			— Water boiler plant commissioning		
Revamp of Severnaya CHPP-21 of PAO TGC-1					— Boiler equipment commissioning*
Upgrade of Kirishskaya GRES of PAO OGK-2		— Steam turbine commissioning*		— Steam turbine commissioning*	— CHP equipment commissioning*
Revamp of Surgutskaya GRES-1 of PAO OGK-2					— Commissioning of two generating units*
Revamp of CHPP-22 of PAO Mosenergo	— Equipment commissioning			— Equipment commissioning*	
Revamp of CHPP-23 of PAO Mosenergo				— Turbine unit commissioning*	
Revamp of CHPP-25 of PAO Mosenergo					— Equipment commissioning*
Revamp of CHPP-21 of PAO Mosenergo					— Turbine unit commissioning*
Upgrade of Novo-Salavatskaya CHPP of OOO Novo-Salavatskaya CHPP**		— Turbine unit commissioning*	— Turbine unit commissioning*	— Turbine unit commissioning*	

- Generating capacity upgrades
- Decommissioning of 2.1 GW of low-performing and idle capacity by 2025
- Implementation of operational efficiency and cost optimisation initiatives
- Participation in the selection of thermal power plants to be upgraded with innovative Russia-made gas turbines in 2027–2029

\* The facility has been selected through tenders for upgrading generating facilities at thermal power plants.

\*\* This subsidiary operates within Gazprom Group's gas business perimeter.

**Note.** Data as at 31 December 2020. Timelines for commissioning may be adjusted subject to the energy market environment.



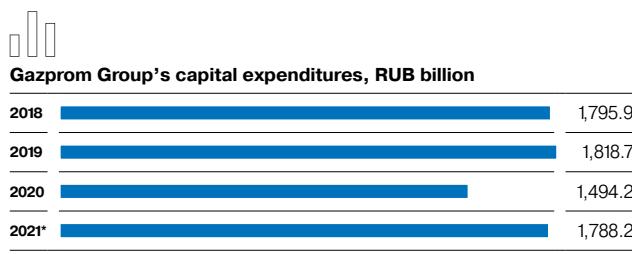
#### **Strategic cooperation with foreign partners**

PJSC Gazprom's strategic cooperation with foreign partners takes the form of joint steering committees that focus on priority goals. As at 31 December 2020, there were 17 such committees, including with partners from Germany, the Netherlands, Japan, China, the Republic of Korea, Uzbekistan and other countries.

Joint steering committees' agenda includes review of key cooperation areas, ensuring agreement on objectives and jointly exploring optimal solutions, discussion of topical issues of partner companies' development in the current gas, oil and power market environment, developing plans for the future and monitoring implementation. This form of cooperation offers a comprehensive view of various joint effort areas, maximising opportunities for synergy and flexibility in tackling a shared agenda.

# Capex Programmes

In 2020, priority projects proceeded on schedule with all production plans completed. Other projects progressed with due consideration of unfavourable external environment and energy market uncertainty.



In 2020, priority projects proceeded on schedule with all production plans completed. Other projects progressed with due consideration of unfavourable external environment and energy market uncertainty.

## In gas production:

- Production drilling and field facility construction at the Chayandinskoye, Kovyktinskoye and Kharasaveyskoye fields
- Construction of the connecting pipeline to the Kharasaveyskoye field
- Expansion of field facilities at the Kirinskoye field
- Production drilling at the Yuzhno-Kirinskoye and Astrakhanskoye fields
- Construction of a booster compressor station at the Zapolyarnoye and Yamburgskoye fields

## In oil and gas condensate production:

- Field facility construction and production drilling at the Tazovskoye, Novoportovskoye, Alexander Zhagrin, and Prirazlomnoye fields
- Construction of field facilities to develop the oil rim of the Chayandinskoye and Pestsovoye fields
- Investment projects at the conventional assets of Gazprom Neft

## In gas transportation:

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

**In 2020, the Management Committee of the Company approved comprehensive programmes for revamping and upgrading gas production and transportation facilities for 2021–2025. A similar programme for gas and liquid hydrocarbon processing has been prepared for approval.**



Production drilling for gas in Russia, thousand m

2018	304.4
2019	400.8
2020	514.2
Change 2020/2019	28.3%



### Production drilling for oil in Russia, thousand m



#### In gas supplies:

- Expansion of gas infrastructure in Russian regions

#### In electricity and heat generation and sale:

- Construction of the Svobodnenskaya TPP and Pančevo CHPP (Serbia)
- Equipment upgrades at Unit 9 of CHPP-22 of PAO Mosenergo
- Upgrade of Avtovskaya CHPP-15 of PAO TGC-1



### Progress on the Nord Stream 2 gas pipeline project

Pipe laying for the Nord Stream 2 gas pipeline was resumed in the middle of December 2020. Completion time of the whole offshore section will depend on a number of factors, such as weather and construction period duration.

#### In gas storage:

- Revamps of existing and construction of new facilities at the Kaliningradskoye field
- Expansion and revamp of the Kanchurinsko-Musinsky UGS complex
- Construction of the Bednodelmyanovskoye UGSF
- Revamps of gas production assets and compressor facilities at the Elshano-Kurdyumskoye, Peschano-Umetskoye and Stepnovskoye UGSFs

### Construction of the Jemgum UGS (Germany) completed in 2020.



### Progress on the Amur GPP project

The active phase construction and installation activities continued at the Amur GPP site. Work is underway on the facilities of six process trains.

Pre-commissioning activities and installation of thermal insulation are ongoing on the first and second process trains. The installation of the main process equipment – feed gas treatment and cooling units, deethaniser, demethaniser, nitrogen separation column, and compressors – is completed on the third and fourth trains. The first large equipment items – depropaniser, debutaniser, and upstream gas drying and treatment units – were installed on the fifth and sixth trains. Steel structure welding, pipe and cable laying are ongoing.

The construction of the main buildings and structures of Svobodnenskaya TPP has been completed, gas is supplied for the pre-commissioning of gas equipment.

Junction to the Power of Siberia trunk gas pipeline has been commissioned.

#### In processing/refining:

- Construction of the Amur GPP
- Construction of the stabilisation unit for Achimov deposit condensate from the Nadym-Pur-Taz region, implementation of projects to enable liquid hydrocarbon transportation from the Nadym-Pur-Taz region (the Urengoy oil pumping station, the Urengoy–Purpe oil and condensate pipeline)
- Revamp of the Astrakhan GPP
- Construction of the LNG production, storage and shipping complex near the Portovaya CS in the Leningrad Region
- Construction of new facilities at Gazprom neftekhim Salavat's refineries (a catalytic cracking unit, an industrial sulphur production unit and a tank farm for catalytic cracking units), as well as revamps of treatment facilities
- Construction of production facilities at the Moscow Refinery (sulphur production unit as part of the deep conversion complex and the Euro+ combined refining unit)
- Construction and upgrades of production facilities at the Omsk Refinery (construction of a primary refining unit, a deep conversion complex as part of hydrocracking, hydrogen and sulphur production units, a delayed coking unit, a diesel fuel hydrotreating/dewaxing unit), and construction of a catalyst plant in Omsk
- Construction of a hydro-dewaxing complex at the Omsk Lubricants Plant

**Gazprom Group's capex breakdown, RUB billion**

2018	2019	2020	Change 2020/2019
Processing/refining	309.4	437.8	396.6
Gas production	308.0	360.2	353.0
Oil and gas condensate production	257.9	316.0	309.8
Gas transportation	640.1	464.2	251.6
Electricity and heat generation and sales	72.9	79.0	82.2
Gas storage	19.4	14.3	26.4
Gas distribution	39.1	25.8	17.9
Other business segments	149.1	121.4	56.7
Total	1,795.9	1,818.7	1,494.2
			-17.8%

**Capacity commissioned by Gazprom Group in 2020**

Segment	Facilities commissioned
Gas production	A 10.4 bcm per year PGTU and membrane unit to recover helium at the Chayandinskoye field
	Four booster compressor stations at the Zapolyarnoye, Ety-Purovskoye, Nizhne-Kvakchikskoye and Kshukskoye fields with a combined capacity of 145 MW and booster compressor stations at the Bovanenkovskoye field with a combined capacity of 128 MW
	105 new gas production wells in Russia
Oil and gas condensate production	740 new oil production wells in Russia
Gas transportation	One 100 MW compressor station at the Ukhta–Torzhok 2 trunk gas pipeline and 176 MW of compressor capacity at the Bovanenkovo–Ukhta and Urengoy–Novopskov trunk gas pipelines
	1,118.0 km of trunk and branch gas pipelines, including 88.4 km of branch pipelines as part of gas supply and infrastructure expansion in Russian regions
Gas storage	0.06 bcm of working gas capacity at the Kanchurinsko-Musinsky UGS complex
Processing/refining	A Euro+ combined oil refining unit at the Moscow Refinery
	A deep conversion complex at the Pančevo Refinery (Serbia)
	A hydrogen production unit at Gazprom neftekhim Salavat's refinery
	A 3.5 km jumper between the gas condensate pipeline from Blocks 1A and 2A of the Urengoy field to the stabilisation unit under construction for Achimov deposit condensate from the Nadym-Pur-Taz region
	A feed gas treatment system in Shop No. 8 of the Sosnogorsk GPP and an oil separator at Shop No. 2 of the Support Service and Specialised Vehicles Department of the Orenburg GPP (as part of the tank truck cleaning system) following revamps
	A marketable product drying module for the propane fraction methanol removal unit at the Surgut Condensate Stabilisation Plant
Electricity and heat generation and sales	Hydropower unit of Verkhnetulomskaya HPP-12 (PAO TGC-1) after an 8MW expansion



### Gazprom Group's refineries commission new refining complexes

The Moscow Refinery commissioned the first combined refining unit in Russia, Euro+, with a capacity of 6 mm tonnes per year. This unit will increase the yield of motor gasoline by 15%, diesel fuel by 40%, and jet fuel by 100%. The unique unit encompasses the complete cycle from crude oil distillation to production of motor gasoline, diesel and jet fuel blendstocks. Euro+ will replace five older-generation units (built in the mid-20th century) and, with higher output, will reduce negative environmental impacts by 11%.

The Pančevo Refinery in Serbia commissioned a deep conversion complex using delayed coking of vacuum residue to improve conversion rate to 99.2%, eliminate fuel oil production, increase motor fuel output and, for the first time in Serbia, begin producing petroleum coke, much needed in metallurgy and construction, but previously only available by import.



### Investment priorities for 2021

- In gas production – production drilling and field infrastructure construction at the Kovyktinskoye, Chayandinskoye and Kharasaveyskoye fields; production drilling and field infrastructure expansion at the Bovanenkovskoye field, the second pilot block of the Achimov deposits at the Urengoyskoye field; field infrastructure expansion on the Pestsovoye block of the Urengoyskoye field, field infrastructure expansion of the Kirinskoye field, and production drilling at the Yuzhno-Kirinskoye field
- In oil and gas condensate production – field facility construction and production drilling to develop the oil rims of the Chayandinskoye and Pestsovoye fields; development of Alexander Zhagrin, Tazovskoye, Novoportovskoye and Pirazlomnoye fields; investment projects at the conventional assets of Gazprom Neft
- In gas transportation – continued construction of the Power of Siberia trunk pipeline, Sakhalin–Khabarovsk–Vladivostok
- In gas storage – infrastructure upgrade at the Elshano-Kurdyumskoye and Peschano-Umetskoye UGSFs, and equipment replacement at the Shchelkovskoye UGSF
- In hydrocarbon processing/refining – the Amur GPP construction, construction of the LNG production, storage and shipping complex near the Portovaya CS, construction of a catalytic cracking complex and supporting projects (construction of an industrial sulphur production unit, upgrade of a vacuum gas oil hydrotreater) at the Gazprom neftekhim Salavat Refinery, and projects to improve conversion rate at the Omsk and Moscow Refineries
- In gas supplies – gas infrastructure expansion in Russian regions
- In power and heat generation and sale – completing construction of Svobodnenskaya TPP and Pančevo CHPP (Serbia); upgrade of Gazprom Energoholding's existing generating equipment; improving the reliability and safety of main and auxiliary power generating equipment



For more details on Gazprom Group's key projects,  
see [Gazprom in Figures 2016–2020 Factbook](#)

# Long-Term Development Programme

PJSC Gazprom's Long-Term Development Programme is a key tool for the Company's longer-term planning.

Its purpose is to provide a comprehensive integrated plan ensuring the Company's balanced and successful growth, achievement of SPTs, and maximisation of systemic economic benefits based on risk and opportunity analysis.

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

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

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

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

**The Company's Long-Term Development Programme was supplemented with new sections on gas distribution pipeline expansion and gas supply to Russian regions, reduction of GHG emissions, and low-carbon development.**

Russian Government Directives No. 4955p-P13 dated 17 July 2014 provide for audits covering the progress on the Long-Term Development Programme.

In line with the Standard for Conducting a Progress Audit of PJSC Gazprom's Long-Term Development Programme, proposals for implementing the auditor's recommendations are submitted to the Ministry of Energy of the Russian Federation after a preliminary approval by PJSC Gazprom's Board of Directors. The proposals are incorporated in the Long-Term Development Programme when it is updated during the following planning cycles.



## Progress Audit of the Long-Term Development Programme of PJSC Gazprom

In 2020, a progress audit of PJSC Gazprom's Long-Term Development Programme (for 2019–2028, covering the gas business) was conducted by OOO FBK.

The audit (Audit Report No. 3485, dated 25 November 2020) found that PJSC Gazprom's current internal performance monitoring and reporting system and the relevant document flow could be considered effective and enabling the provision of reliable information about the progress on the Long-Term Development Programme. Completed procedures and identified evidence did not provide any grounds to believe that the result metrics of the PJSC Gazprom's Long-Term Development Programme (Gas Business, 2019–2028) for the year that ended on 31 December 2019 have any misrepresentations materially affecting the validity thereof. Proposals for implementing the auditor's recommendations produced following the progress audit of PJSC Gazprom's Long-Term Development Programme for 2019 were approved by Resolution of PJSC Gazprom's Board of Directors No. 3546 dated 5 March 2021.



For more details on the 2020 activities aimed at implementing the Long-Term Development Programme and their timelines, see the [Development Strategy By Business Type](#) and [Capex Programmes](#) sections

# Performance Results

## **Operations and Marketing** 90

Exploration and Production 90

Transportation and Underground Storage 100

Gas Distribution, Gas Infrastructure Expansion  
and NGV Fuel Markets 106

Hydrocarbon Processing and Petrochemicals 111

Power Generation 117

Marketing 121

## **Innovations and Import Substitution** 130

Innovations 130

Import Substitution 136

## **Financial Performance** 139

## Exploration and Production

As the global leader by gas reserves and production, Gazprom is successfully developing its mineral resource base. Growth in gas reserves coming from exploration has been far ahead of production over the last 16 years. The Bovanenkovskoye and Kharasaveyskoye fields of the Yamal gas production hub have unique reserves that will last over 100 years.

With its vast resource potential, Gazprom Group is an unrivalled leader among Russian and foreign energy companies in terms of gas reserves and production volumes. Since 2005, the Company's gas reserve replacement consistently remains at levels exceeding its gas production volumes. Most of Gazprom's annual reserve additions in Russia come from exploration.

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

According to DeGolyer and MacNaughton, Gazprom Group's proved and probable PRMS reserves as at 31 December 2020 were 24,521.0 bcm of natural gas, 1,110.2 mm tonnes of gas condensate, and 1,403.2 mm tonnes of oil, including share in the reserves of entities in which Gazprom has investments classified as joint operations (20.0 bcm of natural gas and 149.0 mm tonnes of oil).



### Proved and probable PRMS hydrocarbon reserves of Gazprom Group (including share in the reserves of entities in which Gazprom has investments classified as joint operations)

	As at 31 December 2019	As at 31 December 2020
Natural gas, bcm	24,395.5	24,521.0
including proved reserves	17,715.1	17,475.4
Gas condensate, mm tonnes	1,063.2	1,110.2
including proved reserves	730.2	750.8
Oil, mm tonnes	1,374.8	1,403.2
including proved reserves	707.5	699.8
Total, bn boe*	177.1	178.5
including proved reserves	126.1	124.7

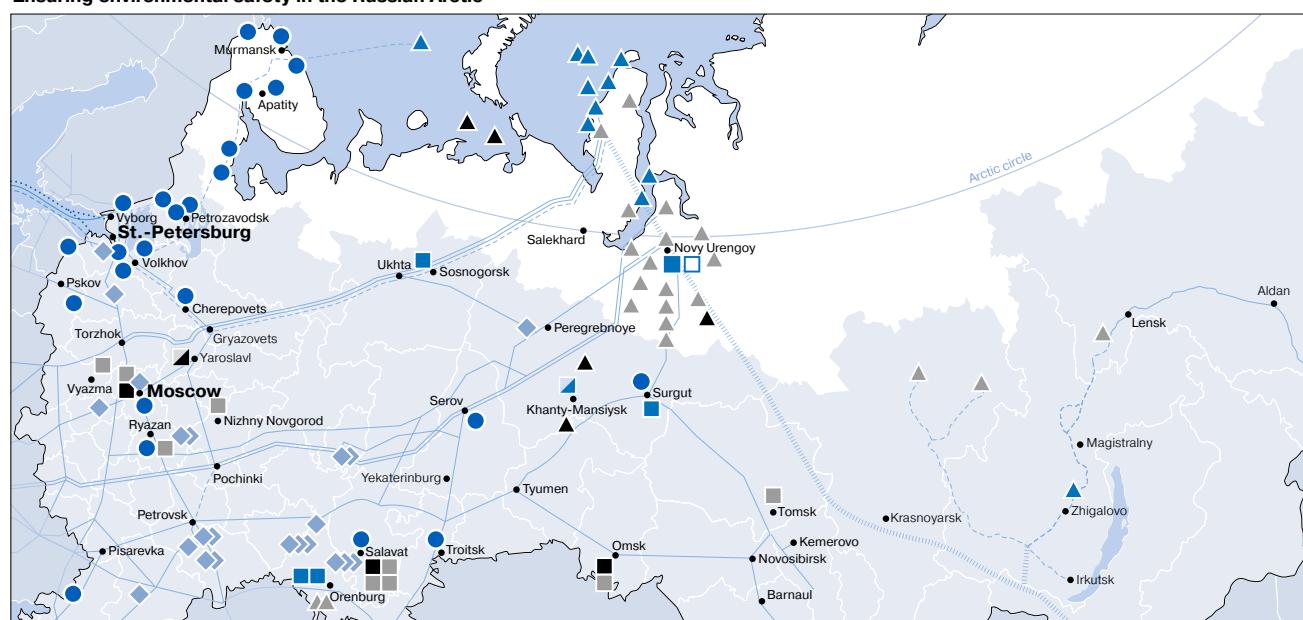
\* For management accounting purposes, Gazprom Group measures hydrocarbon reserves and production in metric units. In this Annual Report, gas reserves are converted from metric units to barrels of oil equivalent at a ratio of 1,000 cu m to 6.49 boe.



The relevant conversion ratios are provided in the [Glossary](#) section



### Ensuring environmental safety in the Russian Arctic



#### Gazprom Group's largest fields

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

#### Gazprom Group's major trunk gas pipelines

- Existing gas pipelines
- - - Gas pipelines under construction and projected gas pipelines
- > Projected supply routes

#### Gazprom Group's existing refining/processing, gas chemical and petrochemical assets

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

#### Gazprom Group's power generation facilities

- Existing facilities
- ◆ Existing UGSFs
- Novy Urengoy Gas Chemical Complex

Gazprom Group has significant hydrocarbon reserves in the Russian Arctic – 78% of total natural gas reserves and 51% of total gas condensate and oil reserves as at 31 December 2020. In 2020, the share of Arctic fields in the total hydrocarbon production output by Gazprom totalled 92% for natural gas and 44% for oil.

In addition, the Arctic zone accounts for about 8% of the length of trunk and branch gas pipelines operated by Gazprom's gas transportation subsidiaries in Russia. In this regard, ensuring environmental safety in the Russian Arctic is one of Gazprom's priorities.

When operating on the Russian continental shelf and in the Russian Arctic, Gazprom guarantees compliance with environmental safety standards and requirements. The Group also takes measures to prevent permafrost thawing in the Arctic and implements APG utilisation projects. To ensure industrial safety, thermal stabilisation solutions are envisaged to build permafrost foundation soils with the necessary mechanical properties for the entire period of construction and operation of facilities.

The Company constitutes implementing its corporate programme for adapting the production activities of Gazprom to the changing climatic and geocryological conditions. To preserve biodiversity and protected Arctic species as well as to ensure operational safety, the Company implements a range of measures, such as establishing shipping corridors and speed restrictions for vessels, determining safe distances from marine mammals and requiring the presence of lookouts on board

to mitigate the risk of possible collision. The Company also ensures its environmental risks. In addition, the Company is drafting related corporate standards and participates in the preparation of international standards as part of the ISO/TC 67/SC 8 Arctic operations committee of the International Organisation for Standardisation (ISO).

A number of environmental initiatives are also underway, including:

- comprehensive research and expeditions to explore and preserve the Arctic nature
- involvement in the assessment and remediation of accumulated environmental damage under Russia's Arctic Strategy.

**Note.** The definition of the Arctic zone of the Russian Federation is provided in Federal Law No. 193-FZ On Government Support for Business Activities in the Arctic Zone of the Russian Federation, dated 13 July 2020. The reserves and output of the fields in the Arctic zone are accounted for in line with Federal State Statistical Monitoring Form No. 6-gr for 2020 completed by Gazprom Group entities holding subsoil use licences.

For more details on Gazprom Group's environmental safety initiatives in the Russian Arctic, see PJSC Gazprom Environmental Report 2020

→ [www.gazprom.com](http://www.gazprom.com)



Most of Gazprom Group's projects have been audited, totalling 92.0% of gas reserves, 94.7% of condensate reserves and 95.8% of oil reserves in A+B<sub>1</sub>+C<sub>1</sub> reserve categories.

Proved and probable gas reserves increased due to an updated geological model and new development projects at the Antipayutinskoye, Srednetyungskoye, Orenburgskoye, Pestsovoye (Jurassic and Achimov deposits) and Kruzenshternskoye fields. In addition, the new Khambateiskoye gas condensate field was brought into the audit scope, and production drilling and further exploration of the Zapadno-Chatylkinskoye and Alexander Zhagrin oil fields were continued.

## Operations in Russia

### Mineral Resource Base

As at 31 December 2020, Gazprom Group's A+B<sub>1</sub>+C<sub>1</sub> hydrocarbon reserves in Russia were 33,574.51 bcm of natural gas, 1,494.40 mm tonnes of gas condensate and 2,023.75 mm tonnes of oil, including the share in the reserves of entities in which Gazprom Group has investments classified as joint operations – 20.88 bcm of gas, 2.15 mm tonnes of gas condensate and 186.53 mm tonnes of oil. Gazprom Group's A+B<sub>1</sub>+C<sub>1</sub> hydrocarbon reserves total 244.96 bboe.

**70%**

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



### Subsoil licence portfolio as at 31 December 2020

#### Gazprom Group

317	licences for geological surveying, exploration and production of hydrocarbons
582.5 thousand square km	total area of licence blocks
Entities in which Gazprom has investments classified as joint operations	
37	licences for geological surveying, exploration and production of hydrocarbons
23.7 thousand square km	total area of licence blocks



### Subsoil licences obtained via auctions

As a result of auctions held in 2019, in 2020 Gazprom Group obtained three hydrocarbon prospecting, exploration and production licences for the Sopochny (Yamal-Nenets Autonomous Area), Khambateisky (Yamal-Nenets Autonomous Area and the Gulf of Ob in the Kara Sea) and Severo-Yamburgsky (Yamal-Nenets Autonomous Area) areas for a total value of RUB 20.4 billion.

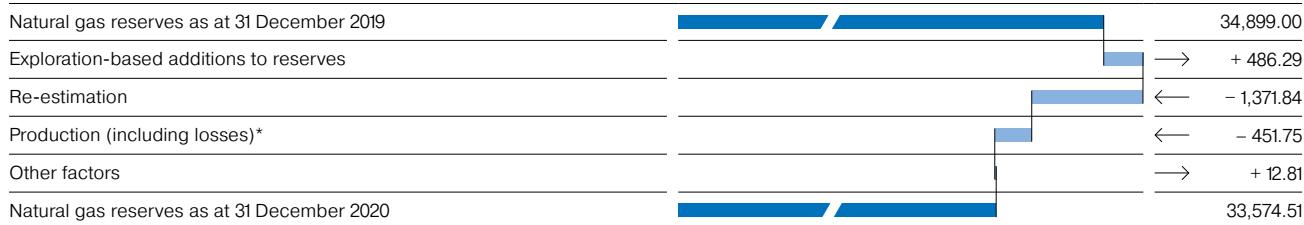
The Sopochny licence area is located close to Gazprom Group's high-potential fields in the Gulf of Ob and the Taz Estuary and is estimated by the Company to have a vast resource potential. The acquisition of the Severo-Yamburgsky licence block will allow Gazprom Neft to expand its project for the development of the Achimov oil deposits at the Yamburgskoye field.



For more details on Gazprom Group's licences for major hydrocarbon fields and licensing activities see [Gazprom in Figures 2016–2020 Factbook](#)



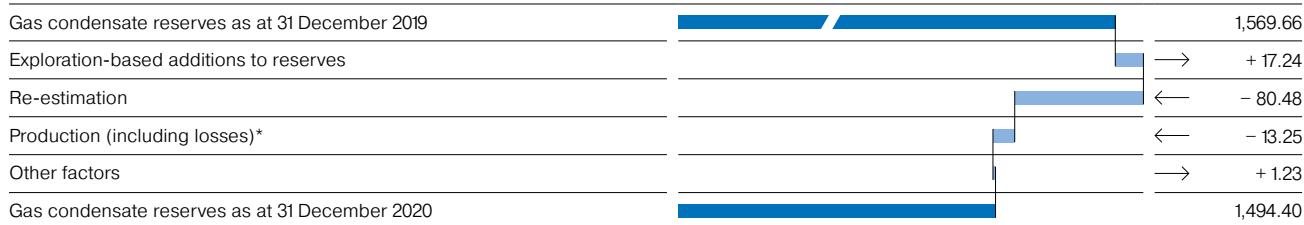
### Factors behind the changes in A+B<sub>1</sub>+C<sub>1</sub> hydrocarbon reserves in 2020 bcm



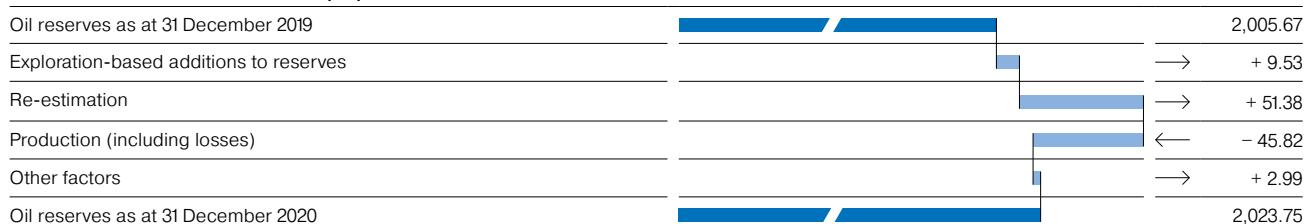
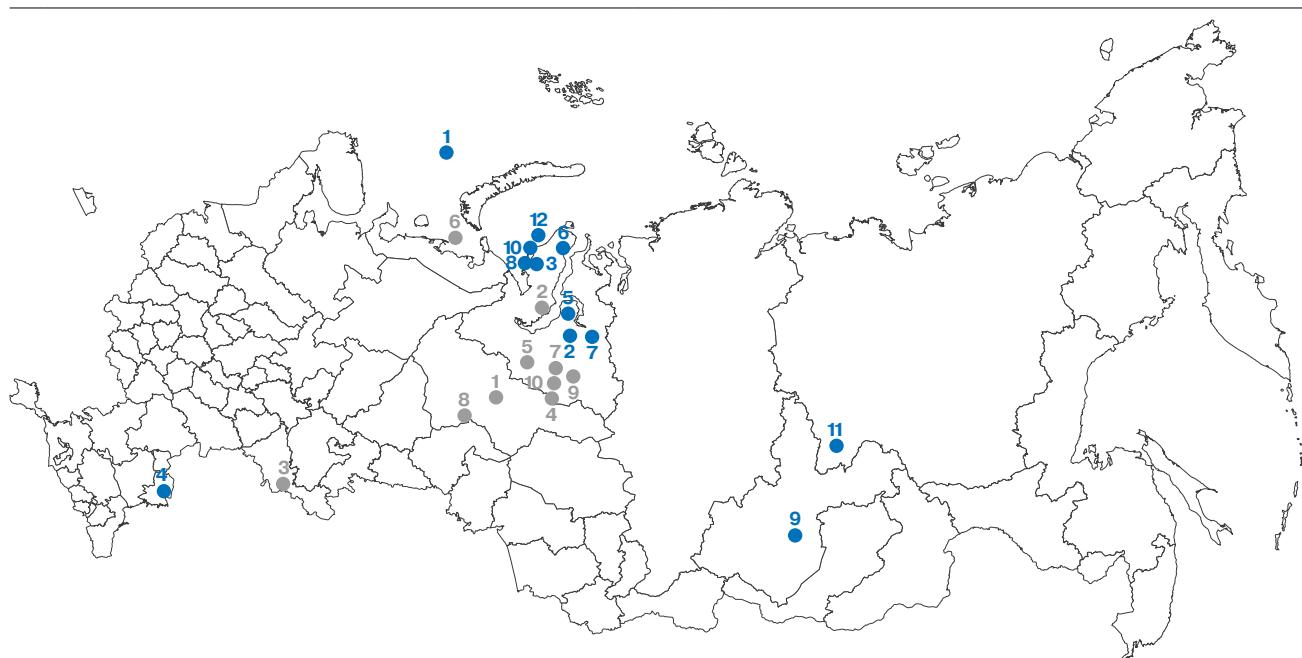
\* Excluding dissolved gas.



### Factors behind the changes in A+B<sub>1</sub>+C<sub>1</sub> gas condensate reserves in 2020, mm tonnes



\* Any production-driven changes in gas condensate reserves are recognised following conversion into stable gas condensate (C<sub>5+</sub>). In 2020, Gazprom Group produced 16.25 mm tonnes of unstable gas condensate.

**Factors behind the changes in A+B<sub>i</sub>+C<sub>i</sub> oil reserves in 2020, mm tonnes****Gazprom Group's fields in Russia with the largest reserves of natural gas and oil**

● The largest fields by natural gas reserves

- 1** Shtokmanovskoye
- 2** Urengoyskoye
- 3** Bovanenkovskoye
- 4** Astrakhanskoye
- 5** Yamburgskoye
- 6** Tambeyskoye
- 7** Zapolyarnoye
- 8** Kruzenshternskoye
- 9** Kovyktinskoye
- 10** Kharasaveyskoye
- 11** Chayandinskoye
- 12** Leningradskoye

● The largest fields by oil reserves

- 1** Priobskoye (southern part)
- 2** Novoportovskoye
- 3** Orenburgskoye
- 4** Vygapurovskoye
- 5** Sutorminskoye
- 6** Prirazlomnoye
- 7** Vngayakhinskoye
- 8** Alexander Zhagrin
- 9** Ety-Purovskoye
- 10** Novogodnaya

**Note.** The map shows Gazprom Group's hydrocarbon fields (excluding entities in which Gazprom has investments classified as joint operations) with combined A+B<sub>i</sub>+C<sub>i</sub> reserves accounting for over 70% of natural gas and over 50% of oil as at 31 December 2020.

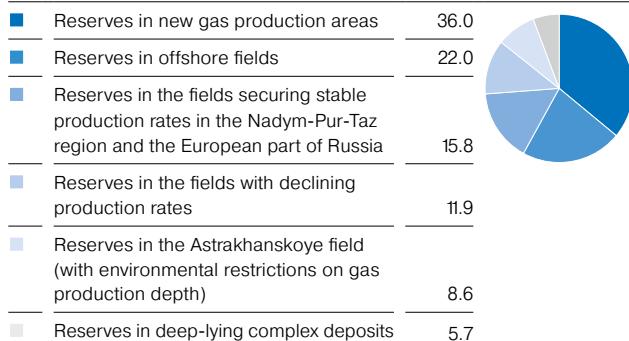
More than half of the Gazprom Group's natural gas reserves are concentrated in the new rapidly developing gas production regions, as well as in stable production fields in the well explored Nadym-Pur-Taz region and the European part of Russia.

Gazprom leverages the high quality of its resource base to maintain low exploration costs. The cost of replacing explored reserves averages some RUB 30 per boe.

The Group's share in A+B<sub>1</sub>+C<sub>1</sub> hydrocarbon reserves of associates and joint ventures (including share in the reserves of OOO RusGazAlyans) as at 31 December 2020 was 1,046.23 bcm of natural gas, 110.11 mm tonnes of gas condensate and 595.69 mm tonnes of oil, which totals 12.06 bboe.



#### **Breakdown of Gazprom Group's explored gas reserves, %**



#### **Exploration**

To expand and strengthen its mineral resource base, Gazprom Group conducts a wide range of exploration activities employing advanced prospecting methods in almost every oil and gas province located onshore, on the Arctic continental shelf, and in the Okhotsk oil and gas province, and assesses the prospects of licence blocks put up for tenders and auctions for subsoil use.

5.9 thousand square km of 3D seismic data were acquired in Russia in 2020.

Exploration drilling totalled 162.0 thousand m of solid rock, and 34 oil and gas wells were completed, with 27 wells producing flow when tested.



#### **Exploration drilling for gas and oil across Gazprom Group, thousand m**



During the year, the Company used sidetracking in idle wells for further exploration of existing fields. Drilling meterage totalled 3.9 thousand m. Three wells were completed, including one production well.

#### **Most of PJSC Gazprom's annual reserve additions in Russia come from exploration.**

The Company allocated RUB 90.0 billion for its exploration programmes (inclusive of VAT). In 2020, exploration-driven additions to A+B<sub>1</sub>+C<sub>1</sub> hydrocarbon reserves in Russia totalled 486.29 bcm of natural gas, 17.24 mm tonnes of gas condensate and 9.53 mm tonnes of oil. Including additions to the reserves of companies in which Gazprom has investments classified as joint operations – 1.13 mm tonnes of oil.

The most significant growth in gas reserves was achieved at the Leningradskoye field, located continental shelf in the Kara Sea – 224.2 bcm. In the reporting year, three fields were discovered: 75 Years of Victory gas field on the Russian continental shelf in the Kara Sea, the Solhem oil field in the Khanty-Mansi Autonomous Area – Yugra, and the Tsentralno-Uranskoye oil field in the Orenburg Region, as well as 22 new deposits at the previously discovered fields in the Yamal-Nenets Autonomous Area, the Khanty-Mansi Autonomous Area – Yugra, on the Russian continental shelf in the Kara Sea and in the Tomsk Region. 75 Years of Victory field was discovered based on the results of prospecting and appraisal drilling in 2019.



#### **Green Seismic**

For exploration at its oil business assets, Gazprom Group uses an innovative proprietary seismic survey technology – Green Seismic. The technology involves the use of wireless data logging solutions installed by compact all-terrain vehicles. This approach eliminates the need to cut clearings in the forests, which used to be up to 5 m wide. 4.5 million trees were saved from felling thanks to the Green Seismic technology.

Avoiding the use of heavy vehicles significantly reduces the consumption of fuel and lubricants and the load on the soil while improving operational safety.

This technology will be further enhanced through the use of additional compact drilling rigs at forest clearings where seismic signals are initiated.

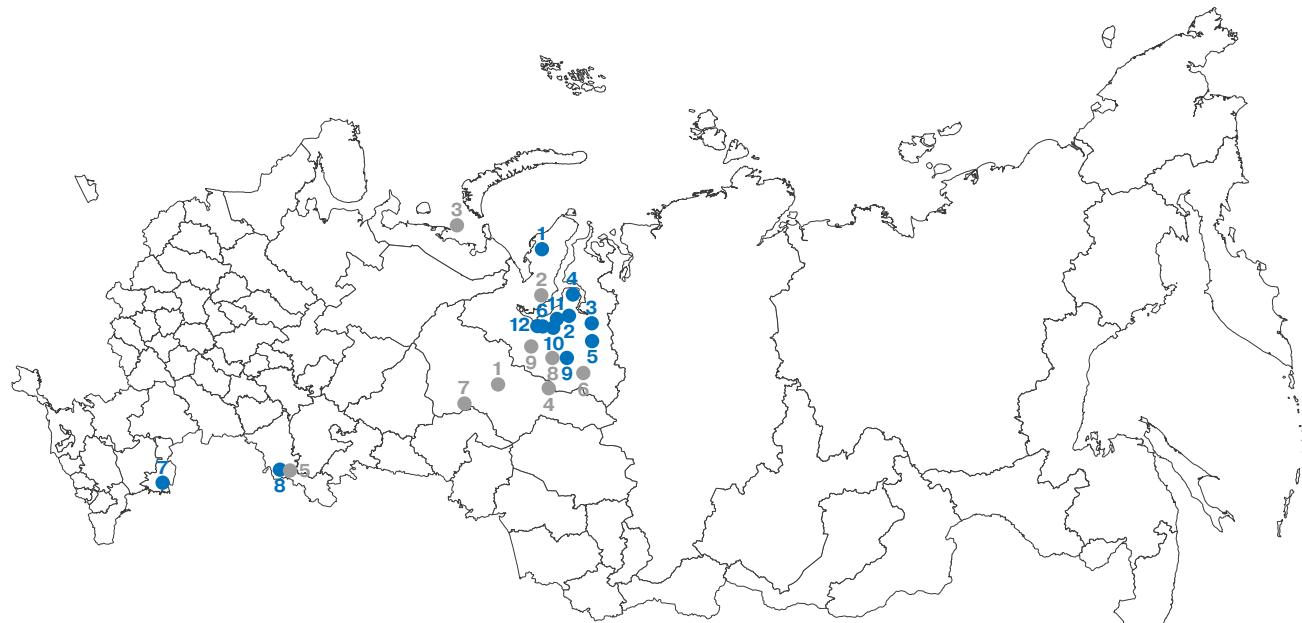
**The large 75 Years of Victory gas field discovered by the Group on the Russian continental shelf in the Kara Sea was among the world's largest discoveries of 2020.**

In addition, for entities in which Gazprom has investments classified as joint operations, exploration drilling stood at 8.1 thousand m, with three exploration wells completed, and 3D seismic was acquired on 0.7 thousand square km. Further exploration using sidetrack drilling totalled 0.6 thousand m. The Novo-Salymskoye field in the Khanty-Mansi Autonomous Area – Yugra and three deposits in the Khanty-Mansi Autonomous Area – Yugra and the Tomsk Region were discovered.

The exploration success rate in 2020 was 20.7 thousand boe per metre drilled (excluding entities in which Gazprom has investments classified as joint operations).



Gazprom Group's fields in Russia with the largest production of natural gas and oil



● The largest fields by natural gas production

- 1 Bovanenkanskoye
- 2 Urengoyskoye
- 3 Zapolyarnoye
- 4 Yamburgskoye
- 5 Yuzhno-Russkoye
- 6 Yamsoveiskoye
- 7 Astrakhanskoye
- 8 Orenburgskoye
- 9 Ety-Purovskoye
- 10 Gubkinskoye
- 11 Yubileynoye
- 12 Medvezhye

● The largest fields by oil production

- 1 Priobskoye (southern part)
- 2 Novoportovskoye
- 3 Prirazlomnoye
- 4 Vygapurovskoye
- 5 Eastern Block of the Orenburgskoye field
- 6 Zapadno-Chatylinskoye
- 7 Alexander Zhagrin
- 8 Vyngayakhinskoye
- 9 Sutorminskoye

**Note.** The map shows Gazprom Group's hydrocarbon fields (excluding entities in which Gazprom has investments classified as joint operations) with combined production accounting for over 90% and 70% of natural gas and oil production in 2020, respectively.

# 1.08

**Gazprom Group's gas reserve replacement ratio**

## Re-estimation

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

In the reporting year, recoverable gas reserves decreased by 1.38 tcm, mostly as a result of GRF revision of the Kovyktinskoye, Medvezhye, Yubileynoye, Kamennomysskoye-Sea, Orenburgskoye and Pestsovoye fields. As at 31 December 2020, Gazprom completed the GRF estimation for the fields containing 41% of Gazprom Group's total A+B+C<sub>1</sub> gas reserves. Revision of gas recovery factors for Gazprom Group's other fields in the coming years will continue have a significant impact on the size of its recoverable gas reserves.

### Field Developments

By continuing its major investment projects, Gazprom Group is creating new production hubs to achieve its hydrocarbon production targets. The Group adapts its gas and oil production to the situation in the energy market to achieve the best results.



### Gazprom Group's hydrocarbon production assets in Russia as at 31 December 2020

Gazprom Group	
147	fields in commercial development
7,494	active gas production wells
8,519	active oil production wells
Entities in which Gazprom has investments classified as joint operations	
39	fields in commercial development

In 2020, Gazprom Group produced 454.51 bcm of natural and associated gas. Maximum daily production of gas in the autumn and winter of 2019/2020 reached 1,514.1 mmcm.



### Maximum daily gas production in the autumn and winter seasons, mmcm

2017/2018	2018/2019	2019/2020
1,512.6	1,538.6	1,514.1

Gazprom Group's gas production declined during the year mainly due to reduced demand for gas in Russia and European far abroad countries amid the pandemic and related restrictions, as well as due to warm weather in key sales markets in Q1 2020. In 2020, however, the Group continued actively developing the Cenomanian-Aptian deposits at the Bovanenkanskoye field as well as the Chayandinskoye field to support export supplies to China via the Power of Siberia gas pipeline, while also consistently focusing on improving Gazprom Group's APG utilisation rate.



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

Gazprom Group, including the share in production volumes of entities in which Gazprom has investments classified as joint operations	
2018	498.68
	1.08
2019	501.22
	1.08
2020	454.51
	0.97
Total	
Gazprom Group's share in the production volumes of entities in which Gazprom has investments classified as joint operations	
Change 2020/2019	– 9.3%
Gazprom Group's equity share of production from associates and joint ventures	
2018	26.92
2019	26.86
2020	28.36
Change 2020/2019	5.6%



### Gas production from the Bovanenkanskoye field, bcm

2018	
87.45	
2019	96.28
2020	99.25
Change 2020/2019	3.1%



### Gas production from the Chayandinskoye field, bcm

2018	
—	
2019	0.84
2020	4.46
Change 2020/2019	5.3 times



Information on the commissioning of hydrocarbon production capacities in the reporting year is presented in the [Capex Programmes](#) section

APG utilisation across Gazprom Group's assets in Russia (including the share in the production volumes of entities in which the Group has investments classified as joint operations) increased to 92.0% during the year (90.1% in 2019) mainly as a result of improvements at Gazprom Neft facilities.



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



#### **Measures to increase the APG utilisation rates at Gazprom Neft's facilities implemented in 2020**

- On-stream efficiency of gas equipment across the Company's facilities increased to 96.5%
- Gas infrastructure of the Urmano-Archinskaya group of fields and the Vostochny Block of the Orenburgskoye field ramped up to its design capacity
- Measures to increase the gas pumping unit (GPU) capacity at the comprehensive gas treatment unit (CGTU) of the Novoportovskoye field

Revamps and retrofits of gas production facilities are carried out under comprehensive programmes to ensure reliable, safe and cost-efficient operation of Gazprom Group's gas production assets and maintain target gas production levels, including fields in the declining production phase. In 2020, activities under such programmes covered the Yamburgskoye, Zapolarnoye, Urengoyskoye, Bovanenkovskoye, Medvezhye, Yubileynoye, Yamsoveiskoye, Zapadno-Tarkosalinskoye, Komsomolskoye, Orenburgskoye, Astrakhanskoye and Vyngayakhinskoye oil and gas fields. The Group allocated over RUB 14.0 billion (inclusive of VAT) to fund these programmes.

The increase in gas production by associates and joint ventures was mainly driven by higher gas production at the fields operated by AO Arcticgas due to commissioning new production wells, natural gas and APG production by Sakhalin Energy and APG production at the Vostochno-Messoyakhskoye field operated by AO Messoyakhneftegas as a result of commissioning the infrastructure for gas treatment, transportation and injection into a temporary UGSF with a capacity of 1.5 bcm of APG per year.

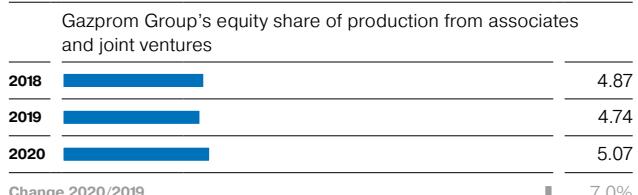
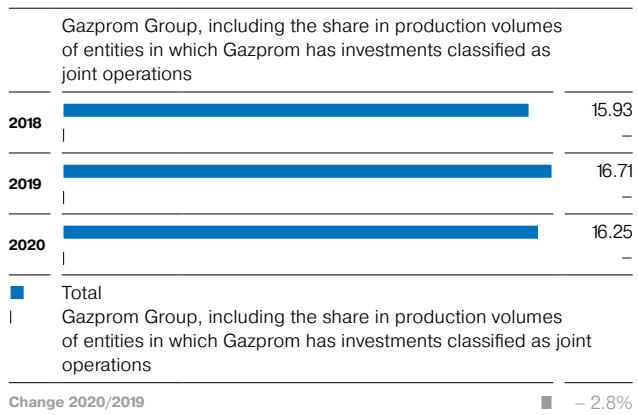
Gazprom Group produced 16.25 mm tonnes of gas condensate in 2020.

The decrease in Gazprom Group's gas condensate production was mainly due to lower natural gas production volumes. The increase in gas condensate production by associates and joint ventures was largely driven by Sakhalin Energy, which built up its natural gas production during the year.

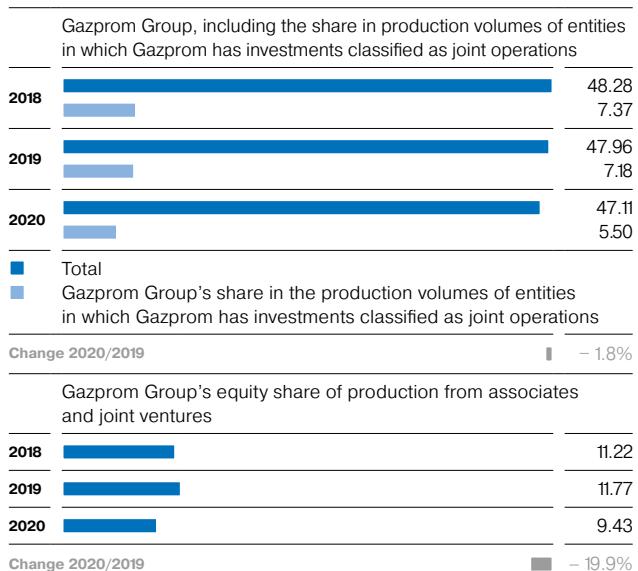
Oil production in 2020 was 47.11 mm tonnes of oil, including 38.88 mm tonnes produced by Gazprom Neft Group.



#### **Gas condensate production by Gazprom Group in the Russian Federation, mm tonnes**



#### **Oil production by Gazprom Group in the Russian Federation, mm tonnes**



**Gazprom Neft has a complete skillset, a wealth of experience and technologies for developing complex reserves.**

The decrease in Gazprom Group's oil production was caused by restrictions under the OPEC+ agreement.

Field facilities commissioned in 2019 at the oil rim of the Chayandinskoye field support an increase in oil production at the field. The launch of mobile treatment units helped boost oil production at oil rims of the Yen-Yakhinskoye, Zapadno-Tarkosalynskoye and Pestsovoye fields of the Nadym-Pur-Taz region. In 2020, the output of these facilities totalled 1.47 mm tonnes of oil (0.23 mm tonnes of oil in 2019). OOO Gazpromneft-Zapolyarye is the project's operator acting under long-term risk-based operatorship (farm-out) agreements with PJSC Gazprom and its gas production subsidiaries.

During the year, Gazprom Neft set up a number of new joint ventures to develop resources of various categories at high-potential oil and gas fields: with Royal Dutch Shell to explore and develop the Leskinsky and Pukhutsyayakhsky licence blocks on the Gydan Peninsula as part of the Yenisei project (Gazprom Neft's share – 50%); with PAO LUKOIL and PAO TATNEFT to explore and produce hard-to-recover hydrocarbon reserves in the Savitsky and Zhuravlevsky licence blocks in the Orenburg Region (Gazprom Neft's share – 33%); with AO Zarubezhneft to develop and pilot hard-to-recover oil production technologies as part of the development of Salym projects in the Khanty-Mansi Autonomous Area – Yugra (Gazprom Neft's share – 51%).



For more details on Gazprom Group's priority field developments in the Russian Federation see the [Strategy](#) section and [Gazprom in Figures 2016–2020 Factbook](#)

The decrease in crude oil production by associates and joint ventures was due to production cuts under the OPEC+ agreement.



For more details on the application of new development technologies see the [Innovations and Import Substitution](#) section

## Operations outside Russia

Gazprom Group's core activities in other countries are exploration and production of oil and gas fields, oilfield services, search for, and acquisition of, new oil and gas assets in key regions of the world.

In 2020, Gazprom Group continued exploration activities in Algeria (the El Assel project), Bolivia (the Azero project) and Vietnam (Block 112; Blocks 129–132), as well as in Serbia and Romania (NIS projects).

Exploration campaigns conducted by Gazprom Group on the Group-operated projects were mostly concentrated in Serbia. Exploration drilling totalled 8.8 thousand m, with four exploration wells completed (all of them flowing).

Under the Agreement of Strategic Cooperation between PJSC Gazprom and AO Uzbekneftegaz, exploration activities continued on four investment blocks in the Republic of Uzbekistan.

Gazprom Group spent RUB 3.1 billion in 2020 on exploration projects outside Russia (inclusive of VAT).

Gazprom Group has stakes in a number of oil and gas projects at the production stage. In terms of natural gas production, the largest of them include the projects to develop the Moc Tinh and Hai Thach fields in the South China Sea offshore in Vietnam (Gazprom Group interest 49%), and the Incahuasi field within the Ipati and Aquio blocks in Bolivia (Gazprom Group interest 20%). The Badra field development project in Iraq (Gazprom Group interest 30%) and the Sarqala field (Gazprom Group interest 45%) located within the Garmian block in Iraq (Kurdistan) are the largest by production of oil.

In February 2020, the Sillimanite field in the British and Dutch sectors of the North Sea was commissioned (with Gazprom Group direct interest at 19.9%).

Gazprom's subsidiary NIS (Serbia) produces hydrocarbons mostly in Serbia, as well as in Angola, Bosnia and Herzegovina, and in Romania. In addition, the Group holds 49% in its associate Wintershall AG, which produces oil in Libya, and 50% in Wintershall Noordzee, a joint venture that explores and produces hydrocarbons in the British, Danish and Dutch sectors of the North Sea.

The increase in natural and associated gas production by Gazprom Group outside Russia during the year was due to higher production at the Incahuasi field in Bolivia and production startup at the Sillimanite field in the North Sea. In accordance with Bolivian laws, all hydrocarbons produced at the Incahuasi field are marketed by YPFB, a state-owned company, while Gazprom Group receives remuneration for its production services.

The decrease in production of crude oil and gas condensate was due to lower production at the Badra field in Iraq.

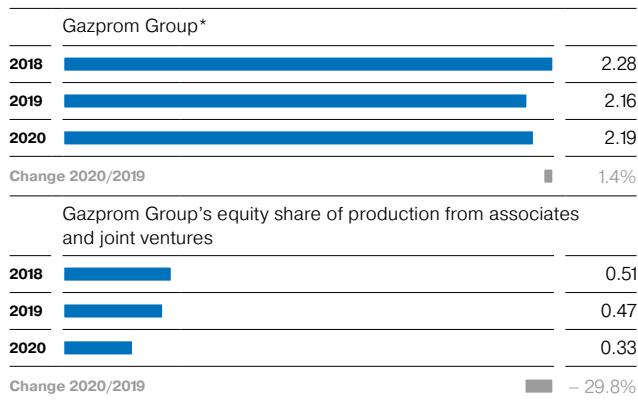
The decline in hydrocarbon production by associates and joint ventures is largely due to the weaker performance of Wintershall AG, which in 2020 still faces challenges due to the ongoing political crisis in Libya, resulting in limited oil production and exports. Following the signing of the exploration and production sharing agreements for areas 91 (previously concession C96) and 107 (previously concession C97) in Libya between Wintershall AG and Libyan National Oil Corporation, Sarir Oil Operations B.V. was engaged as a joint operator for these contracted areas.



For more details on Gazprom Group's prospecting and exploration projects and on performance of associates and joint ventures outside Russia see *Gazprom in Figures 2016–2020 Factbook*



#### Gazprom Group's natural and associated gas production outside Russia, bcm



\* Including hydrocarbon production by NIS (Gazprom's Serbian subsidiary), as well as production by international projects involving Gazprom Group (to the extent of Gazprom Group's share).



#### Natural gas production from the Incahuasi field in Bolivia, bcm



**Note.** Total production figures are given for the project, without separating the share attributable to Gazprom Group.

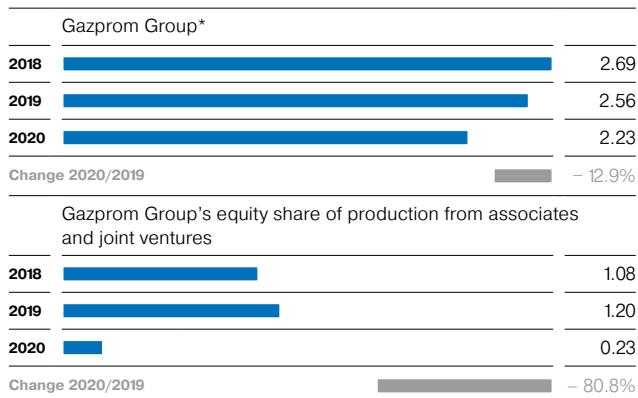
In 2020, the Group continued to focus on exploring opportunities for participation in new oil and gas projects.

Under the Agreement of Strategic Cooperation with YPFB, PJSC Gazprom is focusing on assessing the feasibility of its involvement in the development of the Vitiacua area in Bolivia. When selecting foreign projects for implementation, Gazprom Group is guided by its target rate of return.

In oil business, Gazprom's targeted regions include the Balkan Peninsula (Serbia, Romania, Bosnia and Herzegovina) and the Middle East.



#### Production of crude oil and gas condensate by Gazprom Group outside Russia, mm tonnes



\* Including hydrocarbon production by NIS (Gazprom's Serbian subsidiary), as well as production by international projects involving Gazprom Group (to the extent of Gazprom Group's share).

## Transportation and Underground Storage

Gazprom is a reliable gas supplier to consumers, actively engaged in developing the existing gas transportation infrastructure and building highly efficient advanced trunk gas pipelines. The increased utilisation of the Power of Siberia and TurkStream gas pipelines in 2020 demonstrated that these new routes are in high demand.

### Gas Transportation in Russia

Gazprom relies on the globally unique Unified Gas Supply System (UGSS) of Russia in transporting gas for export and to supply the needs of Russian consumers.

The UGSS of Russia is a centrally operated system of natural gas production, processing, treatment, transportation and storage. The UGSS incorporates the world's longest network of high-pressure trunk pipelines covering European Russia and Western Siberia. In addition, the Group owns trunk gas pipelines in the Russian Far East: the Power of Siberia, Sakhalin–Khabarovsk–Vladivostok, and Sobolevo–Petropavlosk–Kamchatsky pipelines. PJSC Gazprom's gas transportation subsidiaries also operate and maintain trunk gas pipelines (mainly branch pipelines) owned by organisations outside Gazprom Group. As at 31 December 2020, the combined length of trunk and branch gas pipelines operated by the Group's gas transportation subsidiaries in Russia totalled 176.8 thousand km.



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

2018		172.6
2019		175.2
2020		176.8
Change 2020/2019		0.9%

During 2020, a total 625.02 bcm of gas were supplied into Gazprom's GTS in Russia. The decrease from the previous year was driven by the natural gas demand dynamics in Russia and abroad.

In December 2019, Gazprom started Russian pipeline gas supplies to China via the Power of Siberia trunk gas pipeline. A total of 4.10 bcm of natural gas was supplied via the pipeline in 2020 (0.33 bcm in 2019).

**Gas supplies into the Gazprom's GTS in Russia, bcm****Gas consumption for own operational needs of the GTS, bcm****Gas transportation services to non-Group companies via Gazprom's GTS in Russia**

	2018	2019	2020	Change 2020/2019
Gas transported, bcm	136.42	132.12	129.01	- 2.4%
including Russian gas	128.27	124.33	121.30	- 2.4%
Companies serviced	25	22	20	- 9.1%

**Inline inspections to diagnose the GTS in Russia, thousand km**

rub **935** million

**economic effect from the implementation of the GTS Operability and Integrity Management System**

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

Lower gas throughput via Gazprom's GTS in Russia by companies outside Gazprom Group was mainly due to a decrease in gas consumption in the Russian market.

Gazprom's GTS, which is unique in its size and quality parameters, ensures highly reliable gas supplies for consumers in Russia and abroad. To secure reliable gas supplies Gazprom Group is focused on the continuous

development of the GTS – building new, hi-tech gas pipelines and renovating, upgrading, and retrofitting the existing pipeline capacity, as well as implementing a programme to decommission excess gas transportation capacity. The GTS Operability and Integrity Management System was incorporated in PJSC Gazprom's production activities to ensure the reliable and safe operation of GTS facilities. In the reporting year, a number of mid-term production programmes for pipeline diagnostics and overhaul were developed within the system, and the register of technologies and inline tools complying with PJSC Gazprom's requirements was updated.

Activities ensuring the reliability and safety of linear sections of trunk gas pipelines (overhauls and scheduled maintenance) are planned and carried out depending on the technical condition and operating risks of the respective facilities. Reduced overhauls of trunk gas pipelines in 2020 were due to cost optimisation subject to budget constraints.

**GTS overhauls in Russia, km**

As at 31 December 2020, 117.9 thousand km out of the total length of the linear section of trunk gas pipelines had been operating for more than 30 years, including 55.1 thousand km – for 40 and more years. Following inline inspections, selective repairs were carried out in 2020 to eliminate critical defects in line sections with a total length of 24.1 thousand km.

**Frequency of accidents at linear sections of trunk gas pipelines, accidents per 1,000 km**

Accident rates for linear sections of trunk gas pipelines tended to decrease over the last 10 years.



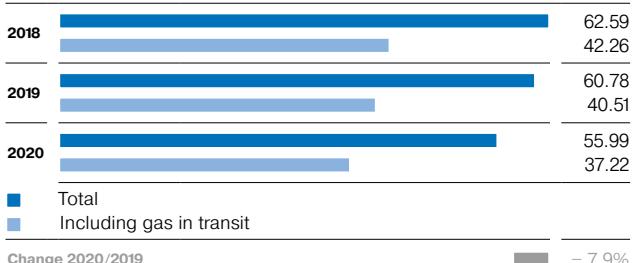
For more details on the diagnostics and overhauls of trunk gas pipelines in Russia and on the number of GTS accidents and technical faults see [Gazprom in Figures 2016–2020 Factbook](#)

**Transportation of Gas outside Russia**

Gazprom Group companies own the gas transportation systems in Belarus (OAO Gazprom transgaz Belarus), Armenia (ZAO Gazprom Armenia) and Kyrgyzstan (OsOO Gazprom Kyrgyzstan), ensuring supplies of natural gas to consumers in these countries.

The trunk gas pipelines owned and operated by OAO Gazprom transgaz Belarus, the Group's core gas transportation asset outside Russia, also carry transit supplies of Russian natural gas to Russia's Kaliningrad Region, Lithuania and Poland. Daily requests by PJSC Gazprom to transport Russian natural gas through Belarus were satisfied in full during 2020.

**The annual volume of gas transported through the Nord Stream gas pipeline reached a historic high since commissioning.**

**Gas injected into Belarus' GTS, bcm**

To ensure the reliability and safety of gas transportation, foreign gas transportation subsidiaries of the Group run inline inspections, corrosion diagnostics and overhauls.

Nord Stream (operated by joint venture Nord Stream AG) and Blue Stream (operated by Blue Stream Pipeline Company B.V., which is included in the list of entities in which Gazprom has investments classified as joint operations), offshore cross-border pipeline systems constructed with Gazprom's involvement, secure gas supplies to consumers in Northwest and Central Europe, as well as in Turkey.



For details on key gas export routes of PJSC Gazprom see the [Company Information](#) section

**Gas transported through the Nord Stream gas pipeline, bcm**

**Note.** Gas injection into the pipeline at the Portovaya compressor station.

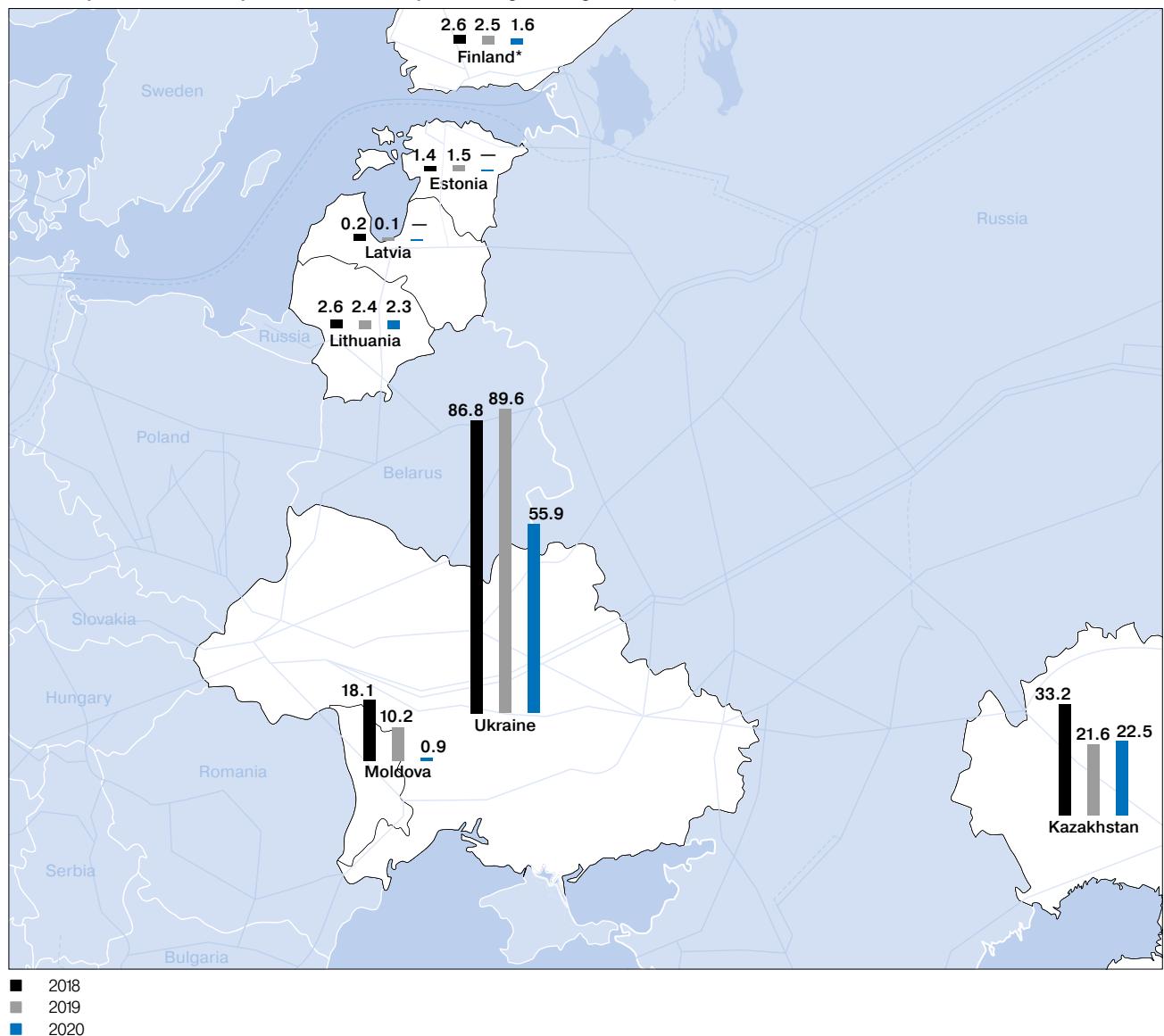
**Gas transported through the Blue Stream gas pipeline, bcm**

**Note.** Gas injection into the pipeline at the Beregovaya compressor station.

South Stream Transport B.V., a Gazprom Group subsidiary, is the owner and operator of the TurkStream trunk gas pipeline's offshore section, which is used for commercial deliveries of Russian gas from 1 January 2020. 13.51 bcm of natural gas was supplied via the pipeline in 2020. In addition to the first string to Turkey, in 2020 Russian gas was also supplied via the second string to Bulgaria, Greece, North Macedonia and Romania.



**Gas transportation services provided to PJSC Gazprom in neighbouring countries, bcm**



For more details on profiles of Gazprom Group's gas transportation infrastructure outside Russia see Gazprom in Figures 2016–2020 Factbook

Under the relevant agreements, gas transportation companies of neighbouring countries provide gas transportation services to PJSC Gazprom.

Contracts for gas transportation via Belarus and Moldova were extended in 2020.

## Underground Gas Storage in Russia

The prompt, continuous, safe, reliable and efficient operation of Russia's UGSS relies on a network of underground gas storage facilities (UGSFs). Peak and base gas storage facilities located in key gas consumption areas ensure stable operation of the UGSS, smoothing out seasonal, weekly and daily fluctuations in gas demand. The use of UGSF helps to enhance the reliability of UGSS process equipment and optimise capital intensity and process parameters of gas transmission systems. The UGSF network provides more than 20% of gas supplies to Russian and international consumers during the heating season.

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

As at 31 December 2020, the Group's UGSFs in Russia had an aggregate total gas storage capacity of 75.07 bcm. At the start of the 2020/2021 withdrawal season, the operating gas reserves in Russian UGSFs increased by 0.09 bcm from the previous withdrawal season to 72.32 bcm. The improved performance was due to the expansion and revamps of the existing gas storage facilities – the Kanchurinsky-Musinsky UGS complex, the Kasimovskoye and Punginskoye UGSFs. Maximum daily deliverability at the start of the withdrawal season remained at the record level attained in the previous 2019/2020 withdrawal season.



**Potential maximum daily deliverability of Russian UGSFs at the start of the withdrawal season, mmcm**

2018/2019	812.5
2019/2020	843.3
2020/2021	843.3



**Gas withdrawn from UGSFs in Russia, bcm**

2018	51.99
2019	40.54
2020	40.26
Change 2020/2019	- 0.7%



**Gas injected into UGSFs in Russia, bcm**

2018	49.49
2019	45.04
2020	32.80
Change 2020/2019	- 27.2%



**Gas consumption for own operational needs of UGSFs, bcm**

2018	0.56
2019	0.54
2020	0.42
Change 2020/2019	- 22.2%

## Underground Gas Storage outside Russia

To ensure reliable gas exports, Gazprom makes extensive use of gas storage facilities located in FSU and far abroad countries. In the FSU countries, Gazprom operates UGSFs in Belarus (Pribugskoye, Osipovichskoye and Mozyrskoye), and Armenia (Abovyan underground gas storage station).

**In 2020, PJSC Gazprom's participation in the share capital of AS Conexus Baltic Grid, the operator of the Inchukalinskoye UGSF and the Latvian GTS, was terminated.**



**Gazprom Group's operating gas reserves in FSU-based UGSFs at the start of the withdrawal season, bcm**

2018/2019		1.57
2019/2020		1.18
2020/2021		1.18



**Exploration of blocks in China for the purposes of UGSFs**

Pursuant to the Memorandum of Understanding in the field of underground gas storage and gas-fired power generation, PJSC Gazprom and CNPC prepared an Agreement on Exploration and Technical Study for the Construction of UGSFs. Three promising blocks in China are being considered for the purposes of underground gas storage.

In 2020, Gazprom Group injected 0.99 bcm of natural gas into FSU-based UGSFs, and withdrew a total of 0.82 bcm.

Gazprom makes extensive use of gas storage facilities located in far abroad countries: in Austria (Haidach), Germany (Jemgum, Rehden, Katharina and Etzel), Serbia (Banatski Dvor), the Czech Republic (Dambořice) and the Netherlands (Bergermeer). By the start of the 2020/2021 withdrawal season, OOO Gazprom export's aggregate working gas capacity across UGSF in far abroad European countries (including the long-term lease) amounted to 8.6 bcm with maximum daily deliverability of 136.2 mmcm.

In addition, by the start of the 2020/2021 withdrawal season, OOO Gazprom export had medium-term commercial contracts signed in 2019 for the use of UGSF capacities in Slovakia, Austria and Hungary with an aggregate working gas capacity of 2.5 bcm and a maximum daily deliverability of 18.5 mmcm.

In 2020, a total of 2.4 bcm of PJSC Gazprom's gas was injected into UGSFs in far abroad European countries under OOO Gazprom export contracts, with a total gas withdrawal of 7.3 bcm, which allowed the Company to meet its obligations to customers.

## Gas Distribution, Gas Infrastructure Expansion and NGV Fuel Markets

Gazprom's key social objective is gas supply and gas infrastructure expansion in Russian regions. In 2020, PJSC Gazprom signed the respective programmes for 2021–2025 with 67 Russian regions. The Company's investments will almost triple vs the level of 2016–2020. It is planned to complete the technically feasible network gas infrastructure expansion in Russia by 2030. The use of natural gas as fuel for various vehicles is also expanding.

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

As at 31 December 2020, the Group's gas distribution subsidiaries and associates owned and operated a total of 817.1 thousand km of gas distribution networks in Russia.

~82 %

**of all gas distribution networks in Russian regions are owned and maintained by the Group's gas distribution subsidiaries and associates**

In 2020, Gazprom Group's gas distribution subsidiaries and associates transported 223.2 bcm of natural gas via their gas distribution networks. Natural gas was supplied to:

- 28.3 million apartments and private households
- 33.0 thousand industrial facilities
- 9.8 thousand agricultural facilities
- 353.6 thousand utility facilities.

Gazprom Group provides gas distribution services in Armenia (ZAO Gazprom Armenia) and Kyrgyzstan (OJSC Gazprom Kyrgyzstan). The gas penetration rate in Armenia is 96% with natural gas supplied to 636 communities. In Kyrgyzstan, gas is supplied to 46 communities, including 13 cities, towns and urban settlements. The gas penetration rate in the country is 35%.



For more details on Gazprom Group's gas distribution business, see [Gazprom in Figures 2016–2020 Factbook](#)

## Expansion of Gas Infrastructure in Russian Regions

The expansion of gas infrastructure in Russian regions is one of Gazprom Group's major socially important activities in the domestic market. The governments and administrations of Russian regions are involved in these activities alongside Group entities (PJSC Gazprom, OOO Gazprom mezoregiongaz, and gas transportation and distribution entities of Gazprom Group).

**71.4**  
%

**overall gas penetration rate in Russia  
at year-end 2020**



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

Russian laws, including Federal Law No. 69-FZ On Gas Supply in the Russian Federation, dated 31 March 1999	
Gas supply expansion agreement	Provides a framework for interactions between PJSC Gazprom and the region's government bodies during the implementation of gas infrastructure expansion programmes in the region.
Master plans of gas supply and gas infrastructure expansion	Determine key focus areas in gas supply expansion, including use of local resources and energy saving programmes. Master plans of gas supply and gas infrastructure expansion have been developed for 81 out of 85 Russian regions at the expense of PJSC Gazprom.
Interregional and regional 5-year gas infrastructure expansion programmes for utilities, industrial and other organisations	Developed in accordance with Resolution of the Government of the Russian Federation No. 903 dated 10 September 2016.
5-year programmes for gas supply and infrastructure expansion in Russian regions	Developed in accordance with the Concept of the Company's Involvement in Gas Infrastructure Expansion in Russian Regions, define the gas infrastructure expansion parameters agreed with regional administrations (timetable, gas pipeline length, number of consumer connections), estimate investments to be made and sources of financing. Programmes for 2021–2025 have been approved for 67 Russian regions.
Annual synchronisation schedules of the implementation of programmes for gas infrastructure expansion in Russian regions	Synchronise PJSC Gazprom's construction with consumer preparations to receive gas.
Annual programmes for gas infrastructure expansion in Russian regions	Specify annual financing requirements which are subject to consumers meeting their gas connection preparation obligations and dynamics in the outstanding debt for delivered natural gas.

The programme for gas infrastructure expansion in Russian regions approved for 2020 covered 66 Russian regions. OOO Gazprom mezregiongaz invested RUB 39.3 billion in these regions under the investment programme. In addition, branch gas pipelines and gas distribution stations were constructed to ensure gas supply and gas infrastructure expansion in regions, as part of PJSC Gazprom's Investment Programme. In the reporting year, RUB 16.7 billion was allocated for these purposes (inclusive of VAT). Thus, a total of RUB 56 billion was invested in the expansion of gas supply and gas infrastructure in Russian regions in 2020.

In 2020, 141 inter-settlement gas pipelines with a total length of 2.19 thousand km were completed in 39 regions. The Company extended gas infrastructure to connect 200 communities and 63.1 households and apartments. Gas infrastructure expansion in regions is considerably hampered by outstanding debt for delivered natural gas as well as failure of regional administrations to fulfil their obligations regarding consumer preparation to receive gas. In 2020, regional administrations fulfilled 90% of their obligations regarding the construction of gas distribution pipelines, 74% of obligations regarding household and apartment preparation to receive gas, and 75% of obligations regarding boiler house preparation.

In the reporting year, Gazprom continued implementing investment projects that are important for the social and economic growth of Russian regions and the country in general: extension of gas infrastructure to connect heat and power generation facilities in Vorkuta (the Komi Republic) and at the Vostochny Cosmodrome (the Amur Region), construction of a branch gas pipeline and the Vrangel gas distribution station in the Primorye Territory to supply gas to the Nakhodka Fertilizer Plant.

In 2020, the gas penetration rate grew by 1.3 p.p. year-on-year and, as at 31 December 2020, reached 71.4% across Russia, 73.7% in urban and 64.8% in rural areas.

**RUB 526.1 billion**

**will be allocated by the Company to implement programmes for gas supply and infrastructure expansion in 67 Russian regions for 2021–2025**

In the reporting year, gas supply and infrastructure expansion programmes for 2021–2025 covering 67 Russian regions were prepared and approved with due consideration of proposals from regional administrations. It is planned to build over 24 thousand km of gas pipelines (up 2.5 times vs 2016–2020) and extend gas infrastructure to connect 3.6 thousand communities (up 2.7 times vs 2016–2020). As part of the programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025, it is planned to implement two investment projects in off-mains solutions employing natural gas liquefaction technology in the Tomsk and Sakhalin Regions.



#### Priorities in gas supply and gas infrastructure expansion in Russian regions for 2021–2025

- Increasing investment in gas infrastructure expansion in rural areas
- Implementing revamp and retrofit measures aimed at lifting the restrictions on "locked" gas distribution stations
- Implementing smart gas metering systems
- Improving safety in household gas usage by introducing automatic shut-off devices
- Using alternative gas infrastructure expansion options
- Implementing socially oriented and economically efficient system of gas infrastructure expansion and gas supply to household consumers

In order to finance projects aimed at implementing programmes for gas supply and infrastructure expansion in Russian regions, it is planned to place bonds with no maturity date (perpetual bonds) in the Russian market, issued by a subsidiary of PJSC Gazprom. In November 2020, the Bank of Russia registered OOO Gazprom capital's perpetual bond programme with a par value of RUB 150 billion. The placement of bond issues under the programme is scheduled to start in 2021.



#### PJSC Gazprom's initiatives to introduce the function of a single operator of programmes for gas supply and gas infrastructure expansion in Russian regions

In 2020, PJSC Gazprom proposed that the Company be appointed a single operator of gas supply and gas infrastructure expansion programmes to construct branch gas pipeline and gas distribution stations, build inter-settlement and intra-settlement gas pipelines, and lay "last mile gas pipelines". This mechanism will significantly reduce the time required to connect consumers to gas distribution networks, solve the problem of synchronising the construction of PJSC Gazprom's facilities and intra-settlement networks and consumer preparations to receive gas, and optimise the costs of facilities construction and registration.

The projected procedure for connecting consumers to gas distribution networks providing for the introduction of a Single Operator will comprise three stages:

- Construction of a trunk branch gas pipeline and gas distribution station (covered by PJSC Gazprom's Investment Programme)
- Construction of gas pipelines from gas distribution stations to the boundaries of gas consumers' land plots (covered by sources provided by the Single Operator of gas infrastructure expansion)
- Construction of on-site and internal gas pipelines, installation of equipment (covered by the consumer)

Provided that programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025 are implemented rigorously, the country's gas penetration rate will increase to 74.7%. Gas infrastructure expansion in 35 regions will be completed to the maximum extent technically possible. According to the Company estimates, gas consumption in Russia will grow by 18.6 bcm per year, including a 1.9 bcm increase in gas consumption by household consumers.

## Use of natural gas as motor fuel

### Development of the NGV fuel market in Russia

The production and sale of natural gas as motor fuel is one of Gazprom Group's strategic activities in Russia. The Company actively develops a network of compressed natural gas (CNG) filling stations and consistently expands its own fleet of vehicles fuelled by natural gas.

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

Gazprom Group subsidiaries and ООО Gazprom gazomotornoe toplivo have 348 CNG filling stations on their books, with an annual capacity exceeding 2.6 bcm.

In 2020, 31 facilities of Gazprom Group's NGV infrastructure were commissioned, including 24 greenfield facilities and 7 facilities built under an agreement for the purchase and sale of a future real estate object, and one facility was liquidated.

In 2020, 1,093 mmcm of CNG was sold in Russia with Gazprom Group accounting for 842.4 mmcm or 77%.

As a result of joint work with the Russian Ministry of Energy, a sub-programme for the NGV Fuel Market Development within the state programme of the Russian Federation for the Energy Sector Development was approved, which envisages unprecedented government support for the NGV market. The overall financing between 2020 and 2024 may be up to RUB 35 billion including subsidies for the construction of the NGV infrastructure, conversion of vehicles to gas, and support of NGV manufacturers.

The use of CNG as motor fuel was promoted in accordance with the programme for expanding the use of natural gas as motor fuel for vehicles owned by Gazprom Group entities for 2020–2022. In 2020, 1,011 NGVs were purchased (2019: 1,218 vehicles) along with 8 mobile NGV infrastructure facilities (2019: 10 facilities). As at 31 December 2020, taking into account acquisitions and write-offs, the NGV fleet comprised 13,264 vehicles and mobile NGV infrastructure included 176 facilities. The volume of natural gas (methane) consumption as motor fuel by own vehicles in 2020 amounted to 73.2 mmcm (2019: 72.9 mmcm). The use of more environmentally friendly motor fuel (methane) enabled a decrease in pollutant emissions by 34.54 thousand tonnes (2019: by 34.46 thousand tonnes).



### Key directions of the NGV fuel market development in Russia

- NGV infrastructure expansion
- Cooperation with Russian automotive manufacturers and carriers
- Government relations

## Presence in the international NGV fuel market

Gazprom Group is also active in the European NGV fuel market, operating through its wholly-owned subsidiary Gazprom NGV Europe, which, as at 31 December 2020, owned NGV fuel infrastructure in Germany (47 CNG filling stations) and the Czech Republic (14 CNG filling stations). CNG is also sold by NIS, a Gazprom Neft Group company, on the Serbian market through its own four CNG filling stations (as at 31 December 2020).

In the reporting year, Gazprom Group sold 13.6 mmcm of natural gas as motor fuel in Germany, the Czech Republic, and Serbia. Despite the COVID-19 restrictions, the annual CNG sales increased in 2020 in each of the countries where Gazprom Group is present, which demonstrates the growing demand for NGV fuel. A decrease in total sales is due to the sale of NGV infrastructure facilities in Poland.

In former Soviet Union (FSU) countries, Gazprom Group subsidiaries own 39 CNG filling stations. These facilities are operated by OsOO Gazprom Kyrgyzstan (4 CNG filling stations), ZAO Gazprom Armenia (7 CNG filling stations), and OAO Gazprom transgaz Belarus (28 CNG filling stations). CNG sales through CNG filling stations in FSU countries totalled 71.7 mmcm in 2020.

In the reporting year, collaboration with foreign partners from China, Germany, the Republic of Korea, and Kazakhstan on the development of the NGV fuel markets continued. In particular, in order to create favourable conditions for fuelling infrastructure development on the international transport route between Europe and China, in 2020, the Group continued working with CNPC to harmonise the regulatory framework governing the use of LNG in motor vehicles.



**CNG filling stations on the books of Gazprom Group and ООО Gazprom gazomotornoe toplivo in Russia as at 31 December, units**



**CNG sales through CNG filling stations of Gazprom Group and ООО Gazprom gazomotornoe toplivo in Russia, mmcm**



Due to the challenging global sanitary and epidemiological situation, several online conferences were held in 2020 to promote the benefits of low-carbon liquid and gaseous fuels in the European market. The dialogue involved representatives of the political circles of EU member-states. The climate agenda and the eco-efficiency of natural gas as motor fuel were also the focus of round tables and panel discussions held during the international Blue Corridor 2020 Rally organised jointly with Uniper. The event was held in 2020 in a hybrid online/offline format.

**NGV fuel sales by Gazprom Group through own CNG filling stations  
in European far abroad countries, mmcm**

Change 2020/2019 | - 1.4%

**NGV fuel sales by Gazprom Group through own CNG filling stations  
in FSU countries, mmcm**

Change 2020/2019 | 29.4%

## Hydrocarbon Processing and Petrochemicals

Gazprom is actively strengthening the gas processing segment of its business, primarily driven by the increased share of multicomponent gas in the Group's production. Gazprom aims to make its gas business even more profitable and balanced in the longer term by monetising these gas reserves as effectively as possible and ramping up its production of highly liquid products. Ambitious gas processing projects are ongoing in the east and west of Russia.

In 2020, Gazprom Group processed 30.61 bcm of natural and associated gas, excluding tolling arrangements. OOO Gazprom pererabotka and PJSC Gazprom's gas production subsidiaries purified and stabilised 18.47 mm tonnes of unstable gas condensate. Primary processing of oil and stable gas condensate by Gazprom Group totalled 53.69 mm tonnes. The Group produced 49.39 mm tonnes of oil products, 3.57 mm tonnes of LPG and 4.47 mmc m of helium.

Weaker performance in natural and associated gas processing resulted from lower capacity utilisation by OOO Gazprom pererabotka, while the decline in primary oil refining and primary processing of stable gas condensate was due to reduced processing of feedstock at Gazprom Neft refineries in Russia as well as at the refinery of Gazprom neftekhim Salavat.

The decrease in oil product output mainly affected the aviation fuel and fuel oil production at all of Gazprom Group's refining subsidiaries, as well as the production of lubricants and marine fuel by Gazprom Neft, which was partially offset by higher output of diesel fuel by Gazprom Neft and Gazprom neftekhim Salavat and motor gasolines and bitumens by Gazprom Neft.

Gazprom neftekhim Salavat's gas processing and petrochemical plants demonstrated growth in production volumes of monomers and polymers, mineral fertilisers, butyl acrylate and glacial acrylic acid.

**Natural and associated gas processing, bcm**

2018	31.06
2019	31.47
2020	30.61
Change 2020/2019	– 2.7%

**Note.** Excluding tolling arrangements**Primary processing of oil and stable gas condensate, mm tonnes**

2018	55.86
2019	54.96
2020	53.69
Change 2020/2019	– 2.3%

Total  
Including Russia

**Note.** Excluding tolling arrangements.**Gazprom Group's output of oil products, mm tonnes**

	2018	2019	2020	Change 2020/2019
Diesel fuel	15.66	15.51	16.26	4.8%
Motor gasolines	12.05	11.70	11.82	1.0%
Fuel oil	6.88	7.17	5.39	– 24.8%
Aviation fuel	3.55	3.43	2.76	– 19.5%
Marine fuel	2.95	2.80	2.52	– 10.0%
Bitumens	3.12	2.96	3.26	10.1%
Lubricants	0.49	0.54	0.43	– 20.4%
Other oil products	6.70	6.74	6.95	3.1%
Total	51.40	50.85	49.39	– 2.9%

**Gazprom Group's monomer and polymer production, thousand tonnes**

2018	521.4
2019	464.9
2020	511.6
Change 2020/2019	10.0%

**Butyl acrylate and glacial acrylic acid production, thousand tonnes**

2018	93.7
2019	106.8
2020	116.3
Change 2020/2019	8.9%

**Gazprom Group's production of mineral fertilisers and relevant feedstocks, thousand tonnes**

2018	836.4
2019	799.7
2020	800.6
Change 2020/2019	0.1%

For more details on Gazprom Group's hydrocarbon processing/refining capacities and output of key products, see [Gazprom in Figures 2016–2020 Factbook](#)

**Gazprom Group's hydrocarbon processing capacity as at 31 December 2020**

● Gas processing plants (GPPs) with installed throughput capacity			● Refineries with installed throughput capacity			● Petrochemical					
1	Astrakhan	Astrakhan GPP	12.0 7.35 2.5	1	Serbia	Novi Sad Refinery***	-	1	Salavat	Monomer plant Gas Chemical Plant	1.0
2	Sosnogorsk	Sosnogorsk GPP	3.0 2.5			Pančevo Refinery	4.6	2	Tomsk	Methanol Plant	0.93
3	Orenburg	Orenburg GPP	37.5 6.26	2	Belarus	Mozyr Refinery****	14.0				
		Orenburg Helium Plant	15.0	3	Moscow	Moscow Refinery	12.76				
4	Khanty-Mansiysk	Yuzhno-Priobskiy GPP*	0.45	4	Yaroslavl	Slavneft-YANOS*	7.5				
5	Surgut	Condensate stabilisation plant**	4.0	5	Salavat	Monomer plant Gas Chemical Plant	10.0				
6	Novy Urengoy	Condensate pre-transportation preparation plan	13.67	6	Omsk	Omsk Refinery	22.23				
<span style="color: blue;">█</span> Gas, bcm <span style="color: black;">█</span> Oil, mm tonnes <span style="color: lightblue;">█</span> Unstable gas condensate, mm tonnes <span style="color: darkgrey;">█</span> Crude oil, stable gas condensate, mm tonnes											

\* Gazprom Group has access to 50% of capacity.

\*\* The plant's deethanised gas condensate production capacity is 12.05 mm tonnes.

\*\*\* Suspended as at 31 December 2020.

\*\*\*\* Up to 50% of oil supplied by the Group to the refinery. The actual processing volume at the refinery depends on cost-efficiency. In 2020, the Group did not run refining operations under tolling arrangements at Mozir Refinery.

## Gas and Condensate Processing by Gazprom's Gas Processing and Gas Production Subsidiaries

The decrease in natural and associated gas processing at Gazprom's gas processing and gas production subsidiaries was primarily due to the reduced capacity utilisation at the Orenburg GPP and Sosnogorsk GPP supplied with hydrocarbons by fields in the declining production phase, as well as a decrease in capacity utilisation at the Astrakhan GPP due to extended turnarounds at its core facilities.



### Natural and associated gas processing by gas processing and gas production subsidiaries, bcm

2018		30.14
2019		30.60
2020		29.76
Change 2020/2019		-2.7%

The Orenburg GPP, which accounted for 47% of gas processed by Gazprom Group during the year (excluding tolling arrangements), was preparing for the introduction of the Technical Regulations of the Eurasian Economic Union. From 2022 onwards, the Union will impose higher quality requirements for natural gas exports. Feedstock gas is supplied to the plant by both Gazprom Group and independent producers, primarily from the Karachaganakskoye field (Kazakhstan) of TOO KazRosGaz.



### Gas from the Karachaganakskoye field processed at Orenburg GPP under tolling arrangements, bcm

2018		9.49
2019		9.11
2020		8.99
Change 2020/2019		-1.3%

The decrease affected the Astrakhan GPP and the Urengoy Condensate Pre-Transportation Preparation Plant and was a result of reduced unstable gas condensate production by OOO Gazprom dobycha Astrakhan and OOO Gazprom dobycha Yamburg in line with production programmes.

Primary refining volumes were in line with 2019 levels. The decrease in throughput by the Astrakhan GPP and the Urengoy Condensate Pre-Transportation Preparation Plant was almost fully offset by higher throughput at the Surgut Condensate Stabilisation Plant, which reached historic highs in terms of oil and gas condensate mixture processing. During the year, the Surgut Condensate Stabilisation Plant added commercial propane (GOST R 51104-97 (EAU TR 036/2016)) to its product slate by ramping up the marketable product drying module for the propane fraction methanol removal unit (commissioned in 2019) to normal operation.



### Unstable gas condensate processing (purification and stabilisation) by Gazprom's gas processing and gas production subsidiaries, mm tonnes

2018		17.75
2019		18.82
2020		18.47
Change 2020/2019		-1.9%

**Note.** Excluding tolling arrangements.



### Primary stable gas condensate (crude oil) processing (refining) by Gazprom's gas processing and gas production subsidiaries, mm tonnes

2018		6.21
2019		6.65
2020		6.64
Change 2020/2019		-0.2%

**Note.** Excluding tolling arrangements.

## Oil Refining, Petrochemicals and Mineral Fertiliser Production at Gazprom Neftekhim Salavat's Facilities

The decrease in the volume of primary refining of stable gas condensate and oil in 2020 at Gazprom neftekhim Salavat's facilities was due to a drop in demand amid the coronavirus pandemic, as well as a reduction in subsidies and reverse excise tax payments on oil feed, including due to high negative values of the damping factor.

**Together with Gazprom's gas processing facilities, Gazprom neftekhim Salavat's refinery forms a hub for deep conversion of liquid hydrocarbons supplied with stable gas condensate mixed with crude oil from the Orenburg GPP and with stable gas condensate from the Surgut Condensate Stabilisation Plant and the Astrakhan GPP.**

In 2020, the liquid hydrocarbon conversion rate by primary refining and deep conversion units of Gazprom neftekhim Salavat increased to 91.6% (89.6% in 2019). The significant increase in the conversion rate was driven by the reduction in the commercial fuel oil output amid the growing margins for oil road bitumen production and the transition from the production of bitumen feedstock to the production of vacuum residue.

In 2020, the yield of light products from liquid hydrocarbons processed by primary refining and deep conversion units also grew to 77.2% (75.1% in 2019) driven by an increase in the share of stable gas condensate in the hydrocarbon throughput and optimisation of the feedstock mix. The redistribution of feedstock streams for separate processing of low-sulphur and high-sulphur feedstock at primary refining processing units was a significant contributor to this growth.



**Stable gas condensate processing and crude oil refining by Gazprom neftekhim Salavat's facilities, mm tonnes**

2018	6.74
2019	6.83
2020	6.66
Change 2020/2019	-2.5%



**Gas processing at Gazprom neftekhim Salavat's facilities, bcm**

2018	0.46
2019	0.44
2020	0.45
Change 2020/2019	2.3%

The output of monomers and polymers for the year increased as a result of the Monomer plant operating at two-year turnaround intervals. To meet the increased demand, the Gas Chemical Plant, which produces mineral fertilisers, ramped up its urea output. The surge in demand also triggered an increase in the production of butyl acrylate and glacial acrylic acid.



### Product certification

- 15 types of products were re-certified to the Turkish KKDIK regulation, including urea, diesel fuel, fuel oil, normal butyl alcohol, commercial isobutyl alcohol, styrene and 2-ethylhexanol
- OOO Gazprom neftekhim Salavat confirmed the validity of the certificate of compliance of the Made in Russia voluntary certification system in its report on AI-92-K5 exported unleaded gasoline labeled as Made in Russia. As a result, the Made in Russia mark of conformity of Made in Russia voluntary certification system can be used for advertising and for information purposes as well as be placed on the company's website, in its shipping documentation and on product packaging. The company was included in the Register of Bona Fide Exporters
- A registration procedure was conducted for the butylene-butadiene fraction within the REACH Regulation

## Oil Refining and Petrochemicals Production at Gazprom Neft Group's Facilities

Primary refining of crude oil and stable gas condensate decreased in 2020 due to lower refining rates in Russia caused by a decreased demand for oil products amid the pandemic. The refining throughput outside Russia increased thanks to the turnaround at the Pančevo Refinery (Serbia) completed in 2019.

**The launch of the Euro+ unit at Moscow Refinery in 2020 enabled Gazprom Neft to increase its production of motor gasolines and diesel fuel.**

A significant increase in the conversion rate and yield of light products was registered in 2020, which was driven by the refinery modernisation programme and measures taken to improve performance and increase margins for finished products. Oil refining also benefited from the successful completion of plant repairs in 2019.

The growth in production at the Moscow Refinery driven by the launch of the Euro+ unit contributed to the increase in the output of motor gasolines and diesel fuel. The decrease in the output of aviation fuel and lubricants was caused by a significant drop in demand amid the COVID-19 pandemic. High prices for bitumen materials allowed to increase the bitumen output.



#### **Key focus areas of Gazprom Neft in improving product quality in 2020:**

- Introduction of in-line quality analysers to automate quality control at Omsk Refinery
- Development and rollout of automated monitoring systems, including the SMOTR refinery quality monitoring system (a solution to automatically register deviations from process standards) and the Gazprom Neft Neftekontrol system to track oil product deliveries from refineries to end consumers using over 15 million monitoring parameters and provide predictive management of deviations. In 2020, the company connected all its refineries, airport refuelling complexes within its footprint, distribution depots and Gazprom Neft filling stations to the Gazprom Neft Neftekontrol system
- Creating a cross-functional unit at Moscow Refinery (the Downstream Production Control Centre project) to promptly respond to emerging deviations (including changes in the asset reliability, environmental situation, industrial safety level, and market requirements for products) as well as to support decision-making on managing the production asset. Such a unit was set up at Omsk Refinery in 2019. Advanced innovative IT tools for day-to-day asset management (step-by-step rolling planning, predictive quality monitoring, digital twins of production units, etc.) continue to be developed

Gazprom Neft refineries implement annual measures to improve the quality of their products. The ongoing modernisation programme facilitates the launch of new products.



For more details on Gazprom Neft's refinery modernisation programme see the [Development Strategy by Business Type](#) and [Capex Programmes](#) sections



#### **Crude oil refining and stable gas condensate processing by Gazprom Neft Group's refineries, mm tonnes**



#### **APG processing attributable to Gazprom Neft, bcm**



#### **New products launched by Gazprom Neft's refineries in 2020**

Facility	Product
Moscow Refinery	G DRIVE 100 motor gasoline with a high-octane blending agent produced to the STO 05766623-014.32-2018 standard at the Euro+ combined refining unit commissioned in 2020
	Road bitumen 160/220 produced to the EN 12591:2009 standard
Omsk Refinery	Hexane isomerisation product produced to the STO 00148725-028-2019 standard
	Stable Grade B gasoline produced to the TU 38.301-19-108-97 standard
	Grade 9920 commercial liquid gas sulphur produced to the GOST 127.1-93 standard
PAO Slavneft-YANOS	Jet-A1 fuel
	Improved Grade BNK-U 45/190 roofing bitumen produced to the STO 00149765-01-2019 standard
	Grade A and B toluene concentrate produced to the STO 00149765-013-2019 standard
	AI-100-K5 high-octane motor gasoline, environmental class K5, produced to the STO 44905015-005-2017 standard
	DTAZ-B premium grade Arctic class diesel fuel produced to the GOST RV 9130-002-2011 standard
Pančevo Refinery (Serbia)	DTUV-V universal all-season diesel fuel produced to the GOST RV 9130-002-2011 standard
	Petroleum coke



For more details on the use of new hydrocarbon processing/refining technologies, see the [Innovations and Import Substitution](#) section

## Power Generation

Gazprom builds state-of-the-art generating capacity using environmentally friendly fuel – natural gas, thus making the Russian energy system more reliable and reducing its environmental impact.

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

Gazprom Group's generating assets are consolidated within its 100% subsidiary, OOO Gazprom energoholding, managing PAO TGC-1, PAO Mosenergo, PAO OGK-2 and PAO MIPC. AO Gazprom energosbyt, a Gazprom Group company, is a leader in the Russian electricity market, active in both wholesale and retail segments and providing over 95% of electricity needs of Gazprom Group's subsidiaries.

Outside Russia, Gazprom owns Unit 5 at the Hrazdan TPP through its subsidiary ZAO Gazprom Armenia.



### Prospective projects in power generation

Following the agreement of intent on the construction project for gas-fired power plants between OOO Gazprom energoholding and the Serbian Government, Gazprom is exploring the construction project of a TPP with an installed capacity of up to 200 MW.

Another focus area is solar and wind generation projects in Russia and abroad. In Serbia, Gazprom prepares the construction of a wind farm (200 MW) and explores two potential construction sites.

In Vietnam and Eastern Europe, the Company considers integrated gas supply and power generation projects.



For more details on Gazprom Group's projects in power generation, see the [Development Strategy by Business Type](#) section

**16%**

**Gazprom Group's share  
in the installed electrical capacity of Russia's  
Unified Energy System (UES)**



### Gazprom Group's generating capacity as at 31 December 2020

	Installed electrical capacity, GWr	Installed heat capacity, thousand Gcal/h
Gazprom energoholding	37.36	65.60
Other generating assets in Russia	0.89	2.93
Total in Russia	38.25	68.53
Generating assets abroad	0.48	0.03
Total in Russia and abroad	38.73	68.56

The year-on-year change in the installed power generation and heat capacity was mainly due to the sale of the Krasnoyarskaya GRES-2 with electrical capacity of 1,260 MW and heat capacity of 976 Gcal/h, owned by PAO OGK-2, to SUEK Group as well as retirement of underperforming generating equipment and capacity upgrades.



For more details on capacity commissioned in the power generation segment in 2020, see the [Capex Programmes section](#)



#### Gazprom Group's generating capacity as at 31 December 2020



<b>1</b>	Adler	Adlerskaya TPP PAO OGK-2	<b>367</b> 70	<b>8</b>	Cherepovets	Cherepovetskaya GRES PAO OGK-2	<b>1,080</b> 39
<b>2</b>	Stavropol	Stavropolskaya GRES PAO OGK-2	<b>2,423</b> 145	<b>9</b>	Moscow and the Moscow Region	15 power stations of PAO Mosenergo  PAO MIPC and its subsidiaries	<b>12,825</b> 43,777 5,519
<b>3</b>	Grozny	Groznenskaya TPP PAO OGK-2	<b>360</b>	<b>10</b>	Ryazan	Ryazanskaya GRES PAO OGK-2 and its subsidiaries	<b>3,020</b> 213
<b>4</b>	Novocherkassk	Novocherkasskaya GRES PAO OGK-2	<b>2,258</b> 60	<b>11</b>	Troitsk	Troitskaya GRES PAO OGK-2 and its subsidiaries	<b>1,321</b> 210
<b>5</b>	Pskov	Pskovskaya GRES PAO OGK-2	<b>440</b> 117	<b>12</b>	Serov	Serovskaya GRES PAO OGK-2 and its subsidiaries	<b>451</b>
<b>6</b>	Saint Petersburg, Republic of Karelia, the Leningrad and Murmansk Regions	52 power stations of PAO TGC-1 and its subsidiaries	<b>6,925</b> 13,481	<b>13</b>	Surgut	Surgutskaya GRES-1 PAO OGK-2 and its subsidiaries	<b>3,333</b> 903
<b>7</b>	Kirishi	Kirishskaya GRES PAO OGK-2	<b>2,555</b> 1,070	Generating assets abroad			<b>480</b> 28
Other generating assets in Russia							
			<b>896</b> 2,928				

■ Installed electrical capacity, MW

■ Installed heat capacity, Gcal/h

## Production of electricity and heat

According to the UES System Operator, power consumption within the Unified Energy System (UES) of Russia totalled 1,034 bn kWh in 2020 while electricity generation was 1,047 bn kWh, down 2.4% and 3.1% from 2019, respectively.

During 2020, the Group generated 130.98 bn kWh of electricity and 118.47 mm Gcal of heat at its generating assets in Russia. The decrease in generation was due to a general decrease in the national energy consumption and continued streamlining of the load for low-margin generating capacities. Heat supply decreased due to higher average temperatures during the heating season.

Outside Russia, Gazprom Group generated 1.15 bn kWh of electricity. The increase reflected the actual operation modes of Armenia's national power grid. In August 2020, ZAO Gazprom Armenia obtained a licence for thermal power generation at Unit 5 of the Hrazdan TPP.

13%

**Gazprom's share in electricity generation in Russia**



For more details on Gazprom Group's generating capacity and output of power and heat,  
see [Gazprom in Figures 2016–2020 Factbook](#)



### Electricity generation by Gazprom Group, bn kWh

	2018	2019	2020	Change 2020/2019
Gazprom energoholding	146.56	143.07	126.59	– 11.5%
PAO Mosenergo	58.31	60.11	54.43	– 9.4%
PAO MIPC and its subsidiaries	–	–	–	–
PAO OGK-2	58.92	54.69	44.25	– 19.1%
PAO TGC-1 and its subsidiaries	29.33	28.27	27.91	– 1.3%
Other generating assets in Russia	4.94	4.93	4.39	– 11.0%
Total in Russia	151.50	148.00	130.98	– 11.5%
Generating assets abroad	1.69	1.02	1.15	12.7%
Total in Russia and abroad	153.19	149.02	132.13	– 11.3%

**Note.** The table shows power generation, i.e. the amount of electricity generated by power stations.

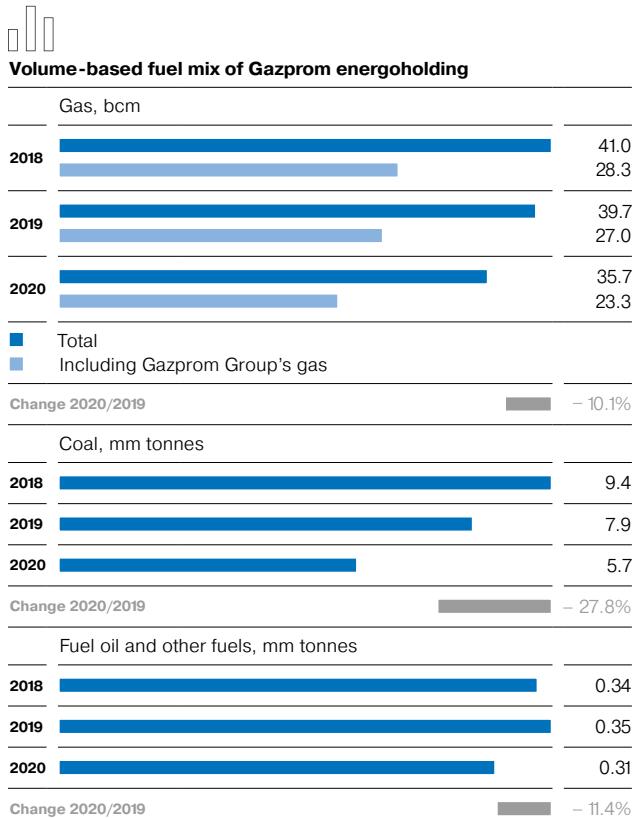


### Heat generation by Gazprom Group, mm Gcal

	2018	2019	2020	Change 2020/2019
Gazprom energoholding	124.36	115.26	111.14	– 3.6%
PAO Mosenergo	82.29	75.37	74.25	– 1.5%
PAO MIPC and its subsidiaries	10.17	9.07	8.00	– 11.8%
PAO OGK-2	7.01	6.65	5.84	– 12.2%
PAO TGC-1 and its subsidiaries	24.89	24.17	23.05	– 4.6%
Other generating assets in Russia	6.89	7.12	7.33	2.9%
Total in Russia	131.25	122.38	118.47	– 3.2%
Other generating assets abroad	–	–	–	–
Total in Russia and abroad	131.25	122.38	118.47	– 3.2%

**Note.** The table shows heat supply from TPPs, i.e. the amount of heat supplied by a power station to consumers at the asset ownership/interface boundary points.

Natural gas dominates the fuel mix of Gazprom energoholding. Lower fuel consumption in 2020 was mostly due to reduced electricity and heat generation.



#### Factors behind electricity consumption reduction in Russia in 2020

A substantial decrease in electricity consumption and generation was registered in April 2020 in the light of the COVID-19 restrictions. From May 2020, electricity consumption in the UES of Russia has been declining further due to two factors: continuous lockdown restrictions affecting operations of enterprises and organisations along with a significant reduction in electricity consumption following the OPEC+ agreement between oil production and transportation companies accounting for more than 50% of the UES energy profile. In addition, there was a decrease in electricity consumption in 2020 by large metals, machine-building, chemical and wood-processing enterprises and electrified railway transport.

# Marketing

## Far Abroad Gas Markets

In 2020, PJSC Gazprom's gas supply volumes to non-CIS countries were in the top 5 record highs in the Company's history. Nine European countries increased their gas imports compared to 2019. In Q4 2020, daily gas supplies via the Power of Siberia pipeline to China mostly exceeded contractual obligations.

Far abroad countries, including Europe, are traditional export market offering high profit margins for the Group. The challenges of 2020 had a negative impact on the European economy, but Gazprom retains a third of the European market and is far ahead of its peers.

In 2020, Gazprom Group sold 219.0 bcm of natural gas to far abroad countries. Net sales revenue (net of excise tax and customs duties) was RUB 1,811.6 billion. The decrease in net revenue from sales was mostly due to lower average rouble prices and the declines in volumes of gas sold.

The decrease in sales volumes was mainly due to a general decline in natural gas consumption in European far abroad countries. At the same time, Gazprom Group grew its gas sales to a number of countries. Average sales prices changed along with market indicators to which contract prices are linked.

**32.2**  
%

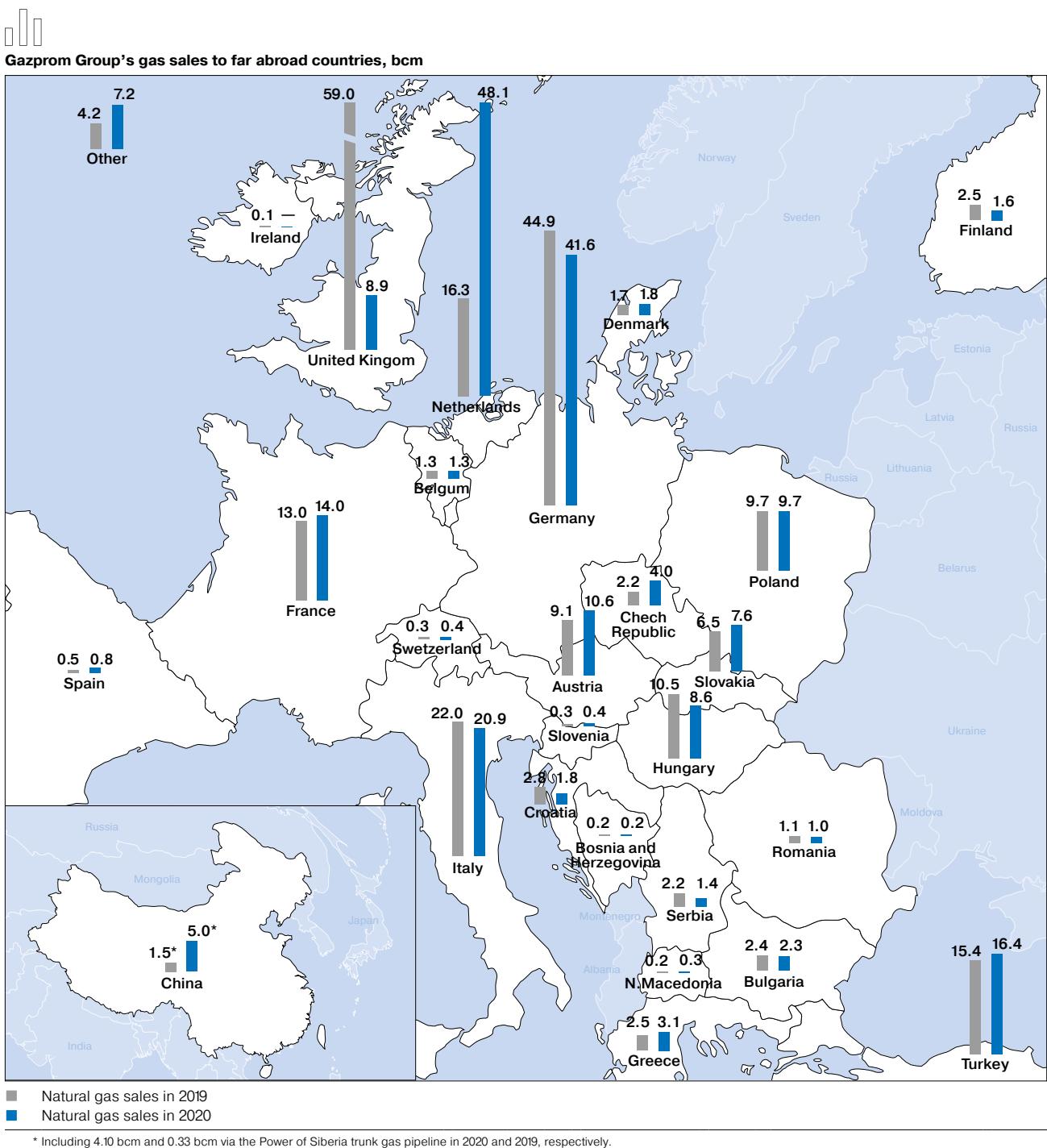
PJSC Gazprom's share in the European gas market



### Gazprom Group's sales of natural gas to far abroad countries

Sales volumes, bcm	
2018	243.3
2019	232.4
2020	219.0
Change 2020/2019	- 5.8%
Average selling price (including excise tax and customs duties), USD per mcm*	
2018	246.4
2019	210.6
2020	143.0
Change 2020/2019	- 32.1%
Average selling price (including excise tax and customs duties), RUB per mcm	
2018	15,499.5
2019	13,613.0
2020	10,355.9
Change 2020/2019	- 23.9%
Net sales revenue (net of excise tax and customs duties), RUB billion	
2018	2,951.2
2019	2,490.4
2020	1,811.6
Change 2020/2019	- 27.3%

\* Calculated based on the year-average RUB/USD exchange rate.



Gazprom Group is a key supplier of natural gas to European far abroad countries. During the year, the Group's gas exports were mostly sold to the Netherlands, Germany, Italy, Turkey and France.

The bulk of the natural gas sold in far abroad countries is exported from Russia under OOO Gazprom export long-term contracts. Maintaining long-term contracts as the basis for exports remains PJSC Gazprom's priority.



#### Long-term gas supply contracts signed in 2020

In October 2020, OOO Gazprom export and OMV Gas Marketing & Trading GmbH entered into a new long-term contract for natural gas supplies to the German market.

In May 2020, to maintain its market share, OOO Gazprom export signed a long-term contract with MYTILINEOS S.A. for natural gas supplies to Greece.

In response to changes in the European market, OOO Gazprom export is gradually expanding its business in the short-term gas market, including in gas trading, as well as investing in joint ventures active in European countries, including in end-user markets.



#### Proprietary electronic sales platform

In 2018, OOO Gazprom export launched its Electronic Sales Platform (ESP) to sell natural gas both on standard market terms and on its own terms. Contracts for gas supply at any delivery point (both at trading platforms or facilities with slow-moving inventories located close to the borders) with delivery periods starting from one day can be offered via the ESP.

OOO Gazprom export holds daily trading sessions and offers contracts for the supply of natural gas to various delivery points to pre-qualified companies registered on the ESP. In 2019, it set up its own index ESPGazEx.

As at 31 December 2020, 89 companies from Austria, Denmark, the Czech Republic, Germany, Italy, Switzerland, France, Hungary, Slovenia, the UK, Romania, Turkey, Slovakia, Croatia, North Macedonia and Ukraine were registered with the ESP.

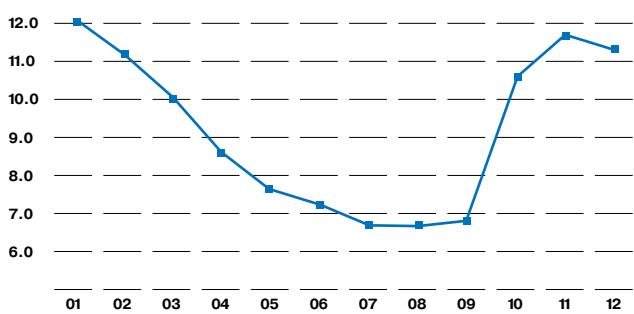
PJSC Gazprom's gas sales via the ESP with delivery in 2020 were 19.99 bcm (11.4% of OOO Gazprom export contracts to European far abroad countries in 2020).

In 2020, the platform introduced tools offering new pricing types and delivery periods, enabling seasonal sales and gas supplies to be delivered in 2021 and 2022. First trading sessions for gas supplies to Malkoçlar at the Bulgaria/Turkey border became an important milestone for the ESP. The total sales volumes through the ESP in 2020 with delivery in 2020–2022 reached about 27 bcm of gas.

Plans for the ESP in 2021 include development of the limit control system, electronic signatures, new trading mechanisms, improvement of the ESP interface and design of our own mobile app.

In 2020, Gazprom Group subsidiaries sold 21.4 bcm of gas directly to end consumers in European far abroad countries.

#### ESPGazEx in 2020, EUR per MWh



**Note.** Monthly ESPGazEx values are calculated as the weighted average price of all deals with delivery in this month closed before the index publication date.



For more details on gas sales volumes to end consumers in far abroad countries, see [Gazprom in Figures 2016–2020 Factbook](#)

#### Large-scale LNG sales

One of the priorities of Gazprom Group's gas business is phased implementation of its strategy for LNG production, waterborne transportation and marketing.

In 2020, large-scale LNG sales from Gazprom Group's trading portfolio more than doubled and totalled 7.44 mm tonnes (10.92 bcm), with the Asia-Pacific region accounting for 49% and Europe for 37%. India was the largest buyer of Gazprom Group's LNG in 2020, with a total of 1.84 mm tonnes of LNG (2.70 bcm) supplied. The geography of LNG shipments has expanded significantly and included 14 countries, 5 of them for the first time (Belgium, France, Greece, the Netherlands, Singapore). Gazprom Group's share in the large-scale LNG market reached about 2% of the total global supply.

Gazprom Group expanded its trading portfolio in the reporting year by reaching a plateau in LNG supplies under an agreement with Yamal Trade and increasing spot volumes. The sale and purchase agreement with Yamal Trade provides for the annual supply of 2.9 mm tonnes of LNG at a plateau over 20 years.

In addition, Gazprom Group's supply portfolio is supplemented with LNG from the Sakhalin-2 project (the Group holds 50% plus one share in the project) under a contract with Sakhalin Energy in the amount of up to 1 mm tonnes per year, as well as from the Cameroon LNG project whereby Gazprom Group receives all LNG produced (1.2 mm tonnes per year).

In the short and medium term, Gazprom will expand its LNG trading portfolio with new projects: LNG production, storage and shipping complex near the Portovaya compressor station and the complex for gas processing and liquefaction in Ust-Luga.

**49**  
%

**share of Asia Pacific markets in total LNG supplied from Gazprom Group's trading portfolio in 2020**



For more details on LNG market trends  
see the [Trends and Developments in Global Energy Markets section](#)



#### Large-scale LNG sales by Gazprom Group in foreign countries

	2018	2019	2020
tn BTU	185.0	180.1	383.3
including LNG from Sakhalin-2	70.1	60.1	69.9
mm tonnes	3.88	3.78	7.44
bcm	5.18	5.04	10.92

##### Notes:

- Calculated in accordance with the principles underlying management reporting.  
Metrics calculated using these methods might be not comparable between each other due to differences in the methodologies used for preparing consolidated financial statements and for management reporting.
- For conversion factors used in the calculations, see the Glossary section.



For more details on Gazprom Group's LNG sales to different countries  
see [Gazprom in Figures 2016–2020 Factbook](#)

## Russian gas market

Russia is Gazprom's priority gas market. The Company consistently ensures the reliability of gas supplies, aligning them with the demand. At the same time, the Company has the necessary resources to increase gas supplies to domestic consumers.

Gazprom is the largest natural gas supplier on the Russian market.

In 2020, Gazprom Group sold 225.1 bcm of gas to consumers in the Russian Federation. Net sales revenue (net of VAT) was RUB 940.2 billion. Net sales revenue decreased mostly due to a decline in volumes of gas sold.

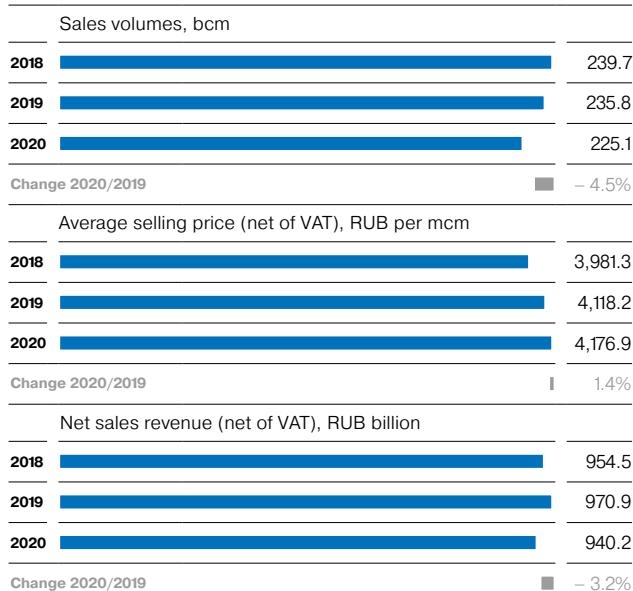
The decrease in gas sales resulted from a lower demand due to COVID-19 restrictions as well as warm weather conditions in Q1 2020. The power generation sector experienced the sharpest drop in sales volumes.



For more details on the Russian gas market trends,  
see the [Trends and Developments in Global Energy Markets section](#)



#### Gas sales by Gazprom Group in Russia



In accordance with applicable Russian laws, end consumers buy gas at regulated prices which are differentiated between consumer groups (households vs industrial consumers), as well as by price zone, based on the relative distance from the gas production region to the consumer.



#### **Weighted average wholesale regulated prices (net of VAT) of PJSC Gazprom's gas for industrial and household consumers, RUB per mcm**

Weighted average annual price for industrial and household consumers*	4,117.2
2018	4,117.2
2019	4,224.8
2020	4,286.2
Change 2020/2019	1.5%
Weighted average annual price for industrial consumers**	4,316.4
2018	4,316.4
2019	4,423.7
2020	4,499.2
Change 2020/2019	1.7%
Weighted average annual price for subsequent resale to households**	3,640.0
2018	3,640.0
2019	3,734.4
2020	3,813.1
Change 2020/2019	2.1%

\* Calculated as the combined weighted average prices for industrial and household consumers for the year indicated. Weighting is based on actual volumes delivered to each price zone for industrial and household consumers, respectively (exclusive of gas volumes supplied pursuant to Resolution of the Government of the Russian Federation No. 333 dated 28 May 2007 On Improvement of State Gas Price Regulation).

\*\* Weighting is based on actual volumes delivered to each price zone for each group of consumers separately, industrial and household consumers, respectively (exclusive of gas volumes supplied pursuant to Resolution of the Government of the Russian Federation No. 333 dated 28 May 2007 On Improvement of State Gas Price Regulation).

#### **FSU gas markets**

Gazprom Group covers a significant portion of natural gas demand in FSU countries. In 2020, the Group sold 31.2 bcm of natural gas to FSU countries, with net sales revenue (net of customs duties) totalling RUB 295.2 billion. The decrease in net sales revenue was mostly due to lower volumes of gas sales and a decrease in average prices denominated in Russian roubles. Gas sales to FSU countries decreased year-on-year due to lower demand amid the COVID-19 pandemic, availability of alternative supply sources and energy types (given the partners' strategic goals and ratios to contract prices) and weather conditions.

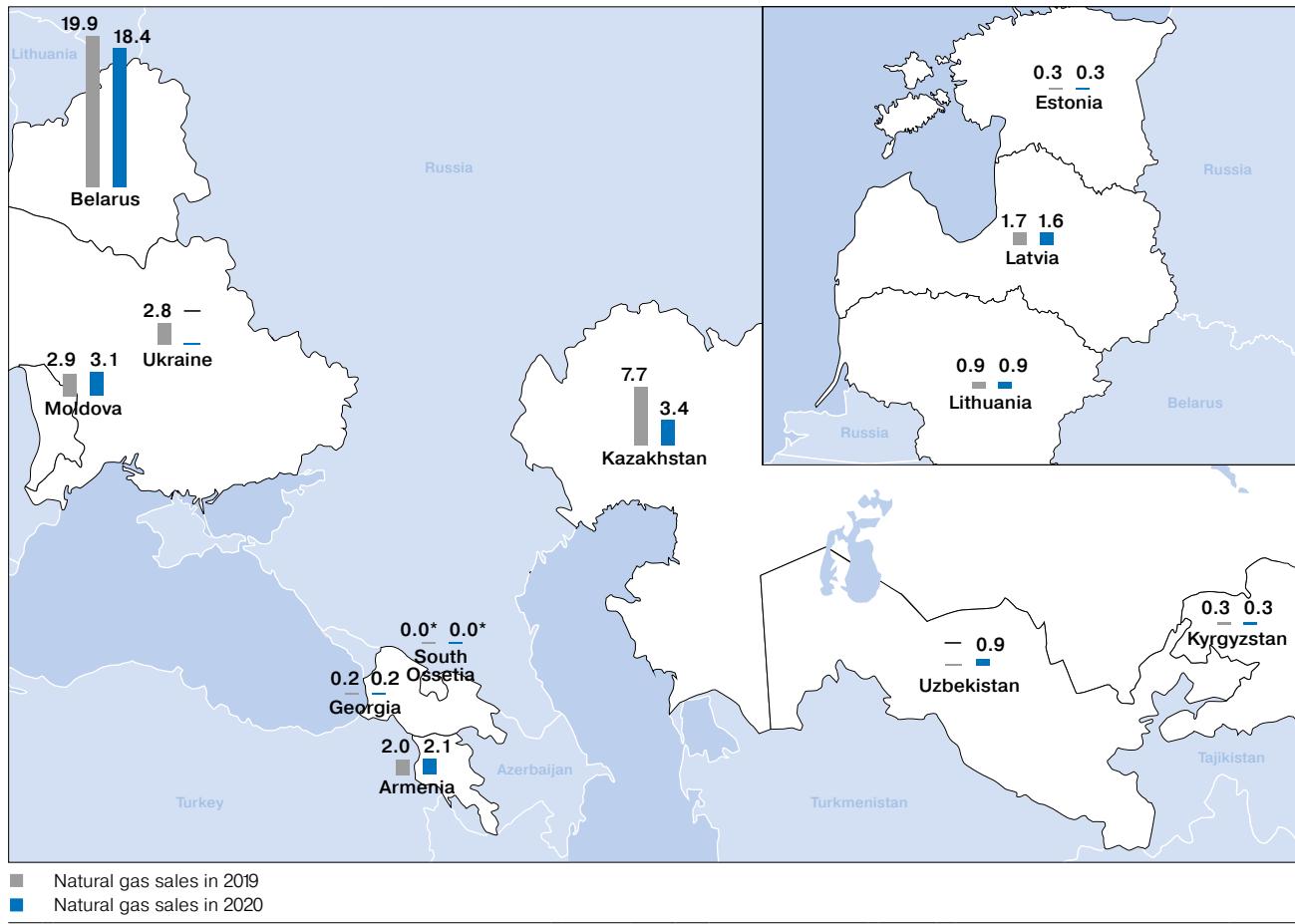
Gazprom Group buys natural gas in Turkmenistan, Kazakhstan and Uzbekistan under contracts with local counterparties. In 2020, the weighted average purchase price for Central Asian decreased year-on-year.



#### **Gazprom Group's gas sales to FSU countries**

Sales volumes, bcm	38.1
2018	38.1
2019	38.7
2020	31.2
Change 2020/2019	-19.4%
Average selling price (including customs duties), USD per mcm*	162.6
2018	162.6
2019	157.4
2020	136.7
Change 2020/2019	-13.2%
Average selling price (including customs duties), RUB per mcm	10,225.9
2018	10,225.9
2019	10,175.9
2020	9,899.8
Change 2020/2019	-2.7%
Net sales revenue (net of customs duties), RUB billion	348.6
2018	348.6
2019	356.1
2020	295.2
Change 2020/2019	-17.1%

\* Calculated based on the year-average RUB/USD exchange rate.

**Gazprom Group's gas sales in FSU countries, bcm****Gazprom Group's purchases of gas in Central Asia, bcm**

	2018	2019	2020	Change 2020/2019
For subsequent supplies to far abroad countries*				
Turkmenistan	—	4.0	3.8	-5.0%
Uzbekistan	3.8	4.9	—	—
Kazakhstan	12.3	11.3	5.4	-52.2%
Weighted average purchase price on the border of supplying countries, USD per mcm	133.1	136.3	75.1	-44.9%
For subsequent supplies to Uzbekistan				
Turkmenistan	—	—	0.9	—
For subsequent supplies to Southern Kazakhstan				
Uzbekistan	2.9	2.7	—	—
For subsequent supplies to Kyrgyzstan				
Uzbekistan	0.0**	0.0**	0.0**	—
Kazakhstan	0.3	0.3	0.3	—

\* Including Georgia.

\*\* Less than 0.05.

## Oil and gas condensate sales

In 2020, Gazprom Group sold 24.12 mm tonnes of crude oil and stable gas condensate. Net sales revenue (net of VAT and customs duties) amounted RUB 487.4 billion, a decrease over 2019 driven mainly by lower average crude oil prices.

Sales volumes decreased year-on-year primarily due to lower crude oil sales to far abroad countries due to lower demand during the COVID-19 pandemic.



**Net revenue from sales of crude oil and gas condensate (net of VAT and customs duties), RUB billion**

Total	
2018	734.9
2019	752.8
2020	487.4
Change 2020/2019	– 35.3%
<b>Russia</b>	
2018	64.6
2019	62.2
2020	47.7
Change 2020/2019	– 23.3%
<b>Far abroad countries</b>	
2018	631.6
2019	648.7
2020	421.0
Change 2020/2019	– 35.1%
<b>FSU countries</b>	
2018	38.7
2019	41.9
2020	18.7
Change 2020/2019	– 55.4%



**Crude oil and gas condensate sales volumes, mm tonnes**

Total	
2018	25.55
2019	23.05
2020	21.88
Gazprom Group	27.11
Including Gazprom Neft Group	24.12
Change 2020/2019	– 11.0%
<b>Russia</b>	
2018	2.66
2019	2.62
2020	2.89
Gazprom Group	1.15
Including Gazprom Neft Group	1.19
Change 2020/2019	10.3%
<b>Far abroad countries</b>	
2018	21.15
2019	20.15
2020	19.27
Gazprom Group	18.30
Including Gazprom Neft Group	22.78
Change 2020/2019	– 11.7%
<b>FSU countries</b>	
2018	1.74
2019	1.71
2020	1.10
Gazprom Group	1.65
Including Gazprom Neft Group	1.12
Change 2020/2019	– 34.5%

**Note.** Excluding intra-group sales.

## Sales of refined/processed products

In 2020, Gazprom Group's sales of refined and processed products decreased to 66.63 mm tonnes due to lower sales in the domestic market. Net sales revenue amounted to RUB 1,798.4 billion (net of excise tax, VAT and customs duties). The decrease in net revenue was mainly due to a decrease in average prices for products sold across all geographies.

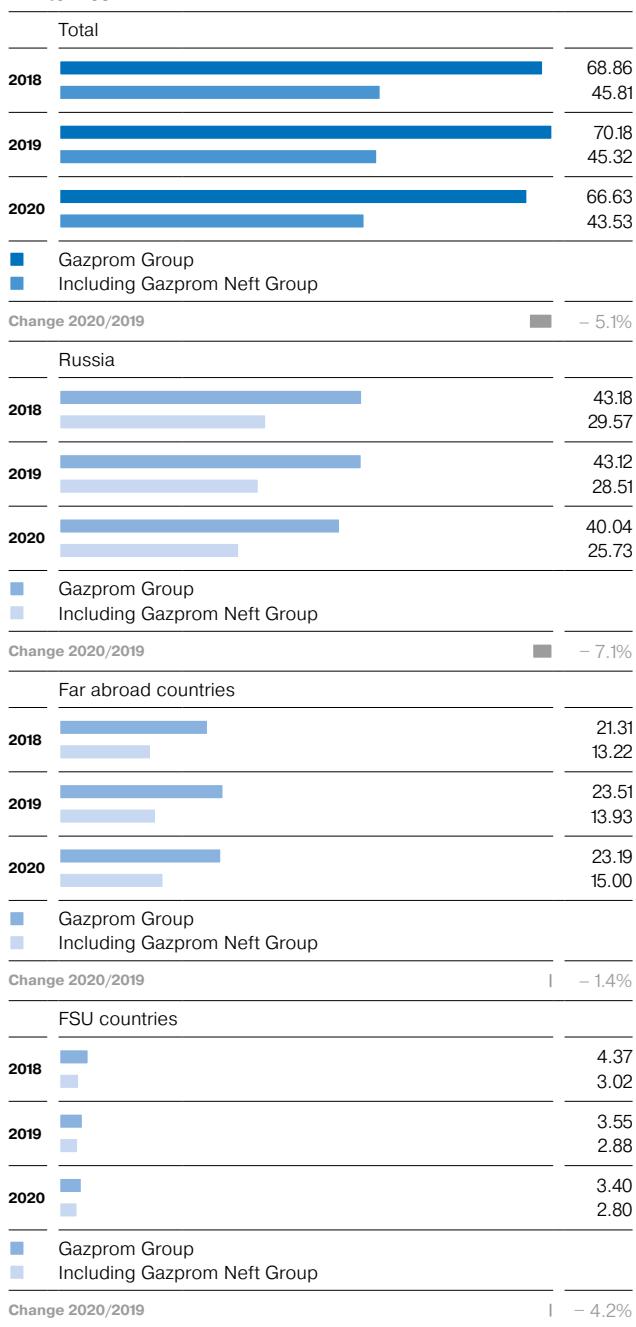


### Gazprom Group's net revenue from sales of refined and processed products (net of VAT, excise tax and customs duties), RUB billion

Total		
2018	2,179.8	
2019	2,111.2	
2020	1,798.4	
Change 2020/2019		-14.8%
Russia		
2018	1,394.1	
2019	1,355.1	
2020	1,221.8	
Change 2020/2019		-9.8%
Far abroad countries		
2018	641.0	
2019	629.8	
2020	469.4	
Change 2020/2019		-25.5%
FSU countries		
2018	144.7	
2019	126.3	
2020	107.2	
Change 2020/2019		-15.1%



### Sales volumes of refined and processed products, mm tonnes



**Note.** Excluding intra-group sales and sales of helium.



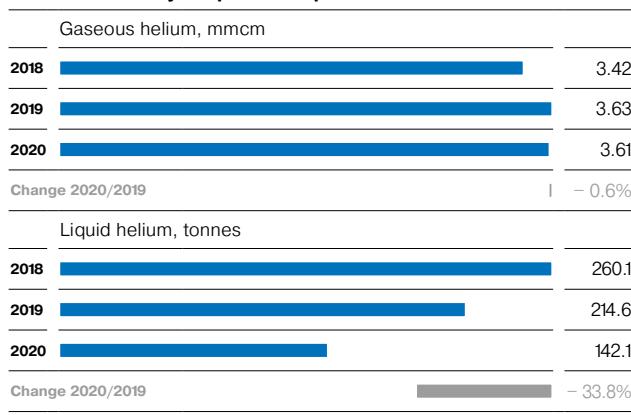
### Sales of refined and processed products by Gazprom Group, mm tonnes

	2018	2019	2020	Change 2020/2019
Diesel fuel	17.20	17.36	17.84	2.8%
Motor gasoline	13.64	13.53	13.26	-2.0%
Sulphur	5.24	6.46	6.06	-6.2%
Fuel oil	6.46	7.00	5.49	-21.6%
LPG	4.10	4.25	3.62	-14.8%
Aviation fuel	3.94	3.98	3.09	-22.4%
Mineral fertilisers	0.86	0.81	0.79	-2.5%
Lubricants	0.48	0.48	0.44	-8.3%
Polymers	0.11	0.10	0.16	60.0%
Other refined, petrochemical and gas chemical products	16.83	16.21	15.88	-2.0%

**Note.** Excluding intra-group sales and sales of helium



### Sales of helium by Gazprom Group



**Note.** Excluding intra-group sales.

The decrease in domestic sales volumes was largely due to a decrease in sales of fuel oil (mainly due to lower output at Gazprom Neft and Gazprom neftekhim Salavat refineries), diesel and aviation fuel, LPG (as a result of a pandemic-induced drop in demand). Gazprom Group's total diesel fuel sales volumes increased due to higher production at Gazprom Neft following the launch of the Euro+ unit at the Moscow Refinery and higher sales to far abroad countries. Polymer sales increased due to the growth in production volumes at Gazprom neftekhim Salavat and subsequent sales in the domestic market.

Liquid helium sales volumes declined along with helium production at the Orenburg Helium Plant due to lower supplies of helium-bearing natural gas from the Orenburgskoye field, while sales of gaseous helium remained flat year-on-year.

### Electricity and heat distribution

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

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

In 2020, Gazprom Group's net electricity and heat sales (net of VAT) were RUB 499.5 billion. Lower revenue was significantly affected by the slowdown in production and sales of heat and electricity in Russia.

In the reporting year, competitive (unregulated) electricity prices at the day-ahead market in the first price zone of the Russian wholesale market were down 6.0% year-on-year to RUB 1,155.2 per MWh.



### Gazprom Group's net revenue from electricity and heat sales (net of VAT), RUB billion

2018	522.1
2019	518.4
2020	499.5
Change 2020/2019	-3.6%

## Innovations

Consistent development of production capabilities and focus on technology leadership in the interests of consumers underpin Gazprom's operations. The Group develops and implements advanced technology to ensure long-term reliable and efficient supply of energy resources to people and industries.

In its evolution as a global energy company and a reliable energy supplier, Gazprom focuses on research and application of new knowledge and technology, as well as on continuous improvement of its innovation capabilities and acceleration of innovation to address a number of strategic, technological and economic challenges that such leadership involves.

### PJSC Gazprom's Innovation Engine

PJSC Gazprom's Innovative Development Programme is a fundamental instrument for long-term planning and management of innovations embedded into Gazprom's strategic planning framework. During the year, the Board of Directors approved PJSC Gazprom's updated Innovative Development Programme until 2025 (Resolution of the Board of Directors No. 3513 dated 1 December 2020, Minutes No. 1338 dated 1 December 2020). The document was adjusted to reflect the activities and targets under national projects (programmes), the Strategy for Scientific and Technological

Development of the Russian Federation until 2035, action plans ("roadmaps") under the National Technological Initiative of Russia, as well as the results of benchmarking the level of PJSC Gazprom's technological development and current KPIs against the development levels and KPIs of its peers.

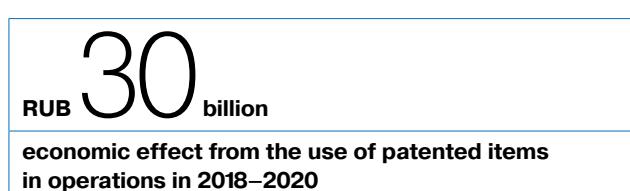
The goal of the Innovative Development Programme is to continuously improve the level of technology and organisational development of PJSC Gazprom to maintain its position as a global energy company and a reliable energy supplier.

The ten-year Programme covers the gas, oil and power generation businesses of PJSC Gazprom and provides for a set of interrelated measures to develop and use new technologies, equipment and materials that meet or exceed international standards, as well as to create a favourable environment for innovation both within Gazprom Group and in related industries across Russia.

### Intellectual property management

PJSC Gazprom pursues a consistent policy to ensure robust intellectual property management, continuously improving it in line with national and global best practices, including in law enforcement.

PJSC Gazprom has designed and successfully maintains an intellectual property management framework, which is essentially intended to determine company-wide principles governing the creation, legal protection, registration, commercialisation of intellectual property and monitoring of its use across Gazprom Group, as well as to provide incentive schemes that encourage employees of Gazprom Group entities to create intellectual property. Intellectual property management metrics are included in the performance indicators of PJSC Gazprom's Innovative Development Programme.

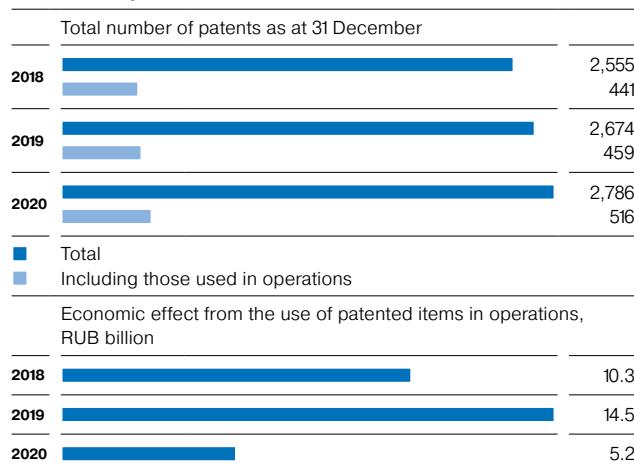


In 2020, PJSC Gazprom approved the Regulations on Managing the Intellectual Property Rights of PJSC Gazprom and Its Subsidiaries, as well as the Action Plan to implement these Regulations.

During the year, PJSC Gazprom and its subsidiaries filed more than 300 patent applications. A total of 280 patents were granted for previously filed applications, including 18 foreign patents (with patent protection granted in Canada, China, the USA, Germany, France and other countries).



#### **Number of patents held by PJSC Gazprom and its subsidiaries and their use in operations**



#### **Innovation Performance**

The Group allocates significant amounts for its annual R&D budgets, and R&D results are applied in its priority projects. In 2020, despite the COVID-19 restrictions, PJSC Gazprom and its subsidiaries improved their performance against key innovation metrics. For instance, the total number of initiated R&D activities increased by 25% year-on-year, while the number of initiatives approved by the R&D Committee and included in the R&D Programme of PJSC Gazprom and its subsidiaries or in Supplements to the Programme increased by 40%.

The Group's R&D efforts aim to develop and implement high-tech equipment and unique sophisticated engineering systems, as well as to design advanced R&D solutions.



#### **Total spending on R&D projects commissioned by Gazprom Group (net of VAT), RUB billion**

2018	9.0
2019	12.1
2020	21.4



#### **Actual economic effect from the use of R&D results by Gazprom Group entities, RUB billion**

2018	12.3
2019	10.5
2020	11.2

## Gas Business

The Group's investment projects employ the best available technologies, including those developed with Gazprom's direct involvement.

A range of innovative projects are currently in progress, including low-carbon technologies for hydrogen and methane-hydrogen fuel production; a domestically-built manned underwater vehicle for offshore trunk pipeline operation; technical aids and technologies for horizontal well drilling; and a well-logging suite.



### Use of innovations in investment projects of the gas business in 2020

Objective	Results
Developing the resource base of the Yamal Peninsula and adjacent waters	Pilot development plans were prepared for the Kruzenshternskoye and Kamennomysskoye-Sea fields.
Efficient development of helium-bearing fields in Eastern Siberia and the Russian Far East	An updated digital geotechnical model of production facilities at the Chayandinskoye field was created with recommendations on regulating well productivity based on the updated model.
Production and comprehensive processing of formation fluids into hydromineral products as a promising way to better utilise the resource potential of Gazprom's fields	A membrane-based technology for helium recovery from natural gas has been successfully created after many years of experiments. The technology, which achieves an annual output of 32 bcm, has been introduced at the Chayandinskoye field and is planned to be deployed at the Kovyktinskoye field.
Maintaining the reliable, uninterrupted and efficient operation of the gas transportation system and UGS facilities	For instance, the pre-development of the Kovyktinskoye field included a geophysical survey and a resource base appraisal for setting up the production of lithium compounds and other useful components from formation brines, with resulting engineering solutions for the extraction, processing and disposal of formation brines.  Similar activities are being pursued in the Krasnodar Territory with a view to setting up the production of iodine and iodine-containing products from industrial formation waters.
	The following solutions were designed and introduced: <ul style="list-style-type: none"><li>— Mechanised and manual ultrasonic inspection of welded pipeline valves and fittings during refurbishment</li><li>— Algorithms for adaptive control of physical field parameters using acoustic, eddy-current and visual (television) methods of non-destructive testing</li><li>— Basis of design for underground reservoirs in thin layers of salt rock</li></ul>



### Technological priorities in the gas business

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



**Key innovative projects underway**

<b>Project</b>	<b>Progress</b>	<b>Deliverables</b>
Creation of a domestically-built manned underwater vehicle for offshore trunk pipeline operation	The vehicle's engineering design has been completed, engineering documentation has been developed for the manufacturing of prototypes, and breadboard models of the key components have been made. The project is being carried out by a consortium of major domestic R&D enterprises, namely NRC Kurchatov Institute, AO St Petersburg Marine Design Bureau MALACHITE and Bauman Moscow State Technical University.	— Safe operation of offshore trunk pipelines and other hydraulic structures
Development of a set of technical aids and technologies for horizontal well drilling (necessitated by the growing share of hard-to-recover reserves and uncertainties regarding oil and gas prices)	Research is ongoing to produce a Russian technology for directional drilling on the basis of a rotary steerable system, as well as to manufacture a high-tech research complex for the construction of directional wells.	— Reduced time for well drilling and increase in the horizontal length of wells — Decrease in the accident rate and idle time — High precision drilling in pay zones
Creation of a well-logging suite (driven by the stricter requirements to the information value and effectiveness of well logging)	Research is underway to create a platform-based well-logging suite using high vertical resolution array tools integrated into a modular downhole tool, providing high-speed two-way telemetry with real-time transmission of data to an above-ground data processing unit.	— Improved productivity, effectiveness and information value of well-logging conducted in exploration and development wells — Uniform well-logging data for geological interpretation and estimation of hydrocarbon reserves — Reduced construction costs of exploration and development wells both onshore and offshore

In addition to technological innovations, the Company extensively develops and uses organisational innovations. In 2020, the Company worked on enhancing its long-term forecasting, cost management and UGSS modelling. The results of these efforts include a mathematical economic model entitled Probabilistic Model for Forecasting the Costs for Transportation of Russian gas to Europe in the Long Term.

## Oil Business

Innovation in the oil business covers oil production, oil refining and petrochemicals production.



### Examples of innovative solutions designed in 2020 as part of initiatives addressing the Group's technology priorities in the oil business

Project	R&D results
Implementation of a suite of technologies to improve well productivity	The Yamburg Well project was continued in 2020. The project aims to reduce the cost per high-tech well at the Yamburgskoye field. Two wells were drilled as part of the project in 2020, with their specific production rate increased threefold as compared to other existing wells and the drilling time significantly reduced. The specific production rate is planned to be tripled as compared to the 2020 level before the field is brought online.
Development of a surfactant-polymer flooding technology	In 2020, single-well testing was conducted at the Kholmogorskoye field, which confirmed the effectiveness of the surfactant-polymer formulation, with other tools developed in parallel to determine the optimal oil recovery enhancement methods for specific geological conditions. PAO Gazprom Neft has developed an approach to reduce the amount of polymer agent injection without reducing oil displacement, and conducted a physical and mathematical simulation of the approach. As part of the RosPAV project, which provides for developing domestic polymer-surfactant formulations to enhance oil recovery, tests of Russian surfactants showed acceptable performance comparable to that of foreign surfactants.
Development of unconventional oil production technologies	A new technology was used involving high-speed and high-volume fluid injection, with 1,500 cu m of fluid and 150 tonnes of proppant injected into the formation at a rate of 12 to 16 cu m per minute at a pressure of 550 atmospheres. The maximum number of fracking stages was 30. Nine high-tech wells with horizontal completions were constructed in 2020, including one entirely based on Russian technologies, with a total of 175 fracking stages performed.
Development and production start-up of refining catalysts for catalytic cracking and hydrogenation processes	Effective catalytic cracking, hydrotreatment and hydrocracking catalysts are being developed for the launch of catalyst production, which will help Gazprom Neft achieve leading positions in the domestic market for catalysts. A cracking catalyst for feedstock with high metal and sulphur content was developed in 2020. In April 2020, the Omsk Refinery launched a pilot test run of its proprietary hydrotreatment catalyst to produce Euro 5 diesel fuel with sulphur content below 10 ppm.

## Power Generation Business

Gazprom Group's priorities in the energy business are enhancement of CHPP and GRES heat generating equipment, and operational efficiency of heat networks.

Gazprom energoholding designs and implements innovative technologies for electricity and heat generation at gas- and coal-fired power stations. The innovative project for upgrading generating unit No. 9 at CHPP-22 of PAO Mosenenergo continued during the year. The T-240(250)/290-240 turbine, which has been in operation since 1972, will be replaced by a new type of turbine, T-295/335-23.5. As at the end of 2020, the turbine and generator were delivered to the construction site and installed.

## Innovative Digital Technologies

Gazprom Group has been consistently digitising its production and management processes, with a particular focus on modelling and experimental research of processes that occur in the natural environment and on developing software to process and interpret geological and geophysical data. These developments help to create digital twins of production facilities, which will accelerate innovation in equipment, design and construction. In addition, artificial intelligence can prompt a breakthrough in modelling the gas market evolution.



For more details on PJSC Gazprom's innovation engine and innovations, see [Gazprom Group's Sustainability Report 2020](#)

→ [www.gazprom.com](http://www.gazprom.com)





### Developing Gazprom Group's Digital Transformation Strategy

PJSC Gazprom is developing a strategic planning document to drive its digital transformation – Gazprom Group's Digital Transformation Strategy.

In 2020, the Company monitored the implementation of existing IT projects, collected and analysed data on Gazprom Group's IT initiatives both in terms of developing existing systems and preparing new digitisation proposals. Over 900 different proposals were considered, some of which will be included in Gazprom Group's Digital Transformation Strategy.



### Examples of prospective projects for digital innovation in the gas business

Project	Goals and digital solutions
Corporate Digital Twin is Gazprom Group's corporate digital model for economic and technological optimisation	<p>Goal:</p> <ul style="list-style-type: none"><li>— Support top management decision-making, including the preparation of PJSC Gazprom's Long-Term Development Programme and Investment Programme</li></ul> <p>Digital solutions:</p> <ul style="list-style-type: none"><li>— Forecasting complex multifactor processes, accelerating calculations for particular objectives within the global optimisation goal</li><li>— Forecasting internal physical and financial flows</li><li>— Forecasting external environment trends, including global energy processes</li><li>— Complete alignment between external and internal factors</li><li>— A single data warehouse for data automatically submitted by facilities and collected by software robots from a variety of open and proprietary sources</li><li>— Big data tools, including machine learning and regression analysis techniques</li></ul>
A single digital platform to manage PJSC Gazprom's investment projects	<p>Goal:</p> <ul style="list-style-type: none"><li>— A common IT solution for all construction process stakeholders</li></ul> <p>Digital solutions:</p> <ul style="list-style-type: none"><li>— 3D information models</li><li>— Digital information models covering the entire life cycle of facilities</li><li>— Predictive analytics for modelling and forecasting the progress on investment projects</li><li>— Cognitive financial and economic modelling of the investment programme</li><li>— IoT (Internet of Things) for a comprehensive follow-up of the progress on capital construction projects</li><li>— Big data tools, including machine learning and regression analysis techniques</li><li>— Neural networks for processing complex graphic objects</li></ul>
A common information space for geological, geophysical and production information	<p>Goal:</p> <ul style="list-style-type: none"><li>— Provide objective, complete, adequate, up-to-date, reliable and accurate geological, geophysical and field information</li></ul> <p>Digital solutions:</p> <ul style="list-style-type: none"><li>— Continuous monitoring of fields' exploration maturity and the proportions between projected hydrocarbon reserves and production targets and plans</li><li>— Analysing the interrelation between site parameters and field development methods on the dynamics of exploration and production</li><li>— Ensuring spatial and temporal integrity of the geological and geophysical field information model</li><li>— Linking facts and documents generated throughout the field's life cycle to the information model to support semantic search and reporting on all information items within the system and their interrelations</li></ul>

During the year, Gazprom Neft continued to implement its key digital projects, such as cognitive geology and creation of the production Asset of the Future. Gazprom energoholding implements projects to upgrade control systems for its core heat generation, electrical and auxiliary equipment.

## Import Substitution

An action plan has been implemented by PJSC Gazprom since 2015 to address the challenges of import substitution and identify the Company's needs for import substituting equipment and technologies. The PJSC Gazprom Corporate Import Substitution Plan was developed and approved in 2018. The plan was updated in 2020.

The economic effect from the deployment of import substituting equipment and technologies is estimated annually.

**16.6**  
RUB billion

**economic effect from import substitution initiatives in 2020**



**Economic effect from deploying import substituting equipment and technologies at PJSC Gazprom's facilities in 2020**

Segment	Economic effect, RUB billion
Hydrocarbon production	10.58
Transportation of gas	4.27
Other	1.79

Another mechanism for implementing the import substitution measures is the List of Priority Products for Import Substitution and Production Localisation to Promote the Technological Development of PJSC Gazprom, compiled in 2015 and kept up-to-date. Until 2020, the document listed equipment, technologies and materials applicable exclusively to the Company's gas business. In 2020, the List for the first time included products and services applicable to the operations of Gazprom Neft and Gazprom energoholding.

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

Gazprom engages Russian industrial companies and research institutions to manufacture high-tech and import substituting equipment and materials under respective roadmaps. The purpose of these roadmaps is to launch the manufacturing of products listed in the Corporate Import Substitution Plan and the List of Priority Products for Import Substitution and Production Localisation. 14 roadmaps involving different Russian regions were in motion in 2020.

Since 2017, the Company has also been using a tripartite cooperation arrangement (PJSC Gazprom, the Russian Ministry of Industry and Trade, and regional governments) with roadmaps signed with industrial complexes across Russian regions. These documents envisage a series of consistent initiatives aimed at developing high-tech (including import substituting) products, as well as government support for participating businesses from the Russian Ministry of Industry and Trade.



### Russian regions that have signed tripartite roadmaps currently being implemented by PJSC Gazprom

- Tomsk Region
- Perm Territory
- Republic of Tatarstan
- Republic of Bashkortostan
- Nizhny Novgorod Region

In order to engage Russian industrial enterprises in manufacturing import-substituting products, the Company has drawn up roadmaps with state corporations and major industrial associations for different types of equipment. Each of these roadmaps includes an action plan to align contractors, financing sources and deadlines between each other.



### Roadmaps being implemented by PJSC Gazprom, broken down by equipment type

- Gas pumping units
- Power Generating Equipment
- Production of Natural Gas and Gas Condensate
- Domestic Catalysts, Additives and Hydrocarbon Processing Technologies
- Communications Equipment
- Hydrocarbon Consumption and Quantity (Quality) Measurement Tools

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

As a rule, roadmaps do not provide for financing of the relevant initiatives by PJSC Gazprom, but envisage that the participants may receive subsidies from the Russian Ministry of Industry and Trade and PJSC Gazprom may consider entering into long-term contracts for the supply of developed products in order to incentivise the participating companies. Long-term contracts are signed for mass production, supply, maintenance, service and repair of import-substituting products against guaranteed future supplies.



### Import substituting products produced and supplied under long-term contracts with Russian industrial enterprises as at 31 December 2020

Segments using the products			
Production of gas	Transportation of gas	Refining	Other business segments
Special-purpose valves (ball valves)			LNG-powered shunting locomotives
Radio relay communication complexes			
Axial-flow anti-surge and control valves			
500 kW and 1,000 kW TAKAT modular compressor packages (based on screw compressors)	Microporous silica gel adsorbent	Moisture-proof microporous silica gel adsorbent	
Longitudinally welded steel pipes and connections for subsea and onshore gathering pipelines at the Kirinskoye and Yuzhno-Kirinskoye field development projects			
Equipment and other elements of the subsea hydrocarbon production system			

## Development of high-tech import substituting products for subsea production systems used in hydrocarbon development

The State Programme of the Russian Federation for the Development of Shipbuilding and Equipment for Offshore Upstream Operation aims to involve the Russian industrial complex in creating subsea production equipment.

Under the Programme, several government contracts were signed by the Russian Ministry of Industry and Trade, supported by PJSC Gazprom, with a number of companies, with R&D conducted to create wellhead equipment and gathering and control systems. The special purpose vehicle, OOO Gazprom 335 Company, develops individual elements of subsea production systems while also integrating equipment designed by individual lead contractors as part of the R&D activities of the Russian Ministry of Industry and Trade into the unified equipment system. These proprietary subsea hydrocarbon production systems will be used, *inter alia*, at the Yuzhno-Kirinskoye field in the Russian Sea of Okhotsk continental shelf.

The United Shipbuilding Corporation companies with experience in building ice-resistant platforms for operations in the Arctic have been engaged to participate in the project of developing the Kamennomysskoye-Sea field in the Gulf of Ob on the continental shelf of the Russian Federation in the Kara Sea, which will take place in extreme ice and climate conditions.

## Development of high-tech import substituting products for hydrocarbon processing and LNG production

PJSC Gazprom is actively building capabilities across its Russian enterprises to develop new gas processing facilities such as the Amur Gas Processing Plant and the ethane-rich gas processing and LNG production complex near the seaport of Ust-Luga.

PJSC Gazprom engages with these enterprises on a number of areas, including the creation of heat exchange and gas compressor equipment, as well as development of new materials and technologies for their processing.

PJSC Gazprom's work with Russian industrial enterprises under the project for building the Ust-Luga ethane-rich gas processing and LNG production complex focuses on creating a high-performance turbine, compressor and heat exchange equipment, loading arms and LNG storage equipment.



For more details on PJSC Gazprom's import substitution initiatives,  
see [Gazprom Group's Sustainability Report 2020](#)

→ [www.gazprom.com](http://www.gazprom.com)



In 2020, PJSC Gazprom significantly strengthened its efforts to optimise operating and investment expenses and control costs. In particular, these measures enabled the Company to ensure financial stability, fulfil all obligations to shareholders, and continue to deliver stable growth.



## PJSC Gazprom's mid-term financial policy priorities

Positive free cash flow generation	The Company's main growth drivers are strategic projects to be launched in 2021–2025, with the capex for these projects spread evenly throughout this period. This approach will ensure the Group's financial stability even in an adverse commodity and financial market environment.
Dividend payments out of free cash flow	To meet its new Dividend Policy, the Company intends to expand its free cash flow generation potential by both operational performance enhancement and opex and capex optimisation.
	The Company has a clear investment project prioritisation system based on strategic importance and performance measures. Key strategic projects and projects securing gas balance in peak periods have the highest financing priority. Financing of other projects is subject to budget constraints.
	A restructuring of the investment and construction business unit was undertaken in 2019, creating conditions for a transition to a central contractor-based model and wider use of EPC contracts. More efficient project implementation is also driven by broader use of project financing.
Increasing performance efficiency	PJSC Gazprom's annual budgeting process establishes strict spending limits for the Company and its subsidiaries, while cost optimisation opportunities are explored on an ongoing basis at implementation stage.
	These efforts are supported by improvement of PJSC Gazprom and subsidiaries' budgeting process and strengthening of spending control. KPI system implementation in subsidiaries helped discover excess liquidity reserves, cost reduction and net profit increase opportunities. In 2020, the Group began reviewing and approving consolidated budgets of its gas and power business sub-holdings. The new approach will improve sub-holdings' business process transparency and operational and investment performance control.
	A significant positive effect in cost savings is achieved through PJSC Gazprom and Group companies' annual operational efficiency improvement and cost reduction programmes. In 2020, design-stage project cost estimates were optimised, procurement costs were reduced, and energy saving and energy efficiency initiatives were implemented.
	Group companies widely use banking support of procurement contract execution, which drives spending efficiency.


**PJSC Gazprom's mid-term financial policy priorities (continued)**

Liquidity management	<p>The Company maintains sufficient cash, cash equivalents and bank deposits on its balance sheet to guarantee that Gazprom Group fulfils its obligations at all times.</p> <p>A key source of liquidity is centralised cash management across Gazprom Group. PJSC Gazprom continues to develop a centralised real cash pooling system that allows for optimal intra-group liquidity redistribution, reducing external borrowing requirements of Group companies and providing additional income from depositing idle cash.</p> <p>As at 31 December 2020, the cash pooling system had 582 participants, including 43 overseas entities. Intragroup liquidity consolidated in PJSC Gazprom's master accounts in 2020 increased by 41.7% or RUB 212.6 billion to RUB 722.3 billion as at 1 January 2021. Intra-group loans issued by Gazprom Group entities were increased by 387.8% or RUB 38.4 billion to RUB 48.3 billion over the same period.</p>
Debt management	<p>The Company pursues a conservative debt management policy, considers the Net debt (including bank deposits)/EBITDA ratio in the range of 1 to 2 to be a comfortable level of debt burden, and intends to keep the level of debt within this range, as well as maintain a balanced debt portfolio structure with predominantly long-term debt. Broader use of project financing helps diversify financing sources, maintain a lighter balance sheet and drive investment programme efficiency.</p> <p>The Company pursues Gazprom Group's policy of efficient debt management aimed at optimising the debt portfolio structure, managing the debt repayment profile, reducing borrowing costs, including through refinancing, and maximising the use of intra-group sources of financing.</p>
Improving tax administration	<p>Gazprom is Russia's major taxpayer. The Company implements a tax monitoring mechanism aimed at increasing transparency of operations of Gazprom Group entities, reducing administrative burden, and managing operational risks and costs.</p> <p>Gazprom Group organisations are transitioning to tax monitoring in stages. The first stage was a pilot project implemented in 2019. In 2020, 6 organisations joined the tax monitoring system with 17 more following suit in 2021. In 2022, 12 organisations are expected to transition to tax monitoring. Gazprom Group organisations are currently analysed to enable further transition to this form of tax control.</p>
Building a stronger investment case, driving capitalisation	<p>PJSC Gazprom aims to further develop investor and shareholder engagement, enable their direct dialog with management, and increase transparency, including through better disclosure and better financial and non-financial reporting.</p>



PJSC Gazprom IFRS Consolidated Financial Statements for 2020 is available on  
 PJSC Gazprom's website  
 → [www.gazprom.com](http://www.gazprom.com)



## Revenue

Gazprom Group's sales revenue (net of VAT, excise tax, and customs duties) amounted to RUB 6,321.6 billion in 2020. It was down year-on-year, primarily driven by lower net sales of gas to far abroad countries.

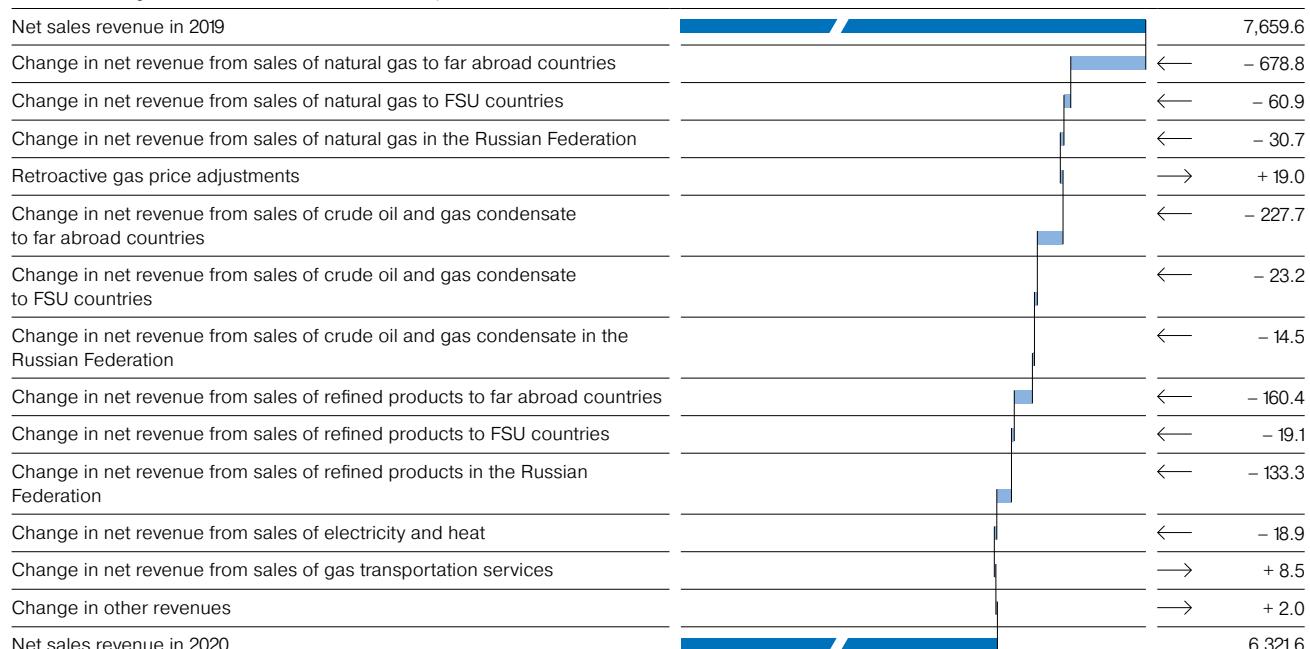
**RUB 6,321.6 billion**

**PJSC Gazprom's revenue in 2020**

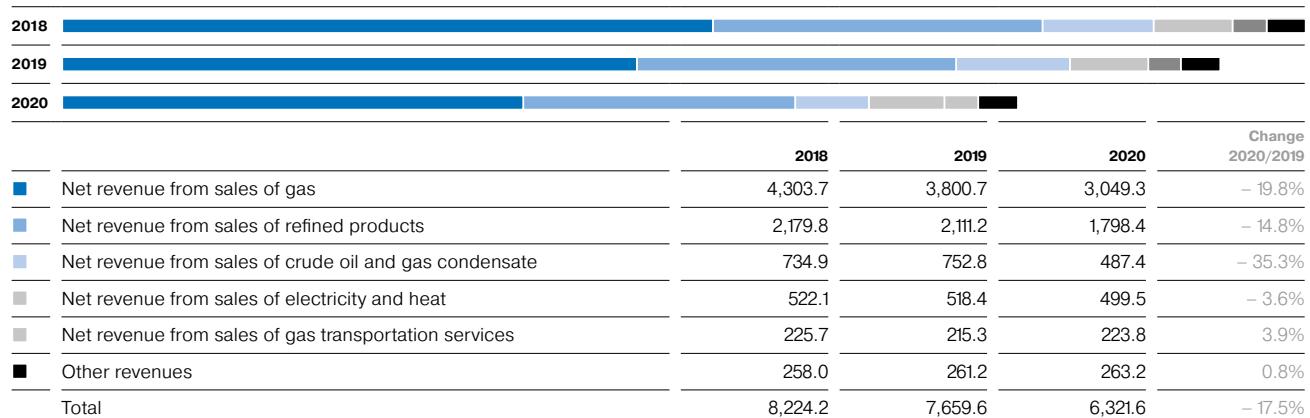
A significant part of the Group's sales revenue is denominated in foreign currencies (mostly in US dollars and euros).



### Variation analysis of net sales revenue in 2020, RUB billion



### Net sales revenue, RUB billion



## Operating Expenses

Gazprom Group's operating expenses amounted to RUB 5,665.8 billion in 2020. The decrease was driven by cheaper purchased gas and oil and lower taxes (other than income tax), as well as by foreign exchange gains on operating items.

The Group's operating expenses as a percentage of sales increased from 83% in 2019 to 90% in 2020.

Taxes payable by the Group (other than on profit), totalled RUB 1,235.8 billion in 2020. The decrease in tax payments, in particular, was attributed to a decrease in MET expenses and mainly driven by a year-on-year decrease in oil prices and gas production for 2021.

**RUB 5,665.8 billion**

**PJSC Gazprom's operating expenses in 2020**



### Operating expenses breakdown, RUB billion

	2018	2019	2020	Change 2020/2019
■ Purchased gas and oil	1,468.9	1,403.6	961.9	– 31.5%
■ Taxes other than on profit	1,498.3	1,409.2	1,235.8	– 12.3%
■ Staff costs	600.8	749.7	807.8	7.7%
■ Transit of gas, oil and refined products	650.8	665.6	654.6	– 1.7%
■ Depreciation	648.0	715.2	798.4	11.6%
■ Foreign exchange differences on operating items	–28.0	78.3	–164.1	– 309.6%
■ Other	1,342.4	1,365.5	1,371.4	0.4%
Total	6,181.2	6,387.1	5,665.8	– 11.3%



### Breakdown of taxes other than on income, RUB billion

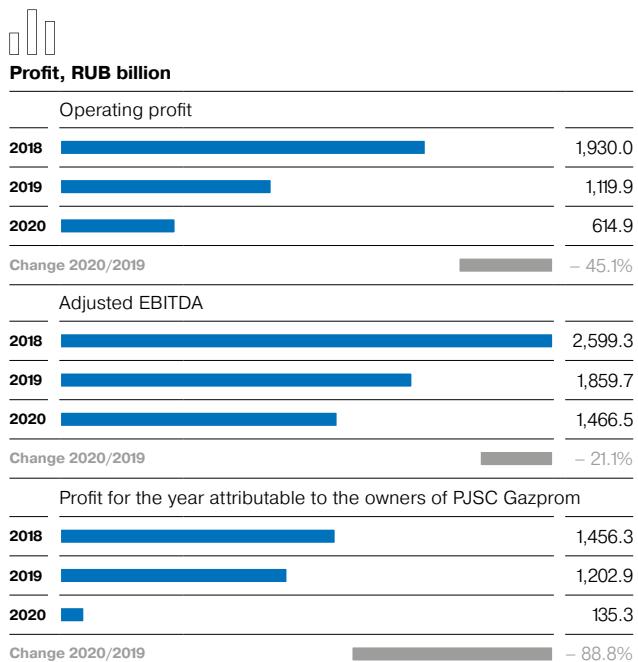
	2018	2019	2020	Change 2020/2019
■ Mineral extraction tax	1,163.9	1,115.0	795.2	– 28.7%
■ Property tax	162.9	148.6	142.6	– 4.0%
■ Other taxes	171.5	145.6	298.0	104.7%
Total	1,498.3	1,409.2	1,235.8	– 12.3%

## Profit

In 2020, Gazprom Group's operating profit amounted to RUB 614.9 billion, adjusted EBITDA was RUB 1,466.5 billion. Both of them were down year-on-year, primarily due to lower gas sales prices in far abroad and FSU countries, as well as lower gas sales volumes across all geographic segments. Gazprom Group's adjusted EBITDA margin went down to 23% in 2020.

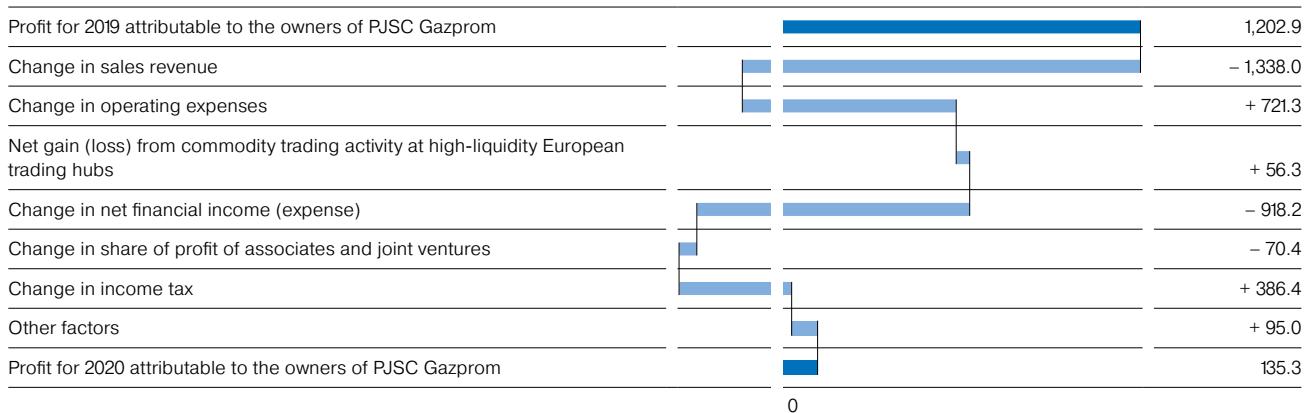
**RUB 1,466.5 billion**  
PJSC Gazprom's adjusted EBITDA for 2020

Adjusted EBITDA is calculated as the sum of operating profit, depreciation, impairment loss or reversal of impairment loss on financial and non-financial assets, less changes of allowance for expected credit losses on accounts receivable and impairment allowance on advances paid and prepayments.

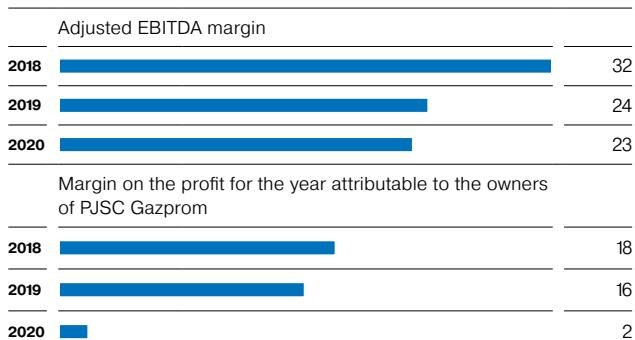


## Adjusted EBITDA calculation, RUB billion

	2018	2019	2020
Operating profit	1,930.0	1,119.9	614.9
Depreciation	+648.0	+715.2	+798.4
Impairment loss on financial assets	+131.0	+127.7	+72.3
Impairment loss on non-financial assets	+21.7	+29.4	+54.2
Impairment loss on trade receivables	-125.8	-116.9	-56.2
Impairment loss on other receivables and loans issued	-5.1	-10.8	-16.1
Impairment loss on advances paid and prepayments	-0.5	-4.8	-1.0
Adjusted EBITDA	2,599.3	1,859.7	1,466.5

**Variation analysis of profit attributable to the owners of PJSC Gazprom in 2020, RUB billion**

The Group's profit attributable to the owners of PJSC Gazprom totalled RUB 135.3 billion in 2020. The year-on-year decrease was mostly due to higher financial expenses following the revaluation of loans and borrowings in foreign currencies and lower operating profit. The profit margin attributable to the owners of PJSC Gazprom was 2% in 2020.

**Gazprom Group's profit margin, %****Capital Expenditures**

Gazprom Group's capital expenditures amounted to RUB 1,494.2 billion in 2020.

Refining, Production of gas, and Production of crude oil and gas condensate segments account for the bulk of the Group's capital expenditures. With Gazprom's capex mostly denominated in Russian roubles, its investment activities are less exposed to external factors.



Total actual expenditure under the Group's 2021 capex programme (covering gas, oil, electricity, heat generating and other assets) and similar plans of the Group was RUB 1,788.2 billion.



For more details on Gazprom Group's key capital expenditures in 2020 and investment priorities for 2021 see the [Capex Programmes](#) section

**Gazprom Group's capex breakdown, RUB billion**

	2018	2019	2020	Change 2020/2019
■ Processing/refining	309.4	437.8	396.6	- 9.4%
■ Gas production	308.0	360.2	353.0	- 2.0%
■ Oil and gas condensate production	257.9	316.0	309.8	- 2.0%
■ Gas transportation	640.1	464.2	251.6	- 45.8%
■ Electricity and heat generation and sales	72.9	79.0	82.2	4.1%
■ Gas storage	19.4	14.3	26.4	84.6%
■ Gas distribution	39.1	25.8	17.9	- 30.6%
■ Other segments	149.1	121.4	56.7	- 53.3%
Total	1,795.9	1,818.7	1,494.2	- 17.8%

**Note.** Capital expenditures are shown as reported in the segment information of PJSC Gazprom's IFRS consolidated financial statements.

**Cash and Free Cash Flow**

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

Net cash from operating activities totalled RUB 1,918.9 billion in 2020, and free cash flow was RUB 396.3 billion.

**582**  
participants

in Gazprom Group's real cash pooling system  
as at 31 December 2020

PJSC Gazprom is developing the Group's centralised cash flow and liquidity management system.

**Cash and free cash flow, RUB billion**

Net cash from operating activities	1,617.4
2018	1,617.4
2019	1,709.4
2020	1,918.9
Change 2020/2019	12.3%
Cash capital expenditures	1,639.5
2018	1,639.5
2019	1,775.9
2020	1,522.6
Change 2020/2019	- 14.3%
Free cash flow	-22.1
2018	-22.1
2019	-66.5
2020	396.3

## Debt Management

As at 31 December 2020, Gazprom Group's total debt was RUB 4,907.6 billion, while its net debt amounted to RUB 3,872.7 billion.

The weighted average interest rate decreased to 4.5% as at 31 December 2020 (4.8% as at 31 December 2019). As at 31 December 2020, 86% of debt matured in more than one year.

2.6

**Net debt (adjusted)/adjusted EBITDA in 2020**



### Total debt as at 31 December, RUB billion

	2018	2019	2020	Change 2020/2019
■ Net debt	3,014.4	3,167.8	3,872.7	22.3%
■ Cash and cash equivalents	849.4	696.1	1,034.9	48.7%
Total	3,863.8	3,863.9	4,907.6	27.0%



### Net debt as at 31 December, RUB billion

	2018	2019	2020	Change 2020/2019
■ Net debt (adjusted)*	2,216.8	2,491.4	3,856.0	54.8%
■ Deposits within current and non-current assets	797.6	676.4	16.7	- 97.5%
Total	3,014.4	3,167.8	3,872.7	22.3%

\* Defined in the Dividend Policy of PJSC Gazprom approved by PJSC Gazprom's Board of Directors in 2019 (Resolution No. 3363 dated 24 December 2019) as the sum total of the funds borrowed less cash and cash equivalents (including deposits within other current and non-current assets).



### Leverage as at 31 December, RUB billion

Net debt/adjusted EBITDA	2018	2019	2020
2018	1.2		
2019	1.7		
2020	2.6		
Net debt (adjusted)/adjusted EBITDA	2018	2019	2020
2018	0.9		
2019	1.3		
2020	2.6		

**Note.** Calculated with net debt and adjusted EBITDA denominated in Russian roubles.



### Cost of debt as at 31 December, %

	2018	2019	2020
Weighted average fixed interest rate	6.0	5.8	5.4
Weighted average floating interest rate	2.9	3.3	3.4
Weighted average interest rate	5.1	4.8	4.5

PJSC Gazprom has investment-grade credit ratings from Standard & Poor's, Fitch Ratings and Moody's credit rating agencies. The credit rating from Moody's is one notch above the sovereign rating of the Russian Federation. These ratings are a credible external recognition of Gazprom's high creditworthiness and financial stability. The Group companies are reliable borrowers in the domestic and international capital markets, able to raise funds on favourable terms.

Gazprom successfully raises capital on international debt markets, making informed decisions when selecting its sources of financing and prudently using the borrowed funds. The Group borrows mainly in foreign currency: ca. 23% of its debt is denominated in US dollars and 49% in euros. This is due to a number of factors including lower interest rates on overseas markets and their larger capacity as compared to rouble-denominated instruments. On top of that, Gazprom's debt currency profile reflects its prevailing foreign currency revenues, creating a natural hedge for debt servicing: if the Russian rouble depreciates against the US dollar/euro, higher payments on external debt in the rouble equivalent will be offset by the growing rouble equivalent of foreign currency revenues.

The use of project financing enables diversification of PJSC Gazprom's financing sources while maintaining a lighter balance sheet and driving investment programme efficiency.

Rouble-denominated borrowings in the debt portfolios of Gazprom Group's subsidiaries account for nearly 22% of the Group's total debt.



For details on bond issues outstanding as at 31 December 2020  
see the [Share Capital and Securities Market section](#)

The Group's debt portfolio is well-balanced in terms of maturity, with borrowings maturing in more than five years accounting for over a third of the portfolio.



**Debt maturities as at 31 December, %**

	2018	2019	2020
■ Less than 1 year (inclusive)	15	20	14
■ 1–2 years (inclusive)	16	12	16
■ 2–5 years (inclusive)	43	42	32
■ Over 5 years	26	26	38

# Corporate Governance

# **Letter to Shareholders by the Chairman of PJSC Gazprom's Board of Directors** <sup>150</sup>

## **PJSC Gazprom's Corporate Governance Compliance Report, including Statement of Compliance with the Corporate Governance Principles Set Out in the Russian Corporate Governance Code** <sup>151</sup>

## **PJSC Gazprom's Corporate Governance Model** <sup>156</sup>

## **Board of Directors' Report on PJSC Gazprom's Development in Priority Business Areas** <sup>173</sup>

## **Remuneration of Members of Governing and Supervisory Bodies** <sup>176</sup>

## **Liability Insurance of Directors, Officers and the Company** <sup>183</sup>

## **Shareholdings of Members of the Board of Directors and Management Committee and Transactions with PJSC Gazprom Shares** <sup>184</sup>

## **Internal Audit** <sup>186</sup>

## **External Audit** <sup>188</sup>

## **Risk Management and Internal Control** <sup>190</sup>

## **Procurement Performance** <sup>198</sup>

## **Ensuring Compliance of Operations with Legal Requirements** <sup>201</sup>

## **Share Capital and Securities Market** <sup>209</sup>

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

**Dear Shareholders,**

Good corporate governance is a top priority for Gazprom. We have been enhancing our corporate standards year after year to reflect the requirements of national stock exchanges and regulators, global trends and stakeholder views.

Thanks to these efforts, PJSC Gazprom has retained its status as a public company committed to securing the rights and interests of its shareholders and maintains an actionable dialogue with the investment community.

We continued improving our corporate standards in 2020. For example, the Company held its first Annual General Shareholders Meeting that included an online voting option. With the pandemic in full swing, the new service has enabled the most comfortable voting experience possible for participating shareholders.

During the year, PJSC Gazprom adopted a new method for dividend calculation based on the Group's adjusted IFRS net profit. Almost RUB 361 billion were returned to shareholders as dividends for 2019 – the Company's second highest dividend payout ever.

As before, our Board of Directors closely monitored how Gazprom's key business segments evolved. Throughout the year, the Board focused on business growth and outlook in domestic and international markets, progress on major investment projects, cost optimisation, programmes for import substitution and deployment of advanced technology, the evolution of the Russian NGV market, and environmental protection.

We place a particular emphasis on delivering timely and comprehensive updates on Gazprom's operations to the wider public. The Company conducts annual stakeholder surveys to keep abreast of current big trends that interested audiences want to hear about, with over 1.7 thousand respondents surveyed in 2020 alone. These insights into key trends then form the basis of Gazprom Group's sustainability reports.

These reports are also subject to annual professional audits and public assurance procedures, with expert recommendations reflected in further efforts. In particular, upon such recommendation, we have accelerated the preparation of these documents. As a result, in 2021, our sustainability report was included in the AGM package for the first time.

During the year, the credit rating agency Expert RA examined the quality of our corporate governance and assigned its highest rating of A++.gq to PJSC Gazprom in February 2021, attesting to the high level of organisation within the Company.

Dear Shareholders,  
A robust corporate governance system is one of the Company's key tools to deliver its long-term strategic goals. The Board of Directors will continue to actively contribute to Gazprom's development for the benefit of its shareholders and the wider society.



**Viktor Zubkov**

Chairman of PJSC Gazprom's Board of Directors

# PJSC Gazprom's Corporate Governance Compliance Report, including Statement of Compliance with the Corporate Governance Principles Set Out in the Russian Corporate Governance Code



## Key documents of PJSC Gazprom ensuring protection of shareholder rights

- Articles of Association of Public Joint Stock Company Gazprom (amended in 2020)
- Corporate Governance Code of PJSC Gazprom
- Code of Corporate Ethics of PJSC Gazprom
- Dividend Policy of PJSC Gazprom
- Regulations on the General Shareholders Meeting of PJSC Gazprom
- Regulations on the Board of Directors of PJSC Gazprom (amended in 2020)
- Induction Programme for First-Time Elected Members of the Board of Directors of PJSC Gazprom
- Regulations on the Audit Committee of PJSC Gazprom's Board of Directors
- Regulations on the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors
- Regulations on the Management Committee of PJSC Gazprom
- Regulations on the Chairman of the Management Committee of PJSC Gazprom
- Regulations on the Audit Commission of PJSC Gazprom (new version approved in 2020)
- Procedure for Documenting Shareholder Proposals and Requests Related to the Convocation of the General Shareholders Meeting of PJSC Gazprom
- Procedure for Providing Information about PJSC Gazprom to Shareholders
- Regulations on Information Disclosure by PJSC Gazprom
- Regulations on Monitoring Compliance with Laws on Countering the Illegal Use of Insider Information and Market Manipulation at PJSC Gazprom
- Anti-Corruption Policy of PJSC Gazprom
- Regulations on the Hotline for Fighting Fraud, Corruption, and Embezzlement at Gazprom Group



## Amendments made in 2020 to PJSC Gazprom's documents ensuring protection of shareholder rights

Document	Amendments
PJSC Gazprom's Articles of Association	The Articles are brought in compliance with amendments to Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995 aimed at improving the procedure for issuing securities; the provisions on the procedure for shareholders to exercise their right to demand repurchase of their shares by the Company are amended; the provisions defining the quorum to approve interested-party transactions are adjusted
Regulations on the Board of Directors of PJSC Gazprom	The regulations on the competence of the Board of Directors are aligned with amendments to Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995
Regulations on the Audit Commission of PJSC Gazprom, new version	At the initiative of the controlling shareholder (the Russian Federation represented by the Federal Agency for State Property Management), the membership of the Audit Commission was reduced from nine to five



PJSC Gazprom's Articles of Association and other internal documents are available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



PJSC Gazprom's corporate governance system protects the rights and legitimate interests of shareholders, complies with Russian laws and Russian stock exchange listing rules for corporate governance of issuers whose securities are included in the first (top) level quotation list, and takes into account corporate governance guidelines by Russian federal executive authorities along with best Russian and international practices.

PJSC Gazprom's Board of Directors focuses on developing corporate governance and following key principles and recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014 (the Russian Corporate Governance Code, the Code).

In accordance with the requirements of paragraph 70.4. of the Regulations on Disclosing Information by the Issuers of Issue-Grade Securities No. 454-P approved by the Bank of Russia on 30 December 2014, key principles and recommendations of the Russian Corporate Governance Code not fully complied or not complied with at PJSC Gazprom are listed below, along with the description of corporate governance mechanisms and tools used by PJSC Gazprom instead of those recommended by the Russian Corporate Governance Code. PJSC Gazprom includes in the key provisions of the Code principles and recommendations that correspond to the mandatory requirements of Russian stock exchanges (PAO Moscow Exchange and PAO Saint Petersburg Exchange) applicable to issuers' corporate governance for the purposes of inclusion of their shares in the first (top) level quotation list, which are mandatory for PJSC Gazprom to maintain its top listing on these exchanges.

**1 The Code recommends that independent directors constitute at least one third of the elected members of the board of directors (paragraph 2.4.3 of the Code).**

In 2020, the Company did not comply with this principle of the Code.

The Board of Directors of PJSC Gazprom (11 members) was elected by the Annual General Shareholders Meeting on 26 June 2020 from among the nominees proposed by shareholders.

The Board of Directors included three independent directors, who were determined to be independent by Resolution of the Board of Directors of PJSC Gazprom No. 3446 dated 5 June 2020, as part of the procedures set forth in the listing rules of Russian stock exchanges and the Russian Corporate Governance Code. As part of discussing the matter of determining certain nominees to PJSC Gazprom's Board of Directors as independent nominees to the Company's Board of Directors, PJSC Gazprom's Board of Directors passed a resolution determining Timur Kulibaev, Viktor Martynov and Vladimir Mau to be independent nominees to PJSC Gazprom's Board of Directors although Timur Kulibaev, Viktor Martynov and Vladimir Mau met the formal criteria of being related to PJSC Gazprom, Vladimir Mau and Viktor Martynov met the formal criteria of being related to the state, and Viktor Martynov met the formal criteria of being related to PJSC Gazprom's significant counterparty, as it does not affect their ability to make impartial and independent judgements in good faith considering their professional experience, knowledge and business reputation.

- 2 To preview matters of supervision over the company's financial and business performance, the Code recommends to set up an audit committee comprised of independent directors**  
(paragraph 2.8.1, Recommendation 173 of the Code).

**To preview matters of adopting an effective and transparent remuneration scheme, the Code recommends to set up a remuneration committee comprised of independent directors and headed by an independent director who is not the chairman of the board of directors**  
(paragraph 2.8.2, Recommendation 179 of the Code).

**To preview matters of talent management (succession planning), professional composition and efficiency of the board of directors, the Code recommends to set up a nomination (appointments and HR) committee, predominantly comprised of independent directors**  
(paragraph 2.8.3 of the Code).

**Where setting up a separate nomination committee is not practicable, its functions may be assigned to any other committee of the board of directors, i.e. a corporate governance committee or a remuneration committee**  
(Recommendation 185 of the Code).

In 2020, PJSC Gazprom partially complied with these principles of the Code due in part to objective reasons related to an insufficient number of independent directors on the Board of Directors.

At the same time, independent directors Viktor Martynov and Vladimir Mau represent the majority in the composition of the Board of Directors' Audit Committee and the Board of Directors' Nomination and Remuneration Committee formed by the Board of Directors of PJSC Gazprom in the reporting year, and Mikhail Sereda who sits on both Committees, is not a member of the Management Committee of PJSC Gazprom. An independent director, Viktor Martynov, serves as Chairman of the Audit Committee of the Board of Directors.

This approach complies with Listing Rules of PAO Moscow Exchange, according to which, if for objective reasons it is impossible for all committee members to have the status of independent director, independent directors must be a majority of committee members, and the remaining committee members may be members of the Board of Directors who are not the sole executive body and/or members of the issuer's collective executive body.

**A++.gq**  
**(highest)**

**rating of PJSC Gazprom's management quality  
from AO Expert RA rating agency**

PAO Moscow Exchange and PAO Saint Petersburg Exchange confirm the compliance of PJSC Gazprom's corporate governance with the listing rules of stock exchanges, as required to maintain the shares on the first (top) level quotation list. At the same time, the Company regularly initiates independent audits of corporate governance practices and conduct surveys of shareholders and investors on various aspects of corporate governance. In the reporting year, AO Expert RA rating agency awarded PJSC Gazprom the national rating for management quality, and major shareholders and investors were surveyed on environmental protection, occupational safety and the Company's current development level of corporate governance.

**Conclusions of AO Expert RA experts on PJSC Gazprom's corporate governance (as at 30 September 2020)**

Highly efficient work of executive bodies	<ul style="list-style-type: none"><li>— Highly regulated functions</li><li>— An employee equity sharing plan for the management in place</li><li>— Remuneration of members of the Management Committee is linked to their performance</li></ul>
Highly efficient strategic planning	<ul style="list-style-type: none"><li>— Detailed planning procedure</li><li>— Linking medium- and short-term plans to the budgeting system</li></ul>
Robust audit process organisation	<ul style="list-style-type: none"><li>— Selection of external auditors through tenders</li><li>— Insignificant amount of non-audit services</li></ul>
High-quality risk management	<ul style="list-style-type: none"><li>— A separate risk management and internal control unit reporting to the Deputy Chairman of the Management Committee</li><li>— Detailed key provisions</li><li>— Regular reporting on risk management</li><li>— Certification to quality management standard ISO 9001:2015 and ISO 50001:2018 standard</li></ul>
Strong protection of shareholder and employee rights	<ul style="list-style-type: none"><li>— PJSC Gazprom's Regulations on the General Shareholders Meeting, Regulations on Monitoring Compliance with Laws on Countering the Illegal Use of Insider Information and Market Manipulation, and Dividend Policy in place</li><li>— A Corporate Secretary function, an Audit Commission and an internal audit service in place</li><li>— An effective system to timely prevent and resolve conflicts of interest</li><li>— Detailed regulation and control over labour relations</li></ul>
High level of information transparency	<ul style="list-style-type: none"><li>— Reporting information subject to mandatory disclosure</li><li>— Disclosure of non-financial and other additional information</li><li>— Timely publication of financial statements</li><li>— Well-structured corporate website, easy search for key information</li><li>— Publicly available information policy in place</li></ul>

**Note.** The Expert RA rating agency announced the management quality rating of PJSC Gazprom in February 2021.



Expert RA's methodology for awarding management quality ratings is available on the agency's website (information is available in Russian only)

→ [www.raexpert.ru](http://www.raexpert.ru)



The Company takes into account the results of corporate governance audits, opinions of expert and investment communities, as well as provisions of the Russian Corporate Governance Code when determining focus areas and planning the development of corporate governance standards. In the reporting year, the Company particularly focused on such development areas as strategic planning, insider information protection, improvement of sustainability management and related information disclosure.

The Company will continue to develop corporate governance standards, paying special attention to information disclosure, building an effective system to prevent conflicts of interest, insider information protection, shareholder and investor relations, including participation of independent directors.

**Enhancement of PJSC Gazprom's corporate governance standards in 2020**

<b>Focus area</b>	<b>Results</b>
Strategic planning	<p>PJSC Gazprom's Management Committee approved an updated PJSC Gazprom's Planning Procedures Based on Gazprom Group's Strategic Performance Targets (SPTs)</p> <p>To cover all areas of Gazprom Group's business, the list of SPTs for the gas business was updated, and SPTs for the oil and power generation businesses were set</p>
Insider information protection	<p>Regulations on Access to Insider Information of Public Joint Stock Company Gazprom and Maintaining Its Confidentiality as well as internal regulations to identify and prevent misuse of insider information and/or market manipulation were updated</p> <p>PJSC Gazprom's Board of Directors determined the terms and conditions of transactions with financial instruments by individuals and entities included in the Company's insiders list and by their affiliated persons</p>
Sustainability management and related information disclosure	<p>The deadlines for preparing sustainability reporting and including it in the materials for General Shareholders Meetings were shortened</p> <p>A draft Gazprom Group's Sustainability Policy was developed, a core document that will underpin the Group's sustainability efforts, express Gazprom's position in sustainable development and level of compliance with relevant international and Russian standards and practices, and help to articulate Gazprom Group's principles and approaches to sustainability. In 2021, the draft will be submitted to PJSC Gazprom's Board of Directors for approval</p>

# PJSC Gazprom's Corporate Governance Model

PJSC Gazprom's corporate governance model and practices rely on the principles of timely and accurate information disclosure; division of roles and responsibilities of each governing body; effective and transparent mechanisms to protect shareholder rights and interests; disclosure of all material events and plans on the Company's website at [www.gazprom.com](http://www.gazprom.com); consideration of shareholder rights and interests in decision-making.

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

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



For more information on the competencies of PJSC Gazprom's governing bodies, see PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



For more information on the main tasks of PJSC Gazprom's Audit Commission, see PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



The Audit Committee of PJSC Gazprom's Board of Directors and the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors have been established under PJSC Gazprom's Board of Directors. Their purpose is to preview critical matters of PJSC Gazprom's business reserved to the Board of Directors.

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

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

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

PJSC Gazprom has in place the function of Corporate Secretary (Resolution of the Board of Directors No. 2817 dated 30 September 2016). The functionality of the Corporate Secretary is distributed, to the extent recommended by the Russian Corporate Governance Code, among several business units of the Company, in line with the regulations governing their functions as approved by the Board of Directors. The activities of PJSC Gazprom's business units performing Corporate Secretary functions are aimed at ensuring compliance with the applicable Russian laws and the Company's Articles of Association and internal documents, which guarantee the exercise of shareholder rights and legitimate interests.

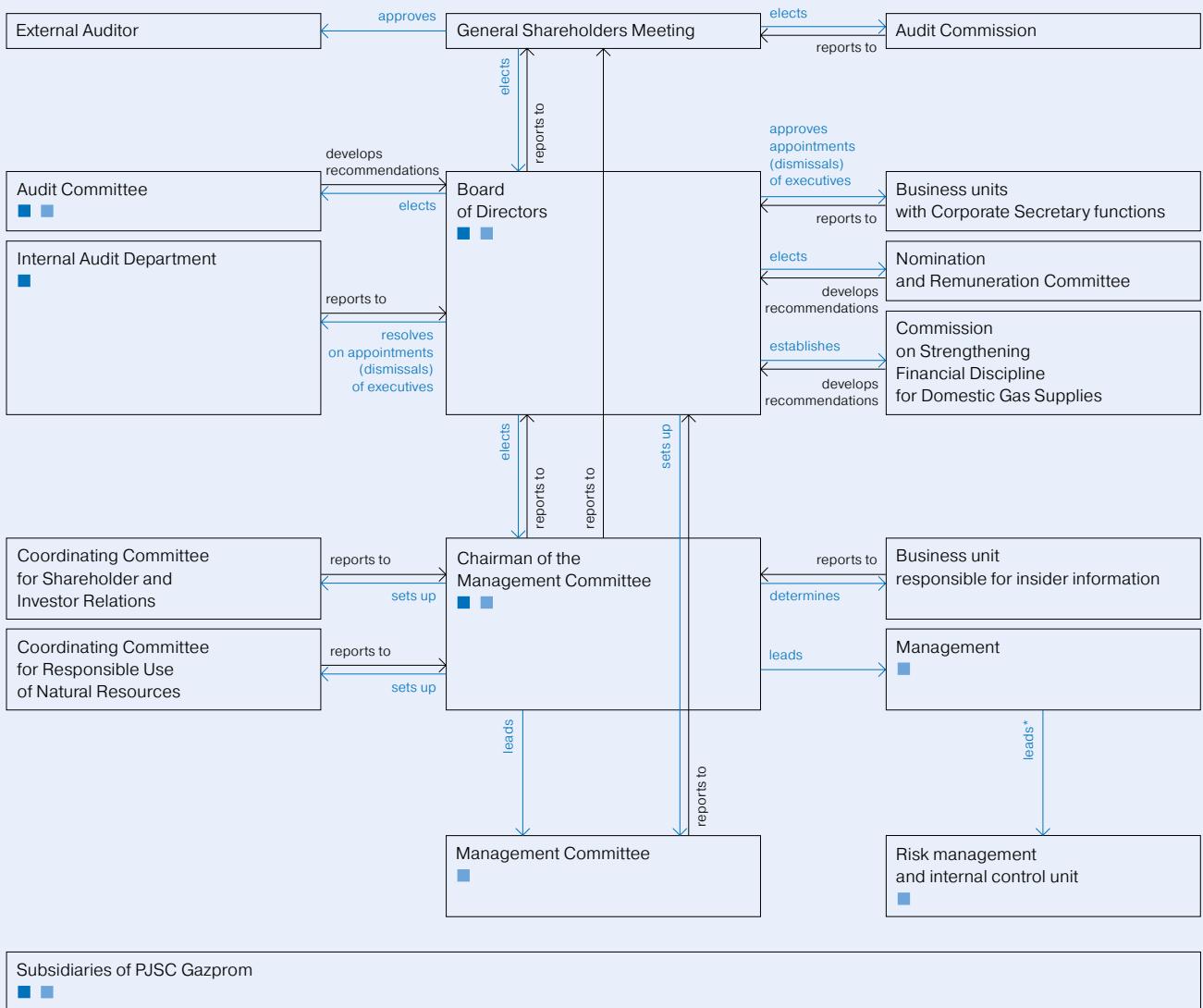


For more details on the functions of the Corporate Secretary at PJSC Gazprom, see PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)





## **PJSC Gazprom's corporate governance structure**



- Internal audit actors
- Risk management and internal control actors

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\* Reports to the Deputy Chairman of the Management Committee.

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

\* Reports to the Deputy Chairman of the Management Committee.

## General Shareholders Meeting

In the reporting year, to take into account the interests of all shareholders, the Board of Directors decided to use electronic voting at the Annual General Shareholders Meeting for the first time, ensuring the shareholders' convenience amid the COVID-19 situation and enhancing their engagement in PJSC Gazprom's governance.

**The Company will continue the practice of e-voting at General Shareholders Meetings first used in 2020.**

PJSC Gazprom held no extraordinary General Shareholders Meetings in 2020.



### Annual General Shareholders Meeting on 26 June 2020

- Held in absentia
- The mailing address for sending completed ballots: PJSC Gazprom, 16 Nametkina St., GSP-7, Moscow, 117997, Russian Federation
- The web page for electronic voting: <https://elgol.draga.ru>
- The quorum required to pass resolutions on all the agenda items was present
- Resolutions were passed on the following agenda items

The Meeting approved PJSC Gazprom's Annual Report, the Company's annual accounting (financial) statements, dividend amount (RUB 15.24 per share), the dividend record date – 16 July 2020, deadline to receive dividends for the nominee shareholders and trustees who are professional security traders recorded in the Register of Shareholders – 30 July 2020, and for the rest of the registered shareholders – 20 August 2020. OOO Financial and Accounting Consultants was approved as PJSC Gazprom's auditor. Amendments to PJSC Gazprom's Articles of Association, the Regulations on the Board of Directors of PJSC Gazprom and the revised Regulations on the Audit Commission of PJSC Gazprom were also approved.

The Meeting resolved to distribute PJSC Gazprom's profit for 2019 and pay remuneration to members of PJSC Gazprom's Board of Directors and Audit Commission holding no public office in the amount stipulated by the Company's internal documents.

The Meeting elected a new Board of Directors and Audit Commission of PJSC Gazprom.

# PJSC Gazprom's Board of Directors

The activities of PJSC Gazprom's Board of Directors are governed by the duly approved six-month activity plans. In 2020, the Board of Directors held a total of 62 meetings, including 5 meetings in person and 57 meetings in absentia. At these meetings, the Board of Directors passed 163 resolutions, including 20 resolutions in person and 143 resolutions in absentia. Due to COVID-19 restrictions in 2020, most in-person meetings of the Board of Directors were held online via videoconferencing.

**Plans for 2021 include another internal performance evaluation of the Company's Board of Directors through a written survey (questionnaires).**



**Matters reviewed by PJSC Gazprom's Board of Directors in 2020, by line of business, %**

■ Financial and business activity, investment activity	33
■ Strategic development	29
■ Enhancing corporate governance	27
■ HR policy	9
■ Audit	2



About one third of the matters reviewed at the Board of Directors' meetings were related to the Company's financial, economic and investment activities.



The full list of agenda items reviewed by PJSC Gazprom's Board of Directors in 2020 makes part of the Additional Information for the Annual Report available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



During the reporting year, as in prior years, members of the Board of Directors were actively involved in its activities – the overall attendance rate for both in-person and in-absentia meetings was 98%.

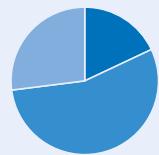
**PJSC Gazprom's Board of Directors  
(as at 31 December 2020)**

The Board of Directors of PJSC Gazprom has a well-balanced composition to ensure the performance of their tasks for the benefit of all shareholders and the Company as a whole.



**Composition of the Board of Directors by status, %**

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



\* By Resolution of PJSC Gazprom's Board of Directors No. 3446 dated 5 June 2020, the nominees to the Board Timur Kulibaev, Viktor Martynov and Vladimir Mau were deemed independent.



Resolution of PJSC Gazprom's Board of Directors No. 3446 dated 5 June 2020 determining certain nominees to PJSC Gazprom's Board of Directors as independent nominees to the Company's Board of Directors, including its substantiation, is available on PJSC Gazprom's website (information is available in Russian only) → [www.gazprom.ru](http://www.gazprom.ru)



**The share of executive directors on the Company's Board of Directors decreased.**

There were no changes to the composition of the Board of Directors in 2020.



**Viktor  
Alekseevich  
Zubkov**

Chairman of the Board of Directors

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

Non-executive director

Born in 1941.

Graduate of Leningrad Agricultural Institute.

Doctor of Economics.

2007–2008: Prime Minister of the Russian Federation.

2008–2012: First Deputy Prime Minister of the Russian Federation.

Since 2012 – Russia's Special Presidential Representative for Cooperation with the Gas Exporting Countries Forum.

2012–2014: member of the Board of Directors, Director General, Chairman of the Management Committee of OOO Gazprom gazomotornoе toplivo.

2014–2019: Deputy Chairman of the Board of Directors of OOO Gazprom gazomotornoе toplivo.

2019–2020: Chairman of the Board of Directors of OOO Gazprom LNG Technologies.

Since 2019 – Chairman of the Board of Directors of OOO Gazprom gazomotornoе toplivo.

Since 2020 – Chairman of the Board of Directors of OOO Gazprom gazomotornye sistemy.

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



**Andrey  
Igorevich  
Akimov**

Non-executive director

Born in 1953.

Graduate of Moscow Finance Academy.

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

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



**Alexey  
Borisovich  
Miller**

Deputy Chairman of the Board of Directors

Executive director

Born in 1962.

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

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

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



**Timur  
Askarovich  
Kulibaev**

Independent director

Born in 1966.

Graduate of Lomonosov Moscow State University. Candidate of Economics.

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

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



**Denis  
Valentinovich  
Manturov**

Non-executive director

Born in 1969.

Graduate of Lomonosov Moscow State University.  
Candidate of Economics.

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

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



**Viktor  
Georgievich  
Martynov**

Independent director

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

Born in 1953.

Graduate of the Gubkin Moscow Institute of the Petrochemical and Gas Industry.

Candidate of Geology and Mineralogy, Doctor of Economics.

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

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



**Vitaly  
Anatolievich  
Markelov**

Executive director

Born in 1963.

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

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

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



**Vladimir  
Alexandrovich  
Mau**

Independent director

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

Born in 1959.

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

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

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



**Alexander  
Valentinovich  
Novak**

Non-executive director

Born in 1971.

Graduate of Norilsk Industrial Institute.

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

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

Since 2020 – Deputy Prime Minister of the Russian Federation.

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



**Mikhail  
Leonidovich  
Sereda**

Non-executive director

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

Born in 1970.

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

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

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

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



**Dmitry  
Nikolaevich  
Patushev**

Non-executive director

Born in 1977.

Graduate of the State University of Management and of the Diplomatic Academy of the Russian Ministry of Foreign Affairs.  
Doctor of Economics.

2007–2010: Senior Vice President of OAO Vneshtorgbank.

2010–2018: member of the Supervisory Board of AO Rosselkhozbank, Chairman of the Management Board of AO Rosselkhozbank.  
Since 2018 – Minister of Agriculture of the Russian Federation.

Member of the Company's Board of Directors since 2016.

**Note.** The independent status of members of the Board of Directors is determined in compliance with criteria for assessing independence of members of the board of directors (candidates to the board of directors) set forth in Appendix 4 to Listing Rules of PAO Moscow Exchange.



The biographical details of the members of PJSC Gazprom's Board of Directors are also available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



## Audit Committee of the Board of Directors

### Dear Shareholders,

The Audit Committee of PJSC Gazprom's Board of Directors was established in 2005. Since then, the range of matters under the Committee's remit has expanded significantly, in line with Russian and international best practice in corporate governance.

Currently, the Committee conducts comprehensive preliminary reviews and prepares recommendations for the Board of Directors on a broad range of topics, including, but not limited to, the Company's financial statements, the operation of its risk management and internal control system, internal and external auditing, and interfacing with the Audit Commission.

The Committee's goals and objectives call for an in-depth immersion into the issues at hand, thus placing great demands on its composition. Therefore, all Committee members have solid track records in their respective fields, whether in the gas industry or economics and finance, and boast significant managerial experience and unblemished reputations in business. A priority for us is for the majority of the Committee members to be independent directors, something that is regularly verified by Russian stock exchanges through audits of the Company's quarterly filings.

As part of its assigned roles, in 2020, the Committee worked closely with OOO FBK, the Audit Commission and Company units responsible for internal auditing, risk management and internal control.

I am pleased to announce that, according to a December 2020 external performance evaluation (conducted once every five years), PJSC Gazprom's internal audit function was deemed to be compliant with both the Code of Ethics and International Standards for the Professional Practice of Internal Auditing.

In February 2021, the Russian rating agency Expert RA assigned PJSC Gazprom the highest national rating for governance quality, citing our robust audit process set-up and risk management among the factors that led to the strong rating.

**Viktor Martynov**  
Chairman of the Audit Committee  
of PJSC Gazprom's Board of Directors



In 2020, the Audit Committee of PJSC Gazprom's Board of Directors consisted of Viktor Martynov (committee Chairman, independent director), Vladimir Mau (committee member, independent director) and Mikhail Sereda (committee member, non-executive director). The committee addressed the specific planned activities, meeting at least on a quarterly basis. In 2020, the committee held 12 meetings in absentia and no meetings in person.



### Matters reviewed by the Board of Directors' Audit Committee in 2020, by line of business, %



The Audit Committee maintained close contact with the external auditor OOO FBK, the Audit Commission, the Risk Management and Internal Control Department, and the Department responsible for internal audit, to issue recommendations to the Board of Directors.



### Critical matters to be reviewed by the Audit Committee in the first half of 2021

- Assessment of the auditor's opinion on PJSC Gazprom's accounting (financial) statements for 2020
- Assessment of candidates for PJSC Gazprom's auditor engaged to audit the Company's accounting statements for 2021
- Report on the Internal Audit Department's performance for 2020
- OOO FBK's information on critical issues of the audit of H2 2020 results of PJSC Gazprom and its subsidiaries, along with the external auditor's reports on ensuring independence and effectiveness of the external audit



The full list of matters reviewed by the Audit Committee of PJSC Gazprom's Board of Directors in 2020 makes part of the Additional Information for the Annual Report available on PJSC Gazprom's website

→ [www.gazprom.com](http://www.gazprom.com)



# Nomination and Remuneration Committee of the Board of Directors

## Dear Shareholders,

The role of the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors is to provide the Board with additional opportunities to carry out comprehensive preliminary reviews into the range of pressing matters that fall under the governing body's remit.

In line with its roles, the Committee's agenda encompasses the remuneration of Board members, financial incentives for Management Committee members and Chairman, appointments to key managerial positions and providing annual performance evaluations of executive body members in accordance with the Company's remuneration policy.

All Committee tasks planned for the reporting year were completed in full. In particular, the Committee made recommendations to the Board of Directors on the approval of target (planned) and actual Company KPI values for the annual management bonus scheme, on employee equity sharing plan for the management of PJSC Gazprom, as well as on the election of members to the Management Committee, which takes into account the continuity of its activities, among other factors.

With the Committee established in September 2016, it is still relatively young; nonetheless, I believe that it has forged a unique role as a professional 'consultant' to the Board of Directors on matters that fall under its remit.

### Mikhail Sereda

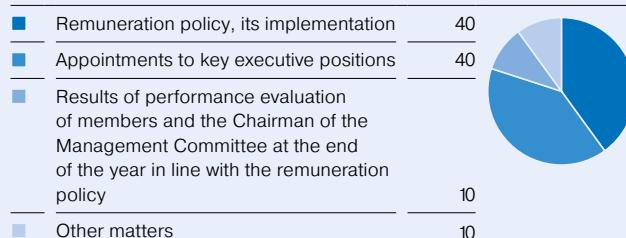
Chairman of the Nomination and Remuneration Committee  
of PJSC Gazprom's Board of Directors



In 2020, the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors included Mikhail Sereda (committee Chairman, non-executive director), Vladimir Mau (committee member, independent director), and Viktor Martynov (committee member, independent director). In 2020, the committee held 8 meetings in absentia as per the plan; no meetings were held in person.



### Matters reviewed by the Board of Directors' Nomination and Remuneration Committee in 2020, by line of business, %



### Critical matters to be reviewed by the Nomination and Remuneration Committee in the first half of 2021

- Approval of target (planned), threshold, and maximum values of the Company's key performance indicators for 2021 used in the Annual Bonus Scheme for the Management of PJSC Gazprom
- Approval of actual values of the Company's key performance indicators for 2020 used in the Annual Bonus Scheme for the Management of PJSC Gazprom
- Remuneration of members of PJSC Gazprom's Board of Directors and Audit Commission



The full list of matters reviewed by the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors in 2020 makes part of the Additional Information for the Annual Report available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



## Commission on Strengthening Financial Discipline for Domestic Gas Supplies

For additional coordination of efforts undertaken by PJSC Gazprom to improve the situation with regard to payments for gas deliveries, PJSC Gazprom's Board of Directors has the Commission on Strengthening Financial Discipline for Domestic Gas Supplies.

The Commission has five members. Commission Chairman: Viktor Zubkov, Chairman of PJSC Gazprom's Board of Directors; Commission Secretary: Nikolai Kruglikov, Head of the Secretariat of PJSC Gazprom.

Due to the spread of coronavirus, the commission held no in-person meetings in 2020. On the back of the stabilising COVID-19 situation in the country, the commission plans to resume its active work: handle the current arrears for natural gas supplied by PJSC Gazprom to regions of the Russian Federation and in the industry context, review matters of improving legislation to strengthen financial discipline for natural gas supplies to consumers, hold offsite meetings in Russian regions with the highest arrears for delivered gas.

## Corporate Secretary

In 2020, the Corporate Secretary's functions were delegated to four PJSC Gazprom's business units and were performed in full. In particular, the respective units took part in holding the Annual General Meeting of Shareholders in absentia for the first time and implementing follow-up measures. The units also helped to prepare proposals on further development of PJSC Gazprom's corporate standards. In a remote-working environment, the business units organising meetings of the Company's governing bodies had to arrange for additional approvals and document delivery, prepare new reference materials and provide methodology support.

The units also ensured the necessary communication with professional security traders, including the registrar (AO DRAGA), the largest depository (AO Gazprombank), Russian stock exchanges (PAO Moscow Exchange and PAO Saint Petersburg Stock Exchange).



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

→ [www.gazprom.ru](http://www.gazprom.ru)



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

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

## Management Committee

The activities of PJSC Gazprom's Management Committee are governed by the duly approved six-month activity plans. In 2020, PJSC Gazprom's Management Committee held 29 meetings (15 meetings in person, including 13 via videoconferencing, and 14 in absentia). 55 resolutions were passed, including 25 resolutions in person and 30 resolutions in absentia.



### Matters reviewed by PJSC Gazprom's Management Committee in 2020, by line of business, %

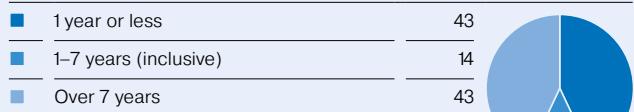


The share of reviewed matters related to long-term plans and major programmes of PJSC Gazprom's operations increased significantly compared to the previous year.

### Composition of PJSC Gazprom's Management Committee (as at 31 December 2020)



#### Composition of the Management Committee by tenure of its members in the governing body as at 31 December 2020, %



**Note.** Distributed according to the number of full years of service as a member of the Management Committee as at 31 December 2020.



### Changes in PJSC Gazprom's Management Committee in 2020

On 19 February 2020, PJSC Gazprom's Board of Directors elected Mikhail Rosseev to the Management Committee for a five-year term (Resolution of the Board of Directors No. 3389 dated 19 February 2020) and terminated the powers of Elena Vasilieva as a member of the Management Committee (Resolution of the Board of Directors No. 3387 dated 19 February 2020).



**Alexey  
Borisovich  
Miller**

Chairman of the Management Committee

Born in 1962.

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

Chairman of the Company's Management Committee since 2001.



**Elena  
Viktorovna  
Burmistrova**

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

Born in 1971.

Graduate of Moscow State Linguistic University.

Member of the Company's Management Committee since 2019.

Oversees international business.



**Oleg  
Evgenievich  
Aksyutin**

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

Born in 1967.

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

Member of the Company's Management Committee since 2008.

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



**Vitaly  
Anatolievich  
Markelov**

Deputy Chairman of PJSC Gazprom's  
Management Committee

Born in 1963.

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

Member of the Company's Management Committee since 2012.

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



**Mikhail  
Evgenievich  
Putin**

Deputy Chairman of PJSC Gazprom's  
Management Committee

Born in 1967.

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

Member of the Company's Management Committee since 2018.

Oversees administrative assistance, inventory and logistics  
management and healthcare benefits.



**Famil  
Kamil oglý  
Sadygov**

Deputy Chairman of PJSC Gazprom's  
Management Committee

Born in 1968.

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

Member of the Company's Management Committee since 2019.

Oversees Economics and Finance.



**Mikhail  
Nikolaevich  
Rosseev**

Deputy Chairman of PJSC Gazprom's  
Management Committee –  
Chief Accountant of PJSC Gazprom

Born in 1975.

Graduate of Ogarev Mordovia State University.

Member of the Company's Management Committee since 2020.



**Sergey  
Fyodorovich  
Khomyakov**

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

Born in 1953.

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

Member of the Company's Management Committee since 2007.

Oversees HR management and corporate security.



**Sergey  
Ivanovich  
Kuznets**

Head of Department  
(legal support)

Born in 1970.

Graduate of Lomonosov Moscow State University.

Member of the Company's Management Committee since 2019.



**Sergey  
Nikolaevich  
Menshikov**

Head of Department  
(hydrocarbon exploration and production)

Born in 1968.

Graduate of Millionshchikov Grozny Petroleum Institute.

Candidate of Economics.

Member of the Company's Management Committee since 2019.



**Vladimir  
Konstantinovich  
Markov**

Head of Department  
(government relations)

Born in 1955

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

Member of the Company's Management Committee since 2012.



**Elena  
Vladimirovna  
Mikhailova**

Head of Department  
(asset management  
and corporate relations)

Born in 1977.

Graduate of Moscow State Industrial University.

Member of the Company's Management Committee since 2012.



**Vyacheslav  
Alexandrovich  
Mikhaleenko**

Head of Department  
(gas transportation  
and underground storage)

Born in 1965.

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

Member of the Company's Management Committee since 2015.



**Gennady  
Nikolaevich  
Sukhov**

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

Born in 1961.

Graduate of Saratov Polytechnic Institute.

Member of the Company's Management Committee since 2019.



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

→ [www.gazprom.com](http://www.gazprom.com)



## Audit Commission

On 26 June 2020, the Annual General Meeting of Shareholders elected five members to the Audit Commission of PJSC Gazprom.

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



### **Members of the Audit Commission elected by the Annual General Shareholders Meeting on 26 June 2020**

Name	Year of birth	Position as at 31 December 2020
Alexander Alekseevich Gladkov	1969	Director of Projects for Developing Government Relations at PAO Gazprom Neft
Ilya Igorevich Karpov	1988	Head of Division at the Federal Agency for State Property Management, Chairman of the Audit Commission of PJSC Gazprom
Sergey Revazovich Platonov	1966	Member of the Audit Commission of PJSC Gazprom
Tatiana Vladimirovna Fisenko	1961	Director of Department at the Russian Ministry of Energy, Secretary of the Audit Commission of PJSC Gazprom
Pavel Gennadievich Shumov	1978	Deputy Director of Department at the Russian Ministry of Economic Development

# Board of Directors' Report on PJSC Gazprom's Development in Priority Business Areas

In 2020, PJSC Gazprom's Board of Directors focused on creating the environment to maintain consistent performance and development of PJSC Gazprom as a global energy company, making key decisions on strategic development, finance, economy and investment, audit, management efficiency and HR policy. At meetings of the Board of Directors in the reporting year, Board members regularly discussed various impacts of the coronavirus pandemic on the long-term outlook for the global energy market and PJSC Gazprom's current operations and plans.

**In 2020, the Board of Directors placed a particular emphasis on consistent expansion of gas infrastructure in Russian regions as one of PJSC Gazprom's priorities in the domestic market.**



## Key strategic development matters reviewed by the Board of Directors in 2020

Agenda items	Material discussion points	Instructions and approved documents
PJSC Gazprom's strategic performance targets (Gazprom Group)	<ul style="list-style-type: none"><li>— In 2020, the Company's Management Committee approved PJSC Gazprom's Planning Procedure Based on Strategic Performance Targets (Gazprom Group), replacing the document that had been in effect since 2006, updated the list of SPTs for the gas segment and developed corporate SPTs for the oil and power segments to consolidate targets across business segments</li><li>— The following targets were added to the list of corporate SPTs: <a href="#">Hydrocarbon Processing Volume</a> (to address the strategic goals in market diversification); <a href="#">Peak UGSS Autumn and Winter Capacity</a> (to characterise the reliability of gas supply); <a href="#">Total Installed Capacity</a> (refers to Gazprom Group's ability to supply electricity and heat to consumers)</li></ul>	→ As of 1 January 2021, corporate and Tier 1 SPTs were approved and implemented for the gas, oil and power generation business segments for the last year of the ten-year planning period



**Key strategic development matters reviewed by the Board of Directors in 2020 (continued)**

Agenda items	Material discussion points	Instructions and approved documents
Cost optimisation and amendment of PJSC Gazprom's Investment Programme and budget (financial plan) for 2020	<ul style="list-style-type: none"> <li>— In accordance with the new version of PJSC Gazprom's Investment Programme for 2020, total actual expenditure was <a href="#">RUB 922.489 billion</a> (down by <a href="#">RUB 182.235 billion</a> from the level approved in December 2019 due to capital construction cuts), including:           <ul style="list-style-type: none"> <li>— <a href="#">RUB 720.674 billion</a> – capital construction plan</li> <li>— <a href="#">RUB 96.022 billion</a> – long-term investment plan</li> <li>— <a href="#">RUB 105.793 billion</a> – non-current asset acquisition plan.</li> </ul> </li> <li>— The Investment Programme for 2020 was adjusted to the changing external market environment, including pandemic-induced changes</li> <li>— The new version of the budget (financial plan) for 2020 has no budget deficit and will ensure that all PJSC Gazprom's liabilities are covered in full</li> </ul>	<p>→ The new versions of PJSC Gazprom's Investment Programme and budget (financial plan) for 2020 were approved</p>
Implementation of socially oriented and economically efficient system of gas infrastructure expansion and gas supply of people	<ul style="list-style-type: none"> <li>— Programmes for gas supply and infrastructure expansion in Russian regions for 2021–2025 were developed and approved for 67 Russian regions. The programmes are predominantly socially oriented. PJSC Gazprom's financing for the period will total <a href="#">RUB 526.1 billion</a></li> <li>— Provided that the programmes are implemented rigorously, the country's gas infrastructure expansion will be <a href="#">up to 74.7%</a> by end-2025, with expansion completed in <a href="#">35 Russian regions</a></li> <li>— Plans include implementation of smart gas metering systems with telemetric data transmission and gas detection systems, which will increase gas usage safety at home</li> <li>— A set of proposals on expansion of gas supply and gas infrastructure in Russian regions has been submitted to the Russian Ministry of Energy (such as including entrance gas pipelines into gas infrastructure expansion programmes, determining sources of financing and defining the criteria to be met by consumers for their free-of-charge connection to gas supply grids)</li> <li>— PJSC Gazprom and the Russian Government will discuss the appointment of the Company as the unified operator of gas supply and gas infrastructure expansion programmes, and gas distribution companies as single regional operators</li> </ul>	<p>→ The Company's Management Committee has been instructed to ensure further expansion of socially oriented and economically efficient gas supply and gas infrastructure</p>
Measures to enhance energy efficiency and reduce greenhouse gas emissions	<ul style="list-style-type: none"> <li>— In line with its commitment to energy efficiency and saving natural energy resources, the Company set Corporate Environmental Targets for 2020–2022 and implements PJSC Gazprom's Energy Saving and Energy Efficiency Improvement for 2020–2022</li> <li>— The Company promotes the environmental benefits of natural gas and its potential use in hydrogen economy, and has developed proposals on how the EU's climate targets can be met</li> <li>— To improve management decision-making, PJSC Gazprom initiated low-carbon R&amp;D, including possible scenarios of the Company's sustainable development until 2050 in the light of the global low-carbon economy trend</li> </ul>	<p>→ The Chairman of the Management Committee has been instructed to continue efforts to improve energy efficiency of the Company's operations and reduce greenhouse gas emissions</p>
Approval of a coronavirus response plan, including measures and government support to ensure employee health and safety during the pandemic as well as business continuity	<ul style="list-style-type: none"> <li>— To counteract the pandemic's negative impacts and protect employees, Gazprom developed comprehensive measures taking into account the recommendations of federal and regional authorities</li> </ul>	<p>→ The Company approved a plan to respond to the COVID-19 outbreak, protect employees of PJSC Gazprom's Administration, branches and representative offices, Gazprom Group organisations, facilities and enterprises of all levels of ownership and ensure business continuity</p>



PJSC Gazprom's revised Investment Programme for 2020 was approved by the Board of Directors, Resolution No. 3494 dated 27 October 2020 (Minutes of the Board of Directors' meeting No. 1329 dated 27 October 2020). For more details on the goals and main projects, key areas and timelines, see the [Development Strategy by Business Type](#) section, the [Gas Business](#) and [Capex Programmes](#) subsections

In the reporting year, the Board of Directors continued to monitor the progress on the Company's major capex projects and import substitution, including products, equipment and technologies used to develop the NGV fuel market, to implement construction projects at the Kirinskoye and Yuzhno-Kirinskoye fields. Other focus areas were PJSC Gazprom's strategic priorities, such as development of natural gas exchange trade, innovation, shareholder and investor relations; the Company's prospects, opportunities and risks associated with shale gas and LNG production; analysis of the impact of 2020 events on the long-term outlook for the global energy market. At one of its meetings, the Board also discussed the impact of sanctions against Russia on Gazprom Group in 2019–2020 and response measures.

#### **Financial and Business Activity, Investment Activity, Audit**

Throughout 2020, PJSC Gazprom's Board of Directors exercised control over financial and business activities as well as investment activities of the Company, including review of reports on the results of procurement activities (on a quarterly basis), and made decisions related to transaction approval and the management of the property and other assets of PJSC Gazprom and its subsidiaries. The Board reviewed the matter of non-application of penalties and possibility of extending contract timelines and adjusting price in 2020 in case of a counterparty's non-performance due to COVID-19, and the Chairman of the Management Committee was instructed to ensure amendments to procurement regulations so as to provide for:

- non-application of penalties in 2020 due to non-performance of contractual obligations by suppliers (contractors, counterparties) due to COVID-19
- possibility to change contract timelines and/or price and/or unit price for goods, work or services in 2020 in case of failure to fulfil contractual obligations due to pandemic-induced circumstances beyond the parties' control.

#### **Corporate Governance Improvement and HR Policy**

The Board of Directors has historically placed a special focus on improving management efficiency and HR policy and continued analysing PJSC Gazprom's HR policy and incentive scheme efficiency and introducing professional standards. Its work was evaluated as systematic and effective.

In addition, the Board reviewed deployment of advanced digital technology across Gazprom Group and approved the Activity Plan for 2018–2021 for PJSC Gazprom's transition to predominantly using Russian-made software, as well as documents on intellectual property management – the Regulations on Managing the Intellectual Property Rights of PJSC Gazprom and its Subsidiaries and the action plan to implement the Regulations.

As part of reviewing the results of cost optimisation (reduction) in 2019 and focus areas of Gazprom Group's cost optimisation (reduction) efforts in 2020, the Board of Directors was informed about an important change in budget management. Starting from 2020, PJSC Gazprom switched to reviewing and approving consolidated budgets of Gazprom Group's three main sub-holdings, Gazprom mezhregiongaz, Gazprom energoholding and Gazprom export. Previously, the Company controlled their financial and economic performance through selective actions, using the KPI system and participating in budget planning mainly of parent companies of sub-holdings. The new approach will improve sub-holdings' business process transparency and operational and investment performance control, helping to identify potential of further growth and development of business priorities.

To improve safeguards protecting insider information, the Board of Directors determined the terms and conditions of transactions with financial instruments by individuals and entities included in the Company's insiders list and by their affiliated persons.

# Remuneration of Members of Governing and Supervisory Bodies



## Documents defining remuneration of members of PJSC Gazprom's governing and supervisory bodies

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

## Corporate KPI System

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

PJSC Gazprom's corporate KPIs incorporate the most important short-term efficiency and effectiveness metrics and are subject to approval by the Board of Directors. Targets for corporate KPIs are calculated based on PJSC Gazprom's annual budget (financial plan) and Investment Programme.

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

KPI targets for 2020 were set by resolutions of the Board of Directors based on PJSC Gazprom's 2020 budget (financial plan) and Investment Programme, with some of the KPIs subsequently adjusted as per the new version of the 2020 budget (financial plan) and Investment Programme. The main reasons behind changes in the approved indicators were decreasing gas sales volumes and hydrocarbon prices in foreign markets along with growing dollar exchange rate.



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

KPI		Description	Weight of corporate KPIs in remuneration
Financial and economic KPIs			70%
■	Per unit costs in Production	Total costs of gas production subsidiaries divided by the total volume of gas, unstable gas condensate and oil production	15%
■	Per unit costs in Transportation	Total costs of gas transportation subsidiaries divided by the total transportation volume	15%
■	Reduction of operating costs (expenses)	Reduction of operating costs (expenses) in the reporting year	5%
■	Total shareholder return	Estimated shareholder's income for the reporting year from share price growth and dividend received	10%
■	Return on equity	Ratio of net income to average annual shareholders' equity	20%
■	Labour productivity	Total revenue from sales of products, proceeds from work done and services provided, revenue from sales of goods purchased for resale less expenses on such purchased goods, divided by total person-hours worked by full-time employees and external part-time employees	5%
Industry-specific KPIs			30%
■	Gas sales by volume	PJSC Gazprom's gas sales by volume, including both its own gas and purchased gas, excluding sales to PJSC Gazprom's subsidiaries for own operational needs, as well as the volumes purchased and sold in far abroad countries	10%
■	Commissioning of priority production facilities	Completion of activities related to commissioning of priority production facilities (as per the approved list)	10%
■	Integrated innovation key performance indicator	Sum of scores reflecting the achievement of KPI targets, with application of weights allocated to each of the KPIs: — Patents obtained in the reporting year — Reduction of specific rates of GHG emissions expressed as CO <sub>2</sub> equivalent — Share of R&D costs in revenue — Assessment of the quality of design/annual implementation of the Innovative Development Programme	10%

■ KPIs established in pursuance of Russian Government directives.



**Target and actual values of corporate KPIs for 2020**

KPI	Target value		Actual value	KPI achievement, % of the target	Explanation of variance between the target and actual KPI values
	Initial*	Adjusted**			
<b>Financial and economic KPIs</b>					
Per unit costs in Production, RUB per t c. e.	924.31	995.29	1,013.90	98%	Higher costs and lower hydrocarbon production vs plan by 0.9% and 0.93%, respectively
Per unit costs in Transportation, RUB per unit of transportation (mcm per 100 km)	71.62	72.67	71.90	101%	Higher actual transportation volumes vs plan by 0.33%
Reduction of operating costs (expenses), %	2	No adjustments	2.4	120%	Target value achieved
Total shareholder return, stakes	0.10	No adjustments	-0.114	-	PJSC Gazprom share price decline due to lower investor appetite in view of plummeting energy prices (the average Brent price fell by 32.7%, TTF gas – by 32.2%)
Return on Equity, %	6	No adjustments	0.96	16%	Higher costs due to higher foreign exchange losses
Labour productivity, RUB thousand per person-hour	75.19	60.09	65.26	109%	Increased gas resale revenue vs plan by 5.5% combined with a reduction of person-hours by 2.9%
<b>Industry-specific KPIs</b>					
Gas sales by volume, bcm	460.321	424.595	421.892	99%	Decrease in gas supplies by 4% due to lower demand from Russian consumers
Commissioning of priority production facilities	5	5 (volume of capacity commissioning adjusted)	5	100%	Target value of the Commissioning of priority production facilities KPI achieved
Integrated innovation key performance indicator, %	95	No adjustments	157.79	166%	Increase in R&D

\* Resolution of PJSC Gazprom's Board of Directors No. 3439 dated 3 June 2020, Minutes No. 1309 dated 3 June 2020.

\*\* Resolution of PJSC Gazprom's Board of Directors No. 3533 dated 30 December 2020, Minutes No. 1347 dated 30 December 2020.



**Target values of corporate KPIs for 2021**

KPI	Target value*
Financial and economic KPIs	
Per unit costs in Production, RUB per t c. e.	983.94
Per unit costs in Transportation, RUB per unit of transportation (mcm per 100 km)	67.86
Reduction of operating costs (expenses), %	2
Total shareholder return, %	15
Return on Equity, %	3
Labour productivity, RUB thousand per person-hour	66.56
Industry-specific KPIs	
Gas sales by volume, bcm	446.824
Commissioning of priority production facilities	5
Integrated innovation key performance indicator, %	95

\* Resolution of PJSC Gazprom's Board of Directors No. 3566 dated 20 April 2021, Minutes No. 1361 dated 20 April 2021. KPI values were calculated in accordance with PJSC Gazprom's annual budget (financial plan) and Investment Programme for 2021 approved by the Board of Directors, and may be adjusted following the established procedures if the Board of Directors resolves to approve new versions of these documents.

**Remuneration Scheme for Members of the Management Committee and Other Executives**

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

**The Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors previews and issues recommendations on implementation of PJSC Gazprom's remuneration policy for members of governing bodies.**

Remuneration paid by PJSC Gazprom to its executives creates sufficient incentives for them to work effectively. The Annual Bonus Scheme for the Management of PJSC Gazprom is an important component of the remuneration system for PJSC Gazprom's executives, including members of the Management Committee.

The Annual Bonus Scheme covers executives of PJSC Gazprom and its key gas production, transportation, underground storage, processing and sales subsidiaries.

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

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

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

To determine the amount of actual payments, a corporate correction factor reflecting the actual KPI achievement level is applied to the corporate and individual components of the annual bonus. If the KPIs are not achieved, the amount of the annual bonus is reduced, which establishes a link between the corporate KPIs and the amount of remunerations, as well as executives' personal motivation.

In 2020, PJSC Gazprom paid the annual bonus for 2019 taking into account the corporate correction factor of 111.07%.



For more details on calculating the progress against corporate KPIs in 2019, as well as the explanation of variance between target and actual KPI values, see PJSC Gazprom's Annual Report 2019

→ [www.gazprom.com](http://www.gazprom.com)



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

In addition, the Company provides voluntary medical insurance to members of PJSC Gazprom's governing bodies and other executives of the Company.

#### **Remuneration to Board Members for Service on a Governing Body**

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

**The bonus component of remuneration motivates  
members of the Board of Directors to further  
contribute to the Company's operational  
excellence.**

The decision to pay remuneration is made by the General Shareholders Meeting of PJSC Gazprom upon recommendation of the Board of Directors prepared in line with the Regulations on the Guidelines on Remuneration of the Board of Directors of the Company. The Regulations determine the calculation formulas consisting of the fixed base, additional and bonus components, as well as remuneration terms and procedure. In particular, according to the Regulations, the Board of Directors may recommend the General Shareholders Meeting not to pay remuneration to members of the Board of Directors or pay a lower calculated under the Regulations, if during their tenure certain events occurred that could not be foreseen but had a significant impact on the Board's and/or PJSC Gazprom's performance.

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



##### **Remuneration of members of PJSC Gazprom's Board of Directors, RUB thousand**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Remuneration of members of PJSC Gazprom's Board of Directors paid by PJSC Gazprom*	346,971	367,684	315,850
including by type of remuneration:			
Remuneration for service on a governing body	210,708	227,258	231,507
Salary	71,986	76,225	24,204
Bonuses	53,897	53,821	52,354
Commission fees	–	–	–
Other remuneration	10,380	10,380	7,785
Insurance premiums paid by PJSC Gazprom**	50,178	52,727	42,121
Total	397,149	420,411	357,971

\* The amounts are inclusive of personal income tax.

\*\* In line with Russian laws, PJSC Gazprom pays insurance premiums under mandatory pension insurance, mandatory social insurance in case of temporary disability or a maternity leave, mandatory medical insurance and industrial accident and occupational disease insurance, which the Company calculates based on the amount of remuneration and other payments.



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

Remuneration component	Description	Weight in the remuneration paid in 2020, %
Fixed base remuneration	Paid for service on the Board of Directors Takes into account the average number of matters reviewed during the year, qualifications and the scope of responsibility of Board members given the scale of the Company's operations	42.5
Bonus component	Takes into account the achievement of corporate KPIs, such as Total shareholder return, Return on Equity, etc.	49.9
Additional remuneration	Paid for additional responsibilities such as acting as Chairman of the Board of Directors, Deputy Chairman of the Board of Directors, or serving on committees of the Board of Directors	7.6



**Remuneration of members of PJSC Gazprom's Board of Directors for service on a governing body paid in 2020  
(in accordance with Resolution of the Annual General Shareholders Meeting dated 26 June 2020, Minutes No. 1)**

Name	Position	Holding public or civil office	Remuneration paid, RUB	
			Total	Including additional remuneration
Viktor Zubkov	Chairman of the Board of Directors	Holds no such office	32,951,920	6,214,500
Alexey Miller	Deputy Chairman of the Board of Directors	Holds no such office	31,916,170	5,178,750
Andrey Akimov	Member of the Board of Directors	Holds no such office	26,737,420	—
Timur Kulibaev	Member of the Board of Directors	Holds no such office	26,737,420	—
Denis Manturov	Member of the Board of Directors	Holds an office	—	—
Vitaly Markelov	Member of the Board of Directors	Holds no such office	26,737,420	—
Viktor Martynov	Member of the Board of Directors, Chairman of the Board of Directors' Audit Committee, member of the Board of Directors' Nomination and Remuneration Committee	Holds no such office	29,154,170	2,416,750
Vladimir Mau	Member of the Board of Directors, member of the Board of Directors' Nomination and Remuneration Committee, member of the Board of Directors' Audit Committee	Holds no such office	28,118,420	1,381,000
Alexander Novak	Member of the Board of Directors	Holds an office	—	—
Dmitry Patrushev	Member of the Board of Directors	Holds an office	—	—
Mikhail Sereda	Member of the Board of Directors, Chairman of the Board of Directors' Nomination and Remuneration Committee, member of the Board of Directors' Audit Committee	Holds no such office	29,154,170	2,416,750
<b>Total</b>			<b>231,507,110</b>	<b>17,607,750</b>

**Note.** The amounts are inclusive of personal income tax.



Minutes No. 1 of the Annual General Shareholders Meeting dated 26 June 2020 are available on PJSC Gazprom's website (information is available in Russian only)  
→ [www.gazprom.ru](http://www.gazprom.ru)





**Remuneration of members of PJSC Gazprom's Management Committee, RUB thousand**

	2018	2019	2020
Remuneration of members of PJSC Gazprom's Management Committee paid by PJSC Gazprom*, **	2,551,450	1,331,825	1,710,910
including by type of remuneration:			
Remuneration for service on a governing body	-	-	-
Salary	1,035,748	821,064	710,761
Bonuses (including the annual bonus)	1,475,344	479,583	902,571
Commission fees	-	-	-
Other remuneration (including short-term benefits related to healthcare)	40,358	31,178	97,578
Insurance premiums paid by PJSC Gazprom***	413,804	204,504	263,545
Total	2,965,254	1,536,329	1,974,455

\* The amounts are inclusive of personal income tax.

\*\* Income received by members of PJSC Gazprom's Board of Directors who are also members of PJSC Gazprom's Management Committee and full-time employees of the Company for service on the Board of Directors was accounted for in the income received by members of the Board of Directors. Other types of remuneration paid to such members of the Board of Directors and/or reimbursement for their expenses are included in the total remuneration and/or reimbursement for expenses of PJSC Gazprom's Management Committee.

\*\*\* In line with Russian laws, PJSC Gazprom pays insurance premiums under mandatory pension insurance, mandatory social insurance in case of temporary disability or a maternity leave, mandatory medical insurance, and industrial accident and occupational disease insurance, which the Company calculates based on the amount of remuneration and other payments.



**PJSC Gazprom's voluntary medical insurance premiums paid for members of the Management Committee and executives who are also members of the Company's Board of Directors, RUB thousand**

	2018	2019	2020
	12,420	10,632	10,406

From 2018 to 2020, PJSC Gazprom paid no reimbursement to members of the Board of Directors or members of the Management Committee for expenses incurred while serving on a Company's governing body.

From 2018 to 2020, the Company did not provide any loans to members of PJSC Gazprom's Board of Directors or members of its Management Committee.

**Remuneration of Members of the Audit Commission**

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

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



**Remuneration of members of PJSC Gazprom's Audit Commission, elected by the Annual General Meeting of Shareholders on 28 June 2019, for serving on a financial and business performance supervisory body paid in 2020 (in accordance with Resolution of the Annual General Shareholders Meeting dated 26 June 2020, Minutes No. 1)**

Name	Position	Holding public or civil office*	Remuneration paid, RUB
Margarita Mironova	Chairwoman of the Commission	Holds no such office	5,462,620
Ivan Bezmenov	Member of the Commission	Holds an office	-
Alexander Gladkov	Member of the Commission	Holds an office	-
Yury Nosov	Member of the Commission	Holds no such office	4,202,016
Karen Oganyan	Member of the Commission	Holds no such office	4,202,016
Sergey Platonov	Member of the Commission	Holds no such office	4,202,016
Evgeny Stolyarov	Member of the Commission	Holds an office	-
Tatiana Fisenko	Member of the Commission	Holds an office	-
Vadim Bikulov	Member of the Commission (Secretary)	Holds no such office	4,202,016
Total			22,270,684

\* As at the date of payment.

**Note.** The amounts are inclusive of personal income tax.

# Liability Insurance of Directors, Officers and the Company

PJSC Gazprom has insured the liability of its directors (excluding directors holding public office), officers and the Company since 2008. Under the liability insurance contract, shareholders, creditors or other third parties are compensated for damages incurred as a result of in-scope errors (omissions) by PJSC Gazprom's key executives.



## Liability insurance programme for directors, officers and the Company in 2020

Insurance coverage	USD 100 million
Insurance premium	USD 900 thousand
Persons insured	Members of the Company's Board of Directors (excluding directors who hold public office) and Management Committee, as well as heads of PJSC Gazprom's Departments who are not members of the Company's Management Committee
Risks insured	<ul style="list-style-type: none"><li>— Risk of third-party claims against the insured for losses arising from unintentional errors made by the insured in their management roles</li><li>— Risk of third-party claims against PJSC Gazprom for losses arising from unintentional errors made by the insured in their management roles: claims related to PJSC Gazprom securities; claims initially made against the insured</li></ul>

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

# Shareholdings of Members of the Board of Directors and Management Committee and Transactions with PJSC Gazprom Shares

As at 31 December 2020, members of the Board of Directors, members of the Management Committee and the Chairman of the Management Committee had a 0.013270% stake in PJSC Gazprom (direct ownership).

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

PJSC Gazprom's executives holding positions of department heads or higher, and the management of subsidiaries engaged in Gazprom Group's core gas business activities are eligible to participate in the Programme. As at 31 December 2020, 71 executives were eligible for the Programme.



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

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



## **Direct ownership of PJSC Gazprom shares by members of the Board of Directors, members of the Management Committee, and the Chairman of the Management Committee as at 31 December 2020**

Name	Position	Shareholding in PJSC Gazprom, %
Members of the Board of Directors		
Viktor Zubkov	Chairman of the Board of Directors	—
Alexey Miller	Deputy Chairman of the Board of Directors, Chairman of the Management Committee	0.000958
Andrey Akimov	Member of the Board of Directors	—
Timur Kulibaev	Member of the Board of Directors	—
Denis Manturov	Member of the Board of Directors	—
Vitaly Markelov	Member of the Board of Directors, Deputy Chairman of the Management Committee	0.006203
Viktor Martynov	Member of the Board of Directors, Chairman of the Board of Directors' Audit Committee, member of the Board of Directors' Nomination and Remuneration Committee	—
Vladimir Mau	Member of the Board of Directors, member of the Board of Directors' Audit Committee, member of the Board of Directors' Nomination and Remuneration Committee	—
Alexander Novak	Member of the Board of Directors	—
Dmitry Patrushev	Member of the Board of Directors	0.001013
Mikhail Sereda	Member of the Board of Directors, Chairman of the Board of Directors' Nomination and Remuneration Committee, member of the Board of Directors' Audit Committee	0.000232
Members of the Management Committee*		
Oleg Aksyutin	Deputy Chairman of the Management Committee – Head of Department	0.000232
Elena Burmistrova	Deputy Chairwoman of the Management Committee	0.000232



**Direct ownership of PJSC Gazprom shares by members of the Board of Directors, members of the Management Committee, and the Chairman of the Management Committee as at 31 December 2020 (continued)**

Name	Position	Shareholding in PJSC Gazprom, %
Mikhail Putin	Deputy Chairman of the Management Committee	0.000313
Mikhail Rosseev	Deputy Chairman of the Management Committee – Chief Accountant	0.000232
Famil Sadygov	Deputy Chairman of the Management Committee	0.000232
Sergey Khomyakov	Deputy Chairman of the Management Committee	0.000232
Sergey Kuznets	Member of the Management Committee, Head of Department	0.002239
Vladimir Markov	Member of the Management Committee, Head of Department	0.000148
Sergey Menshikov	Member of the Management Committee, Head of Department	0.000169
Elena Mikhailova	Member of the Management Committee, Head of Department	0.000242
Vyacheslav Mikhalevko	Member of the Management Committee, Head of Department	0.000424
Gennady Sukhov	Member of the Management Committee, Head of Department	0.000169

\* For shareholdings of executive directors, see the Members of the Board of Directors section of this table.



**Transactions with PJSC Gazprom shares by members of PJSC Gazprom's Board of Directors and Management Committee in 2020**

Name	Transaction date	Transaction type	Transactions with PJSC Gazprom shares	Number of ordinary registered shares of PJSC Gazprom involved in the transaction
Elena Mikhailova	10 March 2020	Purchase		5,830
Famil Sadygov	6 May 2020	Purchase		55,000
Elena Burmistrova	13 May 2020	Purchase		55,000
Oleg Aksyutin	14 May 2020	Purchase		3,430
Sergey Kuznets	24 July 2020	Purchase		530,000
Mikhail Rosseev	5 October 2020	Purchase		55,000

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

To improve the internal audit function and in accordance with Directive of the Russian Government for persons representing interests of the Russian Federation No. 3984p-P13 dated 24 June 2015, the Company developed and approved the Regulations on Internal Audit of PJSC Gazprom in 2015 (Resolution of the Board of Directors No. 2621 dated 6 November 2015, amended versions No. 3212 dated 1 February 2019, No. 3335 dated 29 October 2019 and No. 3514 dated 10 December 2020). Due to changes in the Company's staff schedule and the invalidation of Resolution No. 2315 of the Board of Directors dated 25 February 2014 On Approving the Regulations on the Internal Control System of JSC Gazprom, the Regulations were updated in the reporting year.

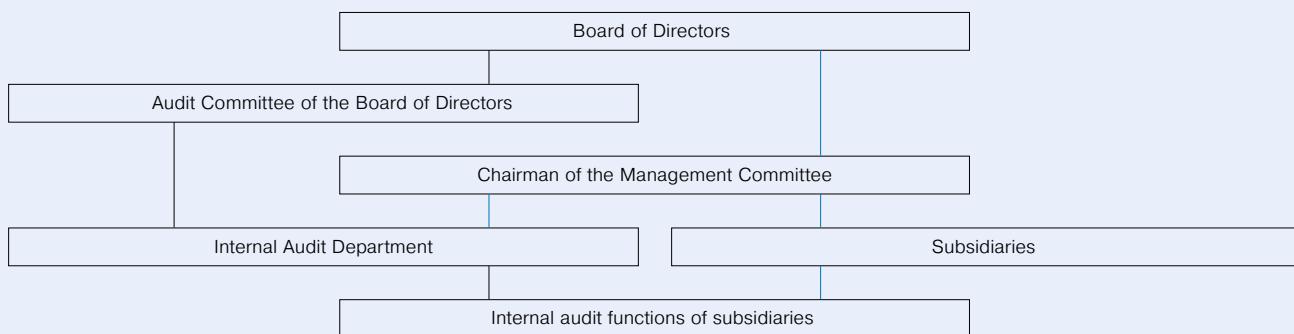
These Regulations determine the goals, objectives, status, powers and liability of the Internal Audit Department of PJSC Gazprom, as well as the scope of internal audit.

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

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



## Internal audit system of PJSC Gazprom



— Functional accountability  
— Administrative accountability

The Department is administratively accountable to the Chairman of PJSC Gazprom's Management Committee and functionally accountable to the Board of Directors (through the Board of Directors' Audit Committee). Head of the Department is appointed and removed from office by the Chairman of the Company's Management Committee upon recommendation of the Deputy Chairman of the Management Committee overseeing HR management, as approved by the Board of Directors (through the Board of Directors' Audit Committee).

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

The Department's organisation is coordinated with the Audit Committee of the Board of Directors and approved by the Chairman of the Management Committee. The Department consists of three Directorates.

Activities of the Department are governed by the Regulations on Internal Audit of PJSC Gazprom, the Internal Auditors' Code of Ethics (approved by Resolution of the Board of Directors No. 1956 dated 14 March 2012, as amended by Resolution No. 3334 dated 29 October 2019), JSC Gazprom's Internal Audit Development Concept (approved by the Board of Directors' Audit Committee on 25 June 2015), Regulations on the Department (approved by the Board of Directors' Audit Committee and PJSC Gazprom's Order No. 419 dated 23 June 2016, as amended by Order of PJSC Gazprom No. 163 dated 22 March 2017 and No. 266 dated 29 June 2020), International Standards for the Professional Practice of Internal Auditing, and internal audit guidelines of the Federal Agency for State Property Management.

The Department is responsible for organising and conducting internal audits at business units, subsidiaries and entities of PJSC Gazprom in accordance with Russian and international best practices for internal audit. The Department conducted its 2020 audits to identify risks and evaluate the performance for the Company's significant business segments and processes based on:

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

**The 2020 Internal Audit Plan was implemented in full.**

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

In December 2020, an external assessment was carried out and the opinion was issued on the compliance of PJSC Gazprom's internal audit function with the Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

The Department also has in place and implements an Internal Audit Quality Programme covering all aspects of internal audit.

The internal audit function conducts annual performance evaluations (self-evaluations) with results reported to the Audit Committee of the Board of Directors.

**In December 2020, an external assessment was carried out and the opinion was issued on the compliance of PJSC Gazprom's internal audit function with the Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.**

In 2020, the following internal audit matters were reviewed at the meetings of the Board of Directors' Audit Committee:

- Report on the Internal Audit Department's performance for 2019
- Amending the Regulations on Internal Audit of PJSC Gazprom
- External assessment of the Company's internal audit function
- Internal Audit Department's 2021 activity plan  
The 2021 Internal Audit Plan was approved by the Order of PJSC Gazprom.

The key principles of organising and conducting external audits of PJSC Gazprom and its subsidiaries and entities, the auditor selection procedure and criteria, as well as approaches to ensuring the auditor's compliance with the principles of independence and absence of a conflict of interest are set forth in the External Audit Policy for PJSC Gazprom, its subsidiaries and entities (approved by Resolution of PJSC Gazprom's Board of Directors No. 2847 dated 15 November 2016).

PJSC Gazprom selects its auditor annually by a public tender in accordance with applicable Russian laws.

PJSC Gazprom's auditor is approved by the Annual General Shareholders Meeting on the proposals from the Board of Directors following an audit tender.



## **Results of the public tender for the service contract to audit PJSC Gazprom's accounting (financial) statements, Gazprom Group's consolidated accounting statements, and Gazprom Group's consolidated IFRS financial statements for the given year**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Winner of the public tender	OOO FBK		OOO FBK *
Resolution of the Annual General Shareholders Meeting on approving the external auditor	dated 29 June 2018, Minutes No. 1	dated 28 June 2019, Minutes No. 1	dated 26 June 2020, Minutes No. 1

\* The public tender for entering into an audit service contract for 2019 and 2020 was held in 2018.



## **Bid assessment criteria for entering into an audit service contract**

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



**The contract price for auditing accounting (financial) statements, approved by PJSC Gazprom's Board of Directors (exclusive of VAT), RUB thousand**

2018	195,000 *
2019	210,000 **
2020	210,000 ***

\* Resolution of the Board of Directors No. 3113 dated 16 May 2018.

\*\* Resolution of the Board of Directors No. 3274 dated 21 May 2019.

\*\*\* Resolution of the Board of Directors No. 3432 dated 21 May 2020.

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

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



**The fee paid by the Company to the auditor and its affiliates for other services outside the audit contract (inclusive of VAT), RUB thousand**

2018	44,590
	2,232
2019	3,661
	3,588
2020	16,872
	3,600

■ OOO FBK

■ Affiliates of OOO FBK

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

OOO FBK and its affiliates provided PJSC Gazprom with other services outside the audit contract.

# Risk Management and Internal Control

Gazprom Group has developed and consistently improves its risk management and internal control system. Analysis of various external scenarios, identification, assessment and timely prevention of negative factors help the Company achieve its strategic goals.

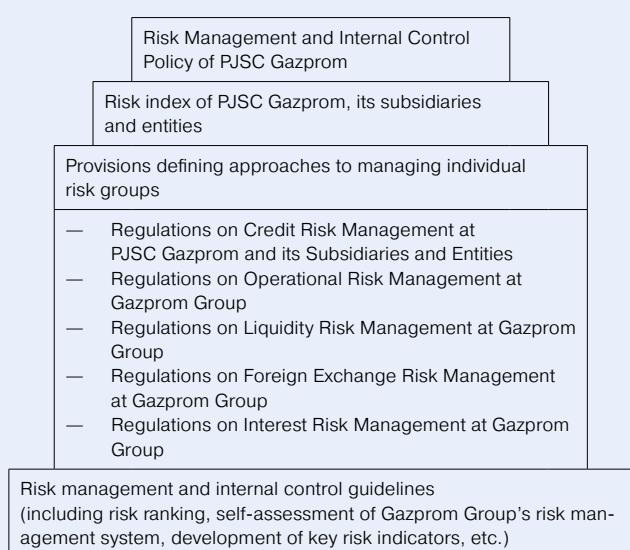
## Risk Management and Internal Control System

The Company acknowledges that its operations are exposed to uncertainties such as risks, and implements measures to provide adequate assurance that the goals set for PJSC Gazprom by its governing bodies are achieved and ensure proper control over the financial and business operations of PJSC Gazprom and Gazprom Group entities.

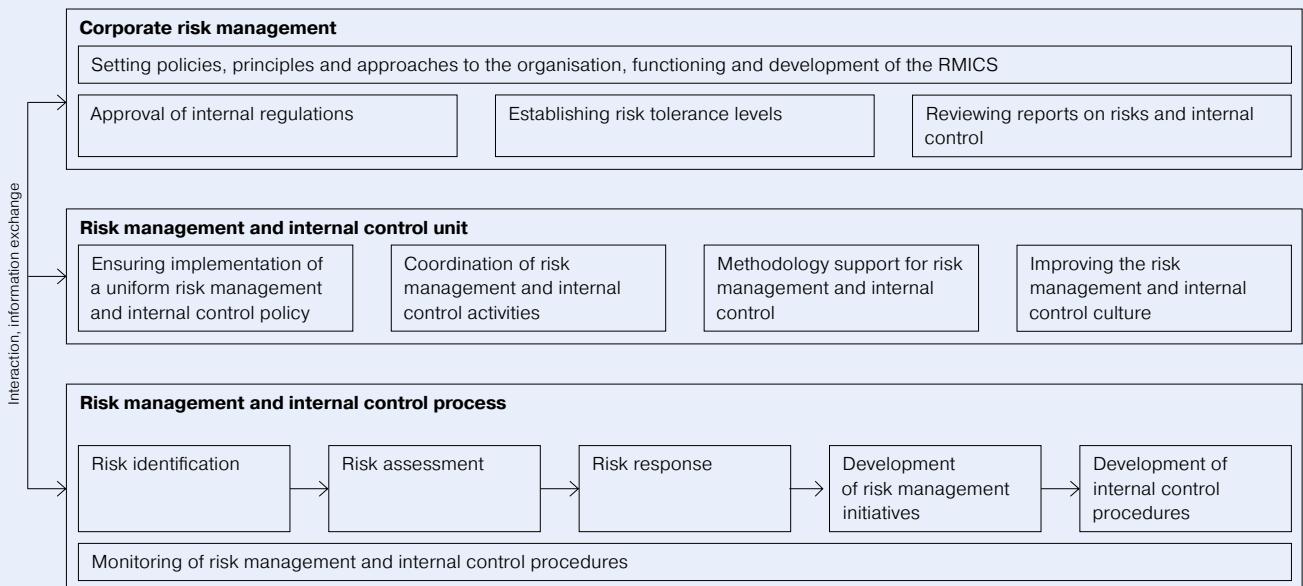
The Risk Management and Internal Control System (RMICS) is an integral part of PJSC Gazprom's corporate governance and is embedded into the planning and project management systems, and occupational health and safety management programmes. The RMICS covers all operations of PJSC Gazprom and Gazprom Group entities, as well as all management levels, business segments and risks across PJSC Gazprom and Gazprom Group entities.



### Chain of RMICS internal regulations



### RMICS organisation



### Key RMICS participants and their key risk management and internal control functions

PJSC Gazprom's Board of Directors	<ul style="list-style-type: none"> <li>Approves the internal documents of PJSC Gazprom, which define the policy of PJSC Gazprom in setting up risk management and internal control processes</li> <li>Establishes upper tolerable and threshold limits of risks for PJSC Gazprom and Gazprom Group</li> <li>Reviews matters pertaining to RMICS organisation, functioning and effectiveness</li> </ul>
The Audit Committee of PJSC Gazprom's Board of Directors	<ul style="list-style-type: none"> <li>Monitors the reliability and effectiveness of the RMICS</li> <li>Previews and issues recommendations to inform decision making by PJSC Gazprom's Board of Directors on matters related to the RMICS operation</li> <li>Reviews consolidated reports on risks and internal control procedures, the results of internal control procedures and risk management performance assessment</li> </ul>
PJSC Gazprom's Management Committee	<ul style="list-style-type: none"> <li>Reviews information on key risks and risk management measures prepared by the Risk Management and Internal Control Unit and, if necessary, gives recommendations to improve risk management and monitoring measures and internal control procedures</li> <li>Ensures functionality and effectiveness of the RMICS across Gazprom Group</li> </ul>
Chairman of PJSC Gazprom's Management Committee	<ul style="list-style-type: none"> <li>Ensures functionality of the RMICS and implementation of decisions by PJSC Gazprom's Board of Directors on the RMICS organisation</li> <li>Approves PJSC Gazprom's internal regulations on risk management and internal control that do not require approval by PJSC Gazprom's Board of Directors</li> </ul>
Risk management and internal control unit	<ul style="list-style-type: none"> <li>Ensures implementation of the uniform risk management and internal control policy of PJSC Gazprom and Gazprom Group entities, provides implementation guidelines</li> <li>Coordinates risk management and internal control activities at business units of PJSC Gazprom (Gazprom Group entities)</li> <li>Develops, approves and ensures updating of PJSC Gazprom's local regulations and guidelines on risk management and internal control</li> <li>Defines guides to handling risk management processes and internal control procedures</li> </ul>
Owners and co-owners of risks	<ul style="list-style-type: none"> <li>Implement risk management stages</li> <li>Provide risk reports</li> <li>Select risk response options and develop and implement risk management measures</li> <li>Ensure the implementation of risk management measures</li> </ul>
Owners and co-owners of internal control procedures	<ul style="list-style-type: none"> <li>Ensure the implementation, execution and continuous monitoring of the effectiveness of internal controls</li> <li>Provide reporting on internal controls</li> </ul>

**PJSC Gazprom's RMICS complies with the Russian Corporate Governance Code (Clause 5.1) and the Bank of Russia's recommendations on its organisation for public joint stock companies.**

Gazprom Group timely identifies risks and assesses potential events, circumstances, and external and internal factors affecting the achievement of its goals, and develops risk management measures and internal control procedures. The RMICS components are continuously operating.



**Implementation of the three lines of defence principle in the RMICS**

First line of defence

Risk management and internal control at the business process level

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

Second line of defence

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

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

Third line of defence

Performance assessment of the RMICS

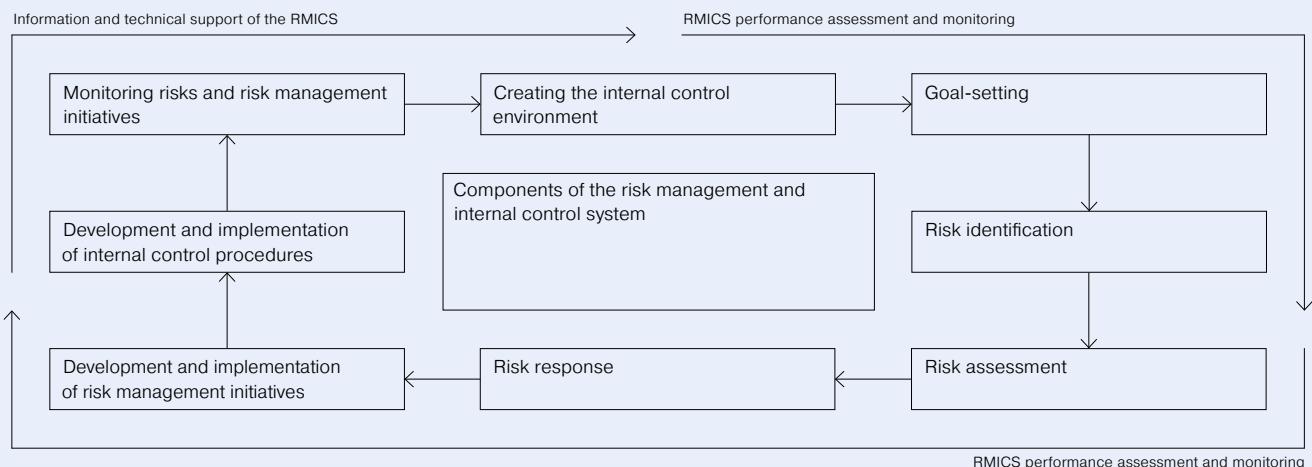
Performed by a business unit of PJSC Gazprom (a Gazprom Group entity) responsible for duly organising and conducting internal audits or by an external auditor



**Principles of RMICS organisation and operation**

- Consistency (integration)
- Comprehensiveness
- Alignment (with goals)
- Reasonable assurance
- Agility and development
- Relevance and availability of resources
- Continuity (of operation)
- Interaction and collective decision-making
- Accountability
- Separation of duties
- Assessment of results
- Streamlined structure and promptness
- Single regulatory framework
- Economic feasibility
- Three lines of defence

### Components of the integrated RMICS



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



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

- Evasion (avoidance) of risk, abandonment of measures/activities causing risk, abandonment of possible sources of risk
- Risk mitigation (reduction) – implementation of measures and activities aimed at reducing the level of risk
- Redistribution (transfer) of risk – sharing the risk with the other party or parties, insurance
- Risk adoption (retention) – absence of actions commonly taken within other risk response options, self-insurance, hedging

Information on the RMICS performance and proposals on its enhancing are annually submitted to the Company's governing bodies, including PJSC Gazprom's Board of Directors.

Key RMICS improvement measures in 2020 included development of regulatory and procedural framework to manage market, credit, financial and operational risks; coordination of efforts to develop and implement the RMICS at PJSC Gazprom and Gazprom Group entities; improving the risk management and internal control culture at PJSC Gazprom and Gazprom Group entities, including by training employees of PJSC Gazprom and Gazprom Group entities.

Plans for 2021 include further development of the RMICS, particularly preparing and updating relevant regulations and procedures and improving risk management and internal control processes.

## Gazprom Group's Key Risk Factors

**In view of the COVID-19 pandemic, sanitation and biological (epidemiological) risks were added.**

### Strategic, country and regional risks

Risk/risk factor	Description	Risk management/mitigation
Risks related to the global economy	An unfavourable economic environment can lead to a slowdown in energy demand and drive the cost of borrowed capital	To ensure growth of energy sales, PJSC Gazprom considers numerous markets and distribution channels and expands the uses of natural gas. To maintain its financial stability, PJSC Gazprom optimises its leverage
European gas market risks	The European Union (EU) pursues a policy of diversifying its gas supply sources and increasing the share of natural gas exchange trade, which affects PJSC Gazprom as one of the main suppliers of natural gas to the EU countries	To minimise the risk of lower supply levels, a set of initiatives continues to be implemented to both build new infrastructure and bolster demand for natural gas, as well as strengthen PJSC Gazprom's position in the sectors with a potential for extra supplies
Sanctions risk	Sanctions against Russian companies imposed by the USA, the EU and other countries	PJSC Gazprom pursues a policy of ensuring technological independence and import substitution
Natural gas transit risks	Gas transmission via third countries is associated with the risks of the counterparties defaulting on their transit obligations	A number of measures are taken such as diversification of export routes, expanding access to UGSFs abroad, and development of LNG trade
Unconventional gas development risks	More than 95% of the world's shale gas is produced in the USA. Under certain conditions in gas markets, growing LNG exports from the USA, including LNG from shale gas, may compete with Russian pipeline gas supplies. In Europe, shale gas production prospects have not been confirmed. China produces shale gas, but these volumes have little impact on the gas balance and the country's growing dependence on gas imports	PJSC Gazprom continuously monitors the evolution of the shale gas industry and developments in other unconventional hydrocarbons industries around the world. The monitoring results, including the economics of unconventional gas production and its potential as a competition to PJSC Gazprom in its existing or prospective markets, are reviewed by the Company's governing bodies on a regular basis, which enables the Company to efficiently plan its exports and adapt to external changes in the long term
Risks related to the development of renewable energy sources	Renewable energy output can be expected to grow in some countries, which may squeeze gas consumption in these markets	The use of natural gas, inter alia, for power generation offers consumers economic, technological, and environmental benefits, which, PJSC Gazprom believes, will support natural gas as common energy source. In most cases, renewable electricity generation supplements other sources and may entail certain risks for the natural gas market if subsidising renewable energy is maintained at national and/or supranational levels

**Legal and industry risks**

Risk/risk factor	Description	Risk management/mitigation
Regulatory risks for the gas industry	Possible changes in regulation and Russian laws, state regulation of wholesale prices for gas produced and sold in the domestic market, as well as tariffs for trunk gas transportation services, which may affect the operations of PJSC Gazprom and Gazprom Group entities	PJSC Gazprom monitors legislative changes and is engaged in dialogue with government authorities to timely align its business with new requirements, substantiate regulated gas prices and tariffs for gas transportation services. PJSC Gazprom also takes measures to ensure its participation in the development and expert review of laws and regulations on pipeline gas transportation
Risk of changes in the currency regulation and tax legislation	Currency regulation and tax legislation risks persist, along with the risk of a heavier tax burden on companies operating in the fuel and energy sector. Changes in the Russian currency regulation and tax legislation, as well as tax legislation changes in the countries in which Gazprom Group has a presence may affect the operations of PJSC Gazprom and Gazprom Group entities	Changes in currency and tax laws are consistently monitored. PJSC Gazprom liaises with government authorities to ensure timely adjustment of its operations in line with changes in Russian and international laws
Risks related to changes in Russian rules on customs control and duties	Customs authorities may introduce additional customs requirements if the rules of customs control and export duty payment are amended	PJSC Gazprom complies with the requirements of customs laws and communicates with government authorities

**Financial and market risks**

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

**PJSC Gazprom's operating risks**

Risk/risk factor	Description	Risk management/mitigation
Facilities risks	The key operations, including hydrocarbon production, transportation, processing and storage, carry possible process and engineering, natural and climatic risks, as well as risks of adverse actions by personnel or third parties	The Unified Gas Supply System (UGSS) ensures reliable gas supplies. Insurance coverage is provided to protect property interests, which includes business interruption insurance at gas processing plants and liability insurance for construction, repair and operation of production facilities
Risk of power outages at UGSS facilities	Internal and external factors may lead to power outages at UGSS facilities	PJSC Gazprom implements comprehensive programmes to enhance the reliability of power supply facilities, insure equipment and create reserves to cover potential losses
Risks of failure to reach peak gas withdrawal capacity at UGSFs	Failure to reach necessary gas supply volumes in the context of steep increase in gas consumption	UGSFs are tested to confirm their maximum daily deliverability
Occupational safety risks	PJSC Gazprom's operations involve risks for employee health and safety, the risk of accidents, incidents and fires	PJSC Gazprom has in place a Unified Occupational Health and Safety Management System to manage risks and meet the objectives and commitments relating to occupational health, industrial and fire safety
Hydrocarbon reserve estimation risks	PJSC Gazprom's strategic and financial goals depend on hydrocarbon reserves. Inaccurate reserve estimation bears potential risks for PJSC Gazprom's operations	Reserve estimation procedures have been developed and are implemented, including in accordance with international standards. Gazprom's reserves estimated under Russian reserves classification standards are recorded in its books after the annual review and approval by the State Commission for Mineral Reserves
Risks of early termination and suspension of subsoil licences	Non-compliance with licence agreements exposes PJSC Gazprom to risks of early termination or suspension of subsoil licences for survey, exploration and production of hydrocarbons	Regular monitoring, control of compliance with licence requirements, and timely amendment of licence agreements minimise the likelihood of licence revocation and suspension
Cost risks	Increased prices for equipment, technical devices, components, as well as works and services, which form the actual cost of capital construction projects, have a negative impact on PJSC Gazprom's investment	Entering into contracts for performance of works (provision of services, supply of inventory) with a fixed price, and relevant monitoring during the execution of contracts help reduce the cost risks of investment activities
Environmental risks	The key operations, including hydrocarbon production, transportation, processing and storage, carry such environmental risks as pollution caused by possible accidents during production and business operations, potential impact on ecosystems, resulting in land and water pollution, deterioration of soil and vegetation, and erosion, which may lead to ecosystem degradation and loss of habitats of rare and endangered plants and animals	In line with the Environmental Policy, PJSC Gazprom takes environmental protection efforts, arranges for environmental insurance, introduces green technologies, and implements programmes and initiatives to reduce its environmental impact, including analysis of potential adverse environmental impacts and consequences of identified accidents and emergencies, emergency prevention, containment, mitigation of impacts and management, assessment of environmental damage in case of accidents and emergencies
		Comprehensive measures are taken to improve the reliability of pipeline systems, stabilise landscapes and restore soil and vegetation

**PJSC Gazprom's operating risks (continued)**

Risk/risk factor	Description	Risk management/mitigation
Information technology risks	Gazprom Group's digital transformation has risks related to new/existing external sectoral IT sanctions aimed at reducing the reliability of information management, IT and other automated systems	New information (digital) technologies are an important tool to boost Gazprom Group's corporate governance efficiency and achieve its strategic goals  PJSC Gazprom takes steps to reduce IT and automation risks related to PJSC Gazprom's transition to predominantly using Russian-made software and replacement of imported hardware with Russian alternatives
Information security risk	Incidents affecting the confidentiality, integrity or availability of information resources and data assets	Information security is strengthened through a range of relevant measures in line with applicable Russian federal laws, the Russian Government's resolutions, orders of federal executive bodies authorised to take security measures and protect sensitive information, as well as PJSC Gazprom's internal documents

**Climate risks**

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

**Sanitation and biological (epidemiological) risks**

Risk/risk factor	Description	Risk management/mitigation
Risk of mass infection among employees with especially dangerous infections	The global spread of the coronavirus infection (COVID-19) may affect the operation of, and communications between, business units of PJSC Gazprom and Gazprom Group entities.	PJSC Gazprom developed, approved and implements a response plan to counter the impact of the coronavirus pandemic, protect employees and ensure business continuity while also taking preventive measures to mitigate the potential impacts of COVID-19

# Procurement Performance



## Procurement principles followed by Gazprom Group

Creating conditions for timely and full supply to Gazprom Group of goods, works and services, and identification of a supplier (contractor, service provider) who is able to both meet the customer's needs in due time and show strong performance and comply with price, quality and reliability requirements	Ensuring safe operation of hazardous UGSS facilities	Procurement transparency
Equality, fairness, non-discrimination, no unreasonable and restrictive business practices towards bidders	Targeted and cost-efficient spending and implementation of measures to reduce the customer's costs	No restriction of access to bidding
Fostering competition between bidders		Ensuring the balance of costs related to organising and conducting competitive procurement and expected economic benefits



## Documents regulating procurement procedures at PJSC Gazprom and its subsidiaries

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

Gazprom Group runs an effective vertically integrated procurement system.

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

Information on procurements of PJSC Gazprom and its subsidiaries, except for the legally restricted information, is available to the general public through the Unified Information System of public procurement of goods, works, and services for state and municipal needs (UIS, [www.zakupki.gov.ru](http://www.zakupki.gov.ru)).

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



### Procurement methods used by Gazprom Group

- I Competitive procurement:
  - Bidding – tender, auction, request for proposal, request for quotation
  - Competitive selection other than bidding
  
- II Non-competitive procurement:
  - Marketing research
  - Procurement through the Trading Portal
  - Non-alternative procurement
  - Procurement through participation in bidding
  - Procurement from a sole supplier (contractor, service provider)



### Total price of contracts awarded by PJSC Gazprom and its subsidiaries through a competitive procurement process, RUB billion

	2018	2019	2020
584.1	520.1	548.4	
(more than 18 thousand contracts)	(more than 16.9 thousand contracts)	(more than 14.6 thousand contracts)	



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

2018	22.1
2019	19.6
2020	32.2

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

To maintain procurement business processes, Gazprom Group uses PJSC Gazprom's Automated Electronic Procurement System (AEPS, [www.zakupki.gazprom.ru](http://zakupki.gazprom.ru)) covering the entire procurement cycle from planning to signing and executing a contract.

Over 99% of PJSC Gazprom's and its subsidiaries' competitive procurement is arranged online through OOO Electronic Trading Platform of Gazprombank (ETP-GPB) (the Gazprom Group Procurement section at [https://etpgpb.ru/pao\\_gazprom/](https://etpgpb.ru/pao_gazprom/)) integrated with the UIS and the AEPS. ETP-GPB is included in the list of electronic platform operators complying with the requirements set out in the Federal Law On Procurement, including requirements to procurements accessible to small and medium-sized enterprises (SMEs).

The Regulations on Procurement provide for PJSC Gazprom's pre-qualification process to compile a Register of Gazprom Group's potential bidders. As part of the pre-qualification process, Gazprom Group's Central Procurement Office monitors participating entities on a quarterly basis, in particular, to assess their claims handling, identify unscrupulous suppliers and negative references (including current liquidity and loss ratios, instances of overdue debts).



### Number of SMEs included in the Register of Gazprom Group's Potential Bidders

	As at 1 February 2019	As at 1 February 2020	As at 1 February 2021
Total	530	668	809
including SMEs	292	461	577

71 %

**the share of SMEs among entities included in the Register of Gazprom Group's potential bidders as at 1 February 2021**

In the process of procurement, PJSC Gazprom and its subsidiaries apply all available tools to optimise the initial price of procured goods (works, services) before the bidding procedures (standard costing, actual contract prices, consolidated unit costs, market situation review) and use all methods to reduce the price during the bidding procedure, which are not in conflict with the laws of the Russian Federation (extending the proposal submission period to involve more bidders, submission of new business and price offers).

In case of procurement from a sole supplier, prior to signing a contract, the Central Procurement Office and PJSC Gazprom's Budget Committee review the price rationale of contracts and supplementary agreements and typically identify an opportunity to reduce the price.



### Analysis of the contract price rationale by PJSC Gazprom's Budget Committee

	2018	2019	2020
Identified potential to reduce the price, RUB billion	83	> 128	> 185
Reduction percentage, % of initial prices	19%	13%	8%

In 2021, PJSC Gazprom will continue improving its procurement management, particularly to align it with the amendments to the Federal Law on Procurement in December 2020. Medium-term priorities include compliance with new laws on the minimum threshold for procurement contracts awarded to Russian companies.



#### **Enhancing access for small and medium-sized enterprises (SMEs) to PJSC Gazprom's procurement opportunities**

Pursuant to resolutions issued by the Russian Government, PJSC Gazprom implements a number of activities to enhance SMEs' access to the procurement process of PJSC Gazprom.

- A List of Goods, Works and Services to be procured by PJSC Gazprom from SMEs was developed, approved and published in the UIS
- PJSC Gazprom's Procurement Plan designates procurement opportunities accessible exclusively to SMEs
- Draft plans for procurement by PJSC Gazprom and individual Gazprom Group companies of goods, works and services (including innovative and high-tech products) set forth by Russian Government Decree No. 2258-r dated 6 November 2015 are duly agreed with Russian Small and Medium Business Corporation to ensure compliance with the applicable Russian laws providing for involvement of SMEs in procurement, including allocation of the SME quota in the procurement plan
- PJSC Gazprom involves innovative SMEs under its Innovative Development Programme until 2025. To roll out innovative SME products and review innovative proposals coming from individuals and legal entities, the Company operates a One-Stop System ([www.oknogazprom.ru](http://www.oknogazprom.ru)), managing the whole process of submitting innovative proposals to be used in PJSC Gazprom's operations, from submission to the final decision. In addition, workshops are held on PJSC Gazprom's relations with innovative SME providers

In 2020, PJSC Gazprom's procurements from SMEs (including the amounts paid) determined pursuant to Resolution of the Russian Government No. 1352 On Specifics of Participation of Small and Medium-Sized Enterprises in the Procurement of Goods, Works and Services by Certain Types of Legal Entities, dated 11 December 2014, accounted for 42.5% of the aggregate annual contract values, including 22.7% from procurements accessible exclusively to SMEs. PJSC Gazprom complies with the targets for the share of procurement from SMEs set by the Russian Government.

In 2020, the aggregate value of contracts signed by Gazprom Group with SMEs included in the Unified Register of Small and Medium-Sized Enterprises (<https://ofd.nalog.ru>) amounted over RUB 300.5 billion, including 4.9 thousand contracts worth over RUB 86 billion through competitive procurements accessible exclusively to SMEs. SMEs accounted for more than half (59.6%, or 13.2 thousand) of the total number of Gazprom Group's suppliers of goods, works and services contracted in 2020.



For more details on the procurement system at PJSC Gazprom and its subsidiaries, see [Gazprom Group's Sustainability Report 2020](#)  
→ [www.gazprom.com](http://www.gazprom.com)



PJSC Gazprom's 2020 annual report on procurement of goods, works and services by certain types of legal entities from SMEs has been duly published in the Unified Information System (information is available in Russian only)  
→ [www.zakupki.gov.ru](http://www.zakupki.gov.ru)



and on PJSC Gazprom's website  
→ [www.gazprom.ru](http://www.gazprom.ru)



The list of goods, works and services procured by PJSC Gazprom from SMEs has been published in the UIS (information is available in Russian only)  
→ [www.zakupki.gov.ru](http://www.zakupki.gov.ru)



PJSC Gazprom's Pilot SME Partnership Programme is available on PJSC Gazprom's official website (information is available in Russian only)  
→ [www.gazprom.ru](http://www.gazprom.ru)



For more details on the One-Stop System, see PJSC Gazprom's website (information is available in Russian only)  
→ [www.gazprom.ru](http://www.gazprom.ru)



# Ensuring Compliance of Operations with Legal Requirements

Legal regulation at PJSC Gazprom is exercised in accordance with the Constitution of the Russian Federation; Federal Law No. 69-FZ On Gas Supply in the Russian Federation, dated 31 March 1999; Law of the Russian Federation No. 2395-1 On Subsoil, dated 21 February 1992; Federal Law No. 147-FZ On Natural Monopolies, dated 17 August 1995; Federal Law No. 135-FZ On the Protection of Competition, dated 26 July 2006; Federal Law No. 117-FZ On Gas Exports, dated 18 July 2006; Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities, dated 21 July 1997; Federal Law No. 256-FZ On Safety of the Fuel and Energy Complex, dated 21 July 2011; other federal laws and regulations of the Russian Federation, as well as international laws, treaties and agreements.

PJSC Gazprom, its subsidiaries and entities focus their legal efforts on the following key areas:

- Protection of PJSC Gazprom's rights and legitimate interests in administrative and judicial proceedings
- Contract work and legal protection of PJSC Gazprom's trademarks
- Legal support of international business
- Improvement of the Company's legislative and regulatory framework
- Legal support to PJSC Gazprom's governing bodies and the Company in interacting with subsidiaries and other organisations

Significant legal events in international business were mainly related to ensuring the reliability of gas supplies to foreign markets.

## Legal highlights in international business

- On 20 May 2020, the German Federal Network Agency for Electricity, Gas, Telecommunications, Posts and Railway (Bundesnetzagentur, FNA) officially exempted the Nord Stream 2 gas pipeline from the key provisions of the EU Gas Directive for a period of 20 years starting from 12 December 2019
- On 15 May 2020, the FNA resolved not to exempt the Nord Stream 2 gas pipeline from the key provisions of the EU Gas Directive on the grounds that the pipeline had not been completed before 23 May 2019. On 15 June 2020, Nord Stream 2 AG appealed against the FNA's decision to the Higher Regional Court of Düsseldorf
- Gazprom fulfilled its obligations under the agreement with NAK Naftogaz Ukraine on the settlement of current gas disputes and key terms and conditions for future gas transportation, dated 29 December 2019. PJSC Gazprom's European assets seized at the request of Naftogaz (in the UK, the Netherlands, Luxembourg, Switzerland) were released. Naftogaz has withdrawn its claims for recognition and enforcement in the UK, the Netherlands, Luxembourg, Switzerland and Latvia of the arbitral award in the gas transit dispute dated 28 February 2018
- The Company secured the full repayment of deposits (about USD 350 million and interest accrued), which were provided by PJSC Gazprom to the English Commercial Court in 2019 as part of proceedings against NAK Naftogaz Ukraine
- In October 2020, the indebtedness of Belarusian gas supply companies to OAO Gazprom transgaz Belarus for the gas supplied from February 2020 was settled
- Legal support was provided for the disposal of PJSC Gazprom's stake in AS Conexus Baltic Grid, the Latvian GTS operator, as the Latvian Government exercised its pre-emptive right to acquire this asset
- PJSC Gazprom legally protected its interests by appealing to the competent court in Poland against the decision of the Polish antimonopoly office (UOKiK) imposing a fine of about USD 7.6 billion (as well as obliging PJSC Gazprom and its partners under the Nord Stream 2 project to terminate agreements on project financing) and another UOKiK decision imposing a fine of about EUR 50 million for failure to provide information for the antitrust investigation regarding the alleged concentration scheme of PJSC Gazprom and foreign investors under the Nord Stream 2 project (on the grounds of establishing of a joint venture without the prior consent of the President of UOKiK)

## **Anti-Corruption Efforts**

PJSC Gazprom has developed and adheres to the anti-corruption framework while effective local regulations adopted as part of anti-corruption measures help foster negative sentiment towards corrupt conduct, prevent or resolve conflicts of interest, and prevent unlawful behaviour.

PJSC Gazprom's anti-corruption practices comply with the main international and Russian regulations.



### **International anti-corruption regulations PJSC Gazprom has committed to**

- United Nations Convention against Corruption (ratified by Federal Law No. 40-FZ dated 8 March 2006)
- United Nations Convention against Transnational Organized Crime (ratified by Federal Law No. 26-FZ dated 26 April 2004)
- Criminal Law Convention on Corruption of the Council of Europe and non-member states (ratified by Federal Law No. 125-FZ dated 25 July 2006)



### **Key Russian anti-corruption statutory regulations guiding PJSC Gazprom**

- Constitution of the Russian Federation
- Federal Law No. 273-FZ On Combating Corruption, dated 25 December 2008 (the new version dated 31 July 2020)
- Federal Law No. 79-FZ On Prohibiting Certain Categories of Persons from Opening and Keeping Bank Accounts (Deposits), Keeping Cash and Securities with Foreign Banks Outside the Russian Federation, and Possessing and/or Using Foreign Financial Instruments, dated 7 May 2013 (the new version dated 31 July 2020)
- Federal Law No. 230-FZ On Control over Expenditures of Public Officials and Other Persons to Match Their Income, dated 3 December 2012 (the new version dated 30 December 2020, with changes and amendments effective from 1 January 2021)
- Federal Law No. 432-FZ On Amending Certain Laws of the Russian Federation to Improve Russian Anti-Corruption Law dated 16 December 2019
- Presidential Decree No. 557 On Approving the List of Positions within the Federal Public Service Requiring Disclosure by Federal Public Servants of Information on Their Income, Property and Property Liabilities, as well as on Income, Property and Property Liabilities of Their Spouses and Underage Children, dated 18 May 2009 (the version dated 21 December 2020)
- Presidential Decree No. 378 On the National Plan to Combat Corruption for 2018–2020, dated 29 June 2018



### **Set of PJSC Gazprom's anti-corruption documents**

- Corporate Governance Code of PJSC Gazprom, approved by resolution of PJSC Gazprom's Annual General Shareholders Meeting

Documents approved by PJSC Gazprom's Board of Directors:

- Anti-Corruption Policy of PJSC Gazprom – PJSC Gazprom's primary anti-corruption document
- Code of Corporate Ethics of PJSC Gazprom
- Risk Management and Internal Control Policy of PJSC Gazprom

Documents approved by instructions and orders of PJSC Gazprom:

- Regulations on the Corporate Ethics Commission of PJSC Gazprom
- Regulations on the Hotline for Fighting Fraud, Corruption and Embezzlement at Gazprom Group
- Procedure for a Conflict of Interest Disclosure and Conflict of Interest Resolution
- Procedure for reporting offences with signs of corruption committed by employees, counterparties or third parties, which have become known to an employee, and for dealing with allegations of corruption
- Procedure for reporting cases when an employee is incited to commit offences, and for reviewing such reports
- Procedure for protecting whistle blowers who have reported offences relevant to the Company's operations

The Board of Directors and executive bodies of PJSC Gazprom are involved in preventing and combating corruption.



**Responsibilities of PJSC Gazprom's governing bodies in preventing and combating corruption**

PJSC Gazprom's Board of Directors	<ul style="list-style-type: none"><li>— Organises and is responsible for the general supervision of PJSC Gazprom's activities in preventing and combating corruption</li><li>— Regularly reviews reports from the Company's executive bodies on corruption prevention and combating activities</li></ul>
Chairman of the Management Committee	<ul style="list-style-type: none"><li>— Allocates powers, responsibilities and accountability for preventing and combating corruption between Deputy Chairmen of the Management Committee and the Company's business units</li><li>— Ensures measures aimed at implementing the principles and requirements of the Anti-Corruption Policy, including appointments of persons responsible for the development, implementation and supervision of anti-corruption procedures</li></ul>
Audit Committee of the Board of Directors	<ul style="list-style-type: none"><li>— Prepares proposals on enhancing anti-corruption internal controls at PJSC Gazprom</li></ul>

**Compliance with corporate ethics**

PJSC Gazprom has adopted its Code of Corporate Ethics developed with due account for Russian and international corporate governance best practices.

The document details PJSC Gazprom's corporate values and determines the fundamental rules of business conduct stemming from such values, which rule out any conflicts of interest or corrupt practices and, in particular, impose restrictions on nepotism, employee engagement with PJSC Gazprom's competitors, their serving on elected government bodies, acceptance of gifts.

The Code specifies the procedure to be followed by employees in the event of a conflict of interest, declares zero tolerance for corrupt conduct, and establishes the obligation of managers and employees to notify the employer of any corrupt offers made to them. The Code also affirms environmental responsibility and non-discriminatory principles, and establishes implementation and supervision practices on compliance with corporate ethics standards.

The Code provisions are mandatory for PJSC Gazprom's employees and legal entities under its control. The Code of Corporate Ethics of PJSC Gazprom was amended in 2019 to extend its provisions to members of the Company's Board of Directors.

Unless inconsistent with other existing obligations, provisions of the Code of Corporate Ethics of PJSC Gazprom are optional for employees working under civil law contracts with PJSC Gazprom, contractors and consultants acting as agents on behalf of PJSC Gazprom or representing the Company before third parties.

The Code's provisions are also not mandatory for employees of PJSC Gazprom's affiliates which are not under the Company's control, and for PJSC Gazprom's counterparties.

In the reporting year, the Company continued to extend the standards of corporate ethics to members of boards of directors at PJSC Gazprom's controlled entities.



**Employee penalties for non-compliance with the Code of Corporate Ethics of PJSC Gazprom**

- Social condemnation
- Public censure
- Forfeiture of bonuses (in line with internal documents)
- Disciplinary sanctions (if there are signs of a disciplinary offence)

The standing Corporate Ethics Commission of PJSC Gazprom is responsible for the implementation of the Code of Corporate Ethics, which is one of the Company's anti-corruption standards. Most of PJSC Gazprom's subsidiaries have similar commissions in place.

The Corporate Ethics Commission of PJSC Gazprom makes a significant contribution to preventing and resolving conflicts of interest.

**In 2020, the Corporate Ethics Commission identified no conflicts of interest with members of PJSC Gazprom's Board of Directors, Management Committee, or Chairman of the Management Committee.**



**Standing corporate mechanisms for identifying, preventing and resolving conflicts of interest of members of PJSC Gazprom's Board of Directors**

- Members of the Board of Directors shall not use their position or information about the Company for their own benefit or allow its use by third parties for their own benefit
- Members of the Board of Directors should refrain from actions that will or may lead to a conflict of interest
- In case of a conflict of interest with member of the Board of Directors:
  1. The member of the Board of Directors who has a conflict of interest shall report it to the Board of Directors by sending a notice to the Chairman of the Board of Directors. The notice shall detail the conflict of interest and its grounds.
  2. The Chairman of the Board of Directors shall send the notice about the conflict of interest to all members of the Board of Directors prior to deciding on the item with which the member of the Board of Directors has a conflict of interest.
  3. The member of the Board of Directors has the right to abstain from voting on the item with which they have a conflict of interest. The Chairman of the Board of Directors has the right to propose to the member of the Board of Directors having a conflict of interest not to attend the discussion of the relevant item, if the nature of the item under discussion or the specific nature of the conflict of interest so require.  
If the member of the Board of Directors who has a conflict of interest abstains from voting or attending the discussion of the relevant agenda item at the meeting of the Board of Directors, this is reflected in the minutes of the meeting of the Board of Directors.
- Members of the Board of Directors shall notify the Company within two months from the date when they became aware or should have become aware of the circumstances due to which they may be deemed interested in the Company's transactions:
  - of legal entities in which they, their spouses, parents, children, full and half siblings, adoptive parents and adoptees and/or their controlled entities are controlling persons or have the power to issue binding orders
  - of legal entities in the governing bodies of which they, their spouses, parents, children, full and half siblings, adoptive parents and adoptees and/or their controlled persons hold positions
  - of known actual or potential transactions in which they may be deemed interested.An interested party transaction shall not give rise to a conflict of interest if it complies with Chapter XI of Federal Law On Joint Stock Companies.
- Serving of members of the Company's Board of Directors on governing bodies of other organisations is disclosed in PJSC Gazprom's quarterly reports; related parties (third parties) are disclosed in the consolidated financial statements prepared under IFRS



**Standing corporate mechanisms for identifying, preventing and resolving conflicts of interest of members of PJSC Gazprom's Management Committee**

- Members of the Management Committee shall not use their position or information about the Company for their own benefit or allow its use by third parties for their own benefit, and shall refrain from actions that will or may lead to a conflict of interest
- Members of PJSC Gazprom's Management Committee are subject to restrictions of the Code of Corporate Ethics on nepotism, employee engagement with PJSC Gazprom's competitors, their serving on elected government bodies, acceptance of gifts, etc.
- Members of PJSC Gazprom's Management Committee may only serve on governing bodies of other organisations with the consent of the Company's Board of Directors
- In the event of a conflict of interest, members of PJSC Gazprom's Management Committee may contact their immediate supervisor (Chairman of the Management Committee) or the Chairman of the Corporate Ethics Commission

**In the reporting year, the Chairman of the Board of Directors did not receive any notices from members of the Board of Directors on conflicts of interest with any agenda items of the Board of Directors meetings**

During the year, the commission held four meetings and reviewed seven matters, including those related to queries made by employees of PJSC Gazprom and its subsidiaries.



#### **Corporate Ethics Commission's performance in 2020**

<b>Focus areas</b>	<b>Results</b>
Explaining to employees the provisions and procedures of the Code of Corporate Ethics	→ The commission provided necessary explanations to employees on the provisions and procedures of the Code of Corporate Ethics.
Reviewing reports on an ongoing basis as required by the applicable Russian laws with the involvement of dedicated business units and subsidiaries, if required	→ The commission reviewed all appeals of citizens and legal entities within its competence
Revealing the signs of a conflict of interest in sole executive bodies of entities controlled by PJSC Gazprom, and making recommendations on preventing and/or mitigating possible negative effects of identified conflicts of interest	→ Heads of 342 organisations were asked to fill in a conflict of interest questionnaire By the end of the reporting year, about 99% of them have submitted completed questionnaires. Information on potential conflicts of interest with sole executive bodies of controlled entities are submitted to the commission for review
Arranging annual activities to ensure that the Company's management, including employees who are members of PJSC Gazprom's Board of Directors and Management Committee, sign written commitments to comply with the Code of Corporate Ethics provisions in the prescribed form	→ In 2020, all relevant managers of PJSC Gazprom have signed and submitted to the commission for safekeeping written commitments to comply with the Code of Corporate Ethics
Extending the standards of corporate ethics to members of boards of directors at entities controlled by PJSC Gazprom	→ The subsidiaries were requested to amend their internal codes of corporate ethics and regulations on the boards of directors and those of their long-term invested entities. Some subsidiaries and their long-term invested entities have implemented the amendments in 2020, and the rest plan to complete it in 2021



Reports to the Corporate Ethics Commission of PJSC Gazprom can be submitted by e-mail [ethics.comission@adm.gazprom.ru](mailto:ethics.comission@adm.gazprom.ru), the Hotline +7 (495) 719-11-71 or directly to the Chairman of the Corporate Ethics Commission of PJSC Gazprom

The commission's performance is reported to the Chairman of PJSC Gazprom's Management Committee on an annual basis. The Chairman of PJSC Gazprom's Management Committee may impose sanctions stipulated by the Code at his own initiative or at the commission's suggestion, or at the initiative of the violator's immediate superior.

The Company's Board of Directors is also regularly updated on the commission's performance as part of improving corporate governance and reviewing shareholder and investor relations.

## Preventing and revealing corrupt practices

The joint responsibility for preventing and revealing corrupt practices at Gazprom Group lies with the departments responsible for corporate security, internal audit, procurement, asset management and corporate relations, PJSC Gazprom's risk management and internal control unit, in cooperation with law enforcement agencies of the Russian Federation.

To foster integrity among employees, promote anti-corruption standards and raise public awareness, the Company holds anti-corruption trainings and communicates corporate ethical norms to prevent and fight corruption to employees. In particular, employees of PJSC Gazprom's Administration, branches and subsidiaries are regularly trained in the Corporate Ethics at PJSC Gazprom online training course followed by final knowledge tests.

**3,870** Gazprom Group employees

were trained in anti-corruption online and classroom courses in the reporting year

PJSC Gazprom's internal regulations on procurement provide for mechanisms to prevent and avoid violations of relevant anti-bribery provisions.



### **Anti-corruption framework for preventing and avoiding bad procurement practices**

- To identify potential conflicts of interest, anti-corruption clauses of procurement contracts shall provide for disclosing counterparties' ultimate beneficiaries
- A dedicated collective body, the Tender Committee, is established to summarise the competitive bidding and marketing research results. Gazprom Group monitors the membership of the Tender Committee to avoid any conflict of interest. Members of the Tender Committee who have vested interests in the procurement process results or are bidders' employees or management shall withdraw (with a corresponding entry made in the minutes) and abstain from voting on the matter. Votes of the interested Tender Committee members are not taken into account when counting the votes following the procurement procedure. The Tender Committee's decisions on the winning supplier (contractor, service provider) are guided by the principles of fair, equal and objective treatment of the bidders based on the bid assessment and comparison criteria set out in the tender documentation (a request for quotation notice)
- Corporate entities and officers engaged in arranging and conducting procurements bear administrative liability for violating the procedure for procuring goods, works and services, as prescribed by Article 7.32.3 of the Russian Federation Code of Administrative Offences
- In order to protect the rights of bidders to challenge the actions of the customer (organiser) pursuant to the Federal Law On Procurement, the Provisions on Procurement provide for a 10-day period during which no contract may be awarded following a tender
- Bidders have the right and opportunity to propose to PJSC Gazprom (including anonymously) improvements to bidding procedures, comments and complaints regarding actions/omission of customers, organisers and/or their officers, inform about unreasonable requirements to procurement items, suppliers (service providers), deadlines and terms of delivery of goods (performing work, rendering services) in the tender documentation, as well as about other unreasonable restrictions of competition during the procurement process



The feedback form for potential bidders is available in the Tenders section of PJSC Gazprom's official website (information is available in Russian only)  
→ [www.gazprom.ru](http://www.gazprom.ru)



The Company operates a Hotline to report incidents of perceived fraud, corruption and embezzlement in Gazprom Group. Similar arrangements are in place at several major subsidiaries of PJSC Gazprom. Employees of PJSC Gazprom's Corporate Security Service and corporate security departments of subsidiaries review the received information (via digital communication channels, telephone or post, as well as reports made in person), including anonymous, to reveal preconditions for, and instances of, corruption at Gazprom Group.



#### **Performance of the Corporate Security Service's Hotline in 2020**

- More than 600 reports were received, of which most reports were not directly related to the purpose and objectives of the Hotline
- Most of the reports concerned possible violations of the competition rules of tender procedures, misconduct by employees of gas distribution companies, possible fraudulent activities by third parties, and potential corruption practices among Gazprom Group employees
- The Company investigated all the reports, cooperating with OOO Gazprom mezhregiogaz in case of complaints related to misconduct by representatives of gas distribution companies. The investigations did not identify any instances of corruption (as defined by Article 1 of Federal Law No. 273-FZ On Combating Corruption, dated 25 December 2008, as amended and supplemented)
- Investigation results were communicated to relevant business units of PJSC Gazprom, subsidiaries and entities and followed by administrative, disciplinary, material and preventive response measures
- Advice and guidance were provided in connection with fraud complaints submitted via the Hotline



Contact details of the Hotline for fighting fraud, corruption and embezzlement at Gazprom Group are available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



Subsidiaries gather and consolidate information on measures taken to comply with the requirements and restrictions established by codes of corporate ethics regarding the amount of entertainment expenses, business gift expenses, charity and other activities involving corporate risk exposure.

Corporate security departments of subsidiaries send quarterly reports on anti-corruption efforts and any revealed cases with indirect signs of corruption to PJSC Gazprom's Corporate Security Service and inform the Service of decisions made following the investigation of such cases. Similar reports were prepared in 2020.



The Anti-Corruption Policy of PJSC Gazprom is available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



## **Countering the Illegal Use of Insider Information and Market Manipulation**

Under Russian statutory requirements, PJSC Gazprom counters the illegal use of insider information, has determined the unit in charge, approved the List of Insider Information and rules regulating access to it, and controls compliance with relevant regulations.

The Company's relevant documents are regularly updated.



### **Duties of the business unit responsible for insider information**

- Monitors changes in the laws on countering the illegal use of insider information and market manipulation
- Updates the Company's local regulations
- Updates relevant sections of PJSC Gazprom's website
- Updates insider lists
- Sends updated insider lists to market operators as requested
- Notifies individuals of their inclusion in and removal from the Company's insider list
- Informs insiders, including PJSC Gazprom's employees, of the applicable legal requirements on a regular basis; sends Information for Insiders, which is updated in line with changes in legislation and/or PJSC Gazprom's local regulations, to the individuals included in PJSC Gazprom's insider list
- Monitors compliance with the laws on countering the illegal use of insider information

In the reporting year, PJSC Gazprom's Board of Directors determined (Resolution No. 3452 dated 11 June 2020) the terms and conditions of transactions with PJSC Gazprom shares and other financial instruments by certain categories of insiders and related parties, particularly providing for "prohibitive periods", during which such persons are prohibited from carrying out any transactions with these financial instruments.

Also in 2020, the Regulations on Access to Insider Information of Public Joint Stock Company Gazprom and Maintaining its Confidentiality were updated to improve the procedures granting the Company's counterparties access to its insider information and strengthen control over transactions with financial instruments by insiders and related parties. The document was approved by order of PJSC Gazprom in 2021.

### **In 2020, no instances of illegal use of insider information and market manipulation were identified.**



All information required to perform the duties of preventing illegal use of insider information and market manipulation, as well as information on the legal consequences of illegal use of PJSC Gazprom's insider information by an insider and/or market manipulation is available on PJSC Gazprom's website

→ [www.gazprom.com](http://www.gazprom.com)



# Share Capital and Securities Market

PJSC Gazprom adheres to the Dividend Policy adopted in 2019. During the year, in the challenging environment in energy markets, the Company's dividends remained close to the record-high payout of the previous year.

## Shareholding Structure

PJSC Gazprom's share capital is RUB 118,367,564,500 divided into 23,673,512,900 ordinary registered shares with a par value of RUB 5 each. State registration number of the issue is 1-02-00028-A. The state registration date is 30 December 1998. The Company has no preferred shares.

As the major shareholder of PJSC Gazprom, the Russian Federation holds a more than 50% controlling stake (including direct and indirect ownership) in PJSC Gazprom. The Russian Federation does not have a special right to manage PJSC Gazprom's affairs (a "golden share").

In 2020, PJSC Gazprom received no information on any special agreements between PJSC Gazprom's shareholders.

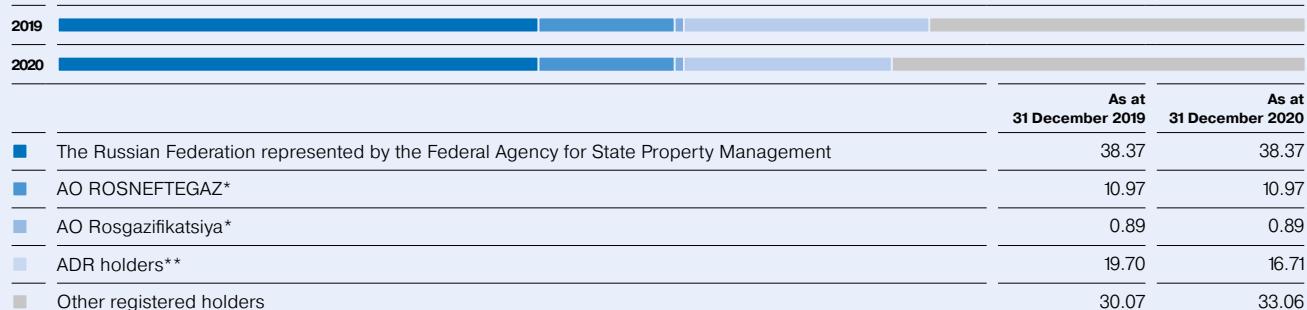
**706,727** shareholders

included in the list of persons entitled to participate in PJSC Gazprom's Annual General Shareholders Meeting in 2020

As at 31 December 2020, there were no PJSC Gazprom shares the title to which was transferred to the Company. At the same time, as at the said date, PJSC Gazprom subsidiaries held 29 million ordinary shares in the Company representing 0.12% of the total number of ordinary shares of PJSC Gazprom.



**PJSC Gazprom's shareholding structure, %**



\* As at 31 December 2019 and 31 December 2020, the cumulative share in PJSC Gazprom directly or indirectly controlled by the Russian Federation and calculated by direct addition totals 50.23% and is owned through the full ownership of the Russian Federation in AO ROSNEFTEGAZ which also holds a 74.55% stake in AO Rosgazifikatsiya.

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



### **Memorandum of Intent of the Russian Federation as the major shareholder of PJSC Gazprom**

According to the Memorandum of Intent of the Russian Federation as the Major Shareholder of PJSC Gazprom, the Planned Forecast (Programme) for the Privatisation of Federal Property and the 2020–2022 Federal Property Privatisation Guidelines (approved by Decree of the Russian Government No. 3260-r dated 31 December 2019), there are no plans to dispose of any PJSC Gazprom shares owned by the federal government.

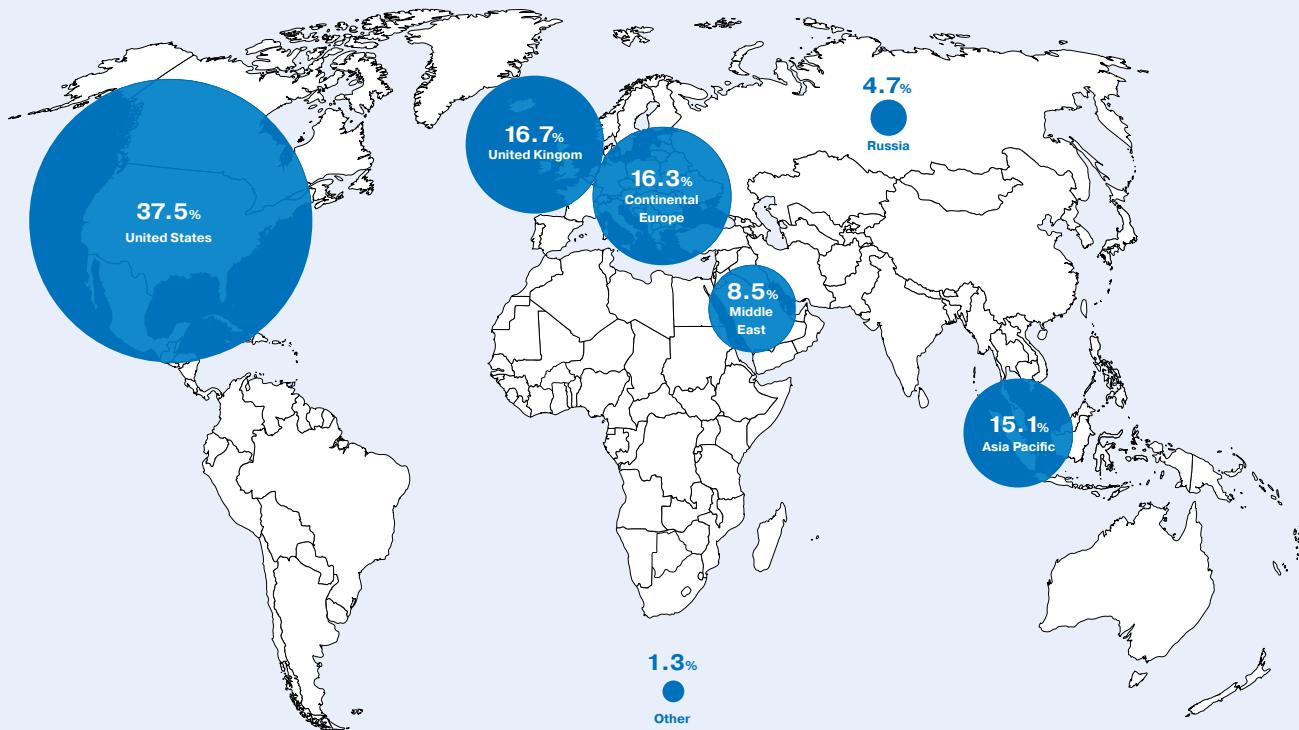


The Memorandum of Intent of the Russian Federation as the Major Shareholder of PJSC Gazprom regarding PJSC Gazprom shares is available on PJSC Gazprom's website

→ [www.gazprom.com](http://www.gazprom.com)



### **Geography of institutional investors in PJSC Gazprom shares and ADRs as at 31 December 2020, %**



Source: Nasdaq SID

In 2020, the share of depositary receipts in PJSC Gazprom's share capital decreased by 2.99 p.p. The decrease in the ADR share is related to an increase of global investors' interest to domestic shares due to the development of the Russian stock market infrastructure, followed by growing international investor confidence. In addition, most major global investors buying shares in Russian public companies already have direct access to trading on the Moscow Exchange. In 2020, there was also a significant growth in the number of private (retail) investors in the Russian stock market. The share of private investors in the trading volume on the Moscow Exchange increased significantly, exceeding 40% in some months.

PJSC Gazprom carries out regular analysis to identify major investors. Investors based in North America and Europe hold the bulk of PJSC Gazprom shares and ADRs. Sovereign wealth funds from Qatar, Hong Kong and Singapore are among the Company's largest minority shareholders.

## Stock Market and Capitalisation

PJSC Gazprom shares are included in the first (top) level quotation list of the Moscow Exchange and the Saint Petersburg Exchange. ADRs on PJSC Gazprom shares are traded on the London, Berlin and Frankfurt exchanges, the Moscow Exchange, the US OTC market, and on the Singapore OTC market among qualified institutional buyers (QIBs). The London Stock Exchange accounts for the bulk of trade in PJSC Gazprom ADRs. PJSC Gazprom explores opportunities to expand on Asia Pacific exchanges.

PJSC Gazprom shares are included in international and Russian stock indices.



### Main indices of Russian exchanges which include PJSC Gazprom shares and ADRs

Index	Index weight of PJSC Gazprom shares and ADRs as at 31 December 2020
MSCI Russia	14.63%
MSCI Emerging Markets	0.42%
FTSE IOB Index	2.56%
MOEX Russia Index (IMOEX)	13.52%
MOEX Blue Chip Index (MOEXBC)	16.93%
MOEX Broad Market Index (MOEXBMI)	13.78%
MOEX Oil and Gas Index (MOEXOG)	16.83%
RTS Index (RTSI)	13.52%
RTS Oil and Gas Index (RTSOG)	16.83%
MOEX – RSPP Responsibility and Transparency Index	15.55%
MOEX – RSPP Sustainability Vector Index	4.04%

50  
%

**PJSC Gazprom shares in free float  
(according to the Moscow Exchange)**

PJSC Gazprom's share prices and capitalisation were influenced by a predominantly negative news background throughout the year. In addition to the spread of COVID-19, prices were affected by a decline in energy prices in the first half of 2020. Nevertheless, the recovery of oil and gas markets and positive outlook for demand recovery as a result of successful development of COVID-19 vaccines supported the dynamics of PJSC Gazprom shares in the second half of the year. Information about measures taken by the Company to improve its financial situation, including cuts to operating and investment costs as well as deleveraging, also had a positive impact on the prices. Investors welcomed the decision of the Board of Directors to recommend that PJSC Gazprom's Annual General Shareholders Meeting resolve to distribute 30% of the Group's annual profit under IFRS as 2019 dividends to PJSC Gazprom's shareholders.



### Comparison of dynamics of ADRs on PJSC Gazprom shares, Brent prices and gas prices on the European TTF in 2020, %



Note. All prices are given at 100% as at 1 January 2020.

Source: FactSet



### PJSC Gazprom ordinary share price performance and daily trading volumes on the Moscow Exchange in 2020



The total shareholder return was 0.114 in 2020, due to an decrease in the market value of the Company shares on the Moscow Exchange. Capitalisation stood at RUB 5.0 trillion as at 31 December 2020 (RUB 6.1 trillion as at 31 December 2019).

### Dividend Policy

In 2019, PJSC Gazprom's Board of Directors approved a new Dividend Policy of PJSC Gazprom (Resolution of the Board of Directors No. 3363 dated 24 December 2019). The document harmonises the interests of the Company's major shareholder, the Government of the Russian Federation, minority shareholders and the Company's development priorities.

**The Dividend Policy of PJSC Gazprom focuses on dividend accrual transparency.**

The outlined formula is based on the Group's IFRS Profit for the year attributable to the owners of PJSC Gazprom adjusted as required. The Policy also provides for a gradual increase of the minimum dividend payout ratio to 50%.

### Accrual procedure for dividends on PJSC Gazprom shares

- 1 PJSC Gazprom's dividends are linked to profit for the year attributable to PJSC Gazprom shareholders
- 2 To calculate dividends, profit for the year attributable to shareholders of PJSC Gazprom is adjusted for the following items:
  - Foreign exchange gain (loss) included in finance income and expenses
  - Foreign exchange rate differences on operating items
  - Impairment loss (reversal of impairment loss) on property, plant and equipment and assets under construction
  - Impairment loss (reversal of impairment loss) on investments in associates and joint ventures
  - The difference between the share in profits of associates and joint ventures and proceeds from associates and joint ventures
- 3 A leverage threshold has been set (Adjusted Net Debt/Adjusted EBITDA ratio of 2.5), which, if reached, may trigger a decision by the Company's Board of Directors to reduce dividends.

50  
%

**of the adjusted IFRS Profit for the year attributable to the owners of PJSC Gazprom will be paid to shareholders for 2020**



**Adjusted profit for 2020 attributable to PJSC Gazprom's shareholders to calculate PJSC Gazprom's dividends, RUB billion**

Profit for the year attributable to the owners of PJSC Gazprom	135.3
Adjustments of the profit for the year attributable to the owners of PJSC Gazprom:	
Foreign exchange gain (loss) included in finance income and expenses	→ +604.8
Foreign exchange rate differences on operating items	← -164.1
Impairment loss (reversal of impairment loss) on property, plant and equipment and assets under construction	→ +49.1
Impairment loss (reversal of impairment loss) on investments in associates and joint ventures	→ +4.1
Difference between the share in profits of associates and joint ventures and proceeds from associates and joint ventures	← -35.1
Adjusted profit for the year attributable to the owners of PJSC Gazprom	594.1

**PJSC Gazprom's dividend history in 2016–2020**

	2016	2017	2018	2019	2020
Dividend per share, RUB	8.0397	8.04	16.61	15.24	12.55*
Dividend payout ratio, share of PJSC Gazprom's net profit (parent company) under RAS, %	46	190	42	49	x**
Dividend payout ratio, share of Gazprom Group's IFRS profit attributable to the owners of PJSC Gazprom, %	20	27	27	30	220
Dividend payout ratio, share of Gazprom Group's adjusted IFRS profit attributable to the owners of PJSC Gazprom,*** %	x	x	x	36	50
PJSC Gazprom's dividend yield,**** %	5.2	6.2	10.8	5.9	5.9

\* Recommended dividend shown for 2020.

\*\* In 2020, according to PJSC Gazprom's RAS accounting (financial) statements, the Company made a loss.

\*\*\* Calculated in line with PJSC Gazprom's Dividend Policy approved by PJSC Gazprom's Board of Directors in 2019.

\*\*\*\* Dividend yield for the relevant period is calculated as a ratio of total dividend paid per share for the relevant year to the share price as at 31 December.

**PJSC Gazprom's dividends paid in 2020 for 2019, as at 31 December 2020**

	Accrued, RUB thousand	Paid, RUB thousand	Unpaid, RUB thousand*	Unpaid to accrued, %
Total	360,784,337	360,155,773	628,564	0.17
including dividends on shares:				
held by the Russian Federation represented by the Federal Agency for State Property Management	138,445,412	138,445,412	–	–
held by individuals and corporate entities whose rights to shares are accounted for in the register	40,767,821	40,407,747	360,074	0.88
held by individuals and corporate entities whose rights to shares are accounted for by the depository maintaining a nominee holder account in the issuer's register**	181,557,726	181,302,614	255,112	0.14
held by unidentified persons	13,378	–	13,378	100.00

\* No dividend payouts were made to individuals or corporate entities who had failed to provide clear payout details as per clauses 8 and 9 of Article 42 of Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995. Dividends accrued on shares held by unidentified persons are paid out as soon as the title to securities is established.

\*\* PJSC Gazprom paid out RUB 181,557,726 thousand in dividends to nominee holders on 30 July 2020 in execution of the Annual General Shareholders Meeting's resolutions on dividend payouts based on PJSC Gazprom's 2019 results, which was held on 26 June 2020. As at 31 December 2020, the amount of dividends nominee holders failed to transfer as prescribed by the securities laws of the Russian Federation for reasons beyond their control (clauses 8 and 9 of Article 42 of Federal Law No. 208-FZ dated 26 December 1995) totalled RUB 255,112 thousand.

For 2020, PJSC Gazprom's Board of Directors recommends to the Annual General Shareholders Meeting to distribute dividends of RUB 12.55 per share. Dividend payouts for 2020 will total RUB 297.1 billion, thus already reaching 50% of Gazprom Group's adjusted profit under IFRS for the year attributable to PJSC Gazprom's shareholders.



The Company's full dividend history is available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



**PJSC Gazprom's dividends paid in 2020 for 2016–2018, RUB thousand**

<b>Shareholder category</b>	<b>Unpaid as at 1 January 2020</b>	<b>Paid in 2020</b>	<b>Reinstated in 2020 as retained earnings upon expiry of the limitation period</b>	<b>Unpaid as at 31 December 2020</b>
Corporate entities*	7,002	1	1,486	5,515
Individuals*	711,794	23,140	166,560	522,094
Nominee holders**	479,264	75,629	84,458	319,177
Holders unidentified as at the time of accrual***	611	—	148	463
<b>Total</b>	<b>1,198,671</b>	<b>98,770</b>	<b>252,652</b>	<b>847,249</b>

\* No dividend payouts were made to individuals or corporate entities who had failed to provide clear payout details as per Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995.

\*\* The nominee holders who failed to transfer dividends as prescribed by the securities laws of the Russian Federation for reasons beyond their control (clauses 8 and 9 of Article 42 of Federal Law No. 208-FZ dated 26 December 1995).

\*\*\* Dividends accrued on shares held by unidentified persons are paid out as soon as the title to securities is established.

**Borrowing on international and Russian capital markets**

PJSC Gazprom raises funds in the international capital markets mainly through two EMTN (Euro Medium Term Note) programmes, which are multi-currency revolving credit facilities of up to USD 40 billion and EUR 30 billion, enabling fast placement of new Eurobonds. In addition, the Company places Eurobonds outside of these programmes and rouble bonds.

In 2020, PJSC Gazprom raised an equivalent of USD 6.7 billion in international capital markets, a record high since 2007. In the reporting year, the list of debt instruments in use was expanded by perpetual Eurobonds. In Gazprom Group's IFRS consolidated financial statements, perpetual bonds were included in equity and had no impact on Gazprom Group's debt burden. Rating agencies will give these bonds a 50 percent weight in equity.

**Eurobond placement in 2020 for PJSC Gazprom's borrowing purposes**

- In February 2020, Eurobonds were successfully placed before capital markets closed due to the COVID-19 pandemic. The USD 2 billion issue was the largest among CIS companies since April 2013 and had the longest term among Russian companies since March 2017. The Eurobonds had a record low coupon rate (3.25%) for a Russian borrower in any currency with a maturity of 10 years or more.
- In April 2020, the Company placed EUR 1 billion five-year Eurobonds at 2.95%, the first Eurobond issue among companies in emerging market after the oil prices dropped by over 60% and WHO announced the COVID-19 pandemic in March 2020. The issue yield was significantly below the weighted average interest rate of Gazprom Group's debt (4.5%).
- In June 2020, another issue of USD 1 billion seven-year Eurobonds hit a new record low (3%) in the history of Russian Eurobond issues denominated in US dollars and resulted in a positive revaluation of the entire yield curve of PJSC Gazprom's Eurobonds.
- In October 2020, to reduce its debt burden, PJSC Gazprom completed a unique transaction with a CIS-based issuing company – the first hybrid (perpetual) Eurobonds comprising two tranches of EUR 1 billion and USD 1.4 billion with coupon rates of 3.9% and 4.6%, respectively. The issue was the largest placement of hybrid Eurobonds among emerging market companies and had the lowest coupon rate among hybrid corporate bond issues below BBB- in the region. The transaction opened an important new quasi-equity market for PJSC Gazprom, providing funding at interest rates significantly below the Company's cost of equity.

As at 31 December 2020, there were 23 Eurobond issues outstanding under EMTN for the total amount of USD 12.65 billion, EUR 6.75 billion, CHF 1.75 billion, and GBP 0.85 billion. The issuers are Gaz Capital S.A. (Luxembourg) and Gaz Finance Plc (UK), special-purpose vehicles. In addition, there is an outstanding JBIC-guaranteed JPY 65 billion bond issue by GazAsia Capital S.A. (Luxembourg), a special-purpose vehicle.


**PJSC Gazprom's outstanding Eurobond issues placed under the EMTN programmes as at 31 December 2020**

Amount	Currency	Placement date	Maturity date	Coupon, %	ISIN
1.2 billion	USD	28.04.2004	28.04.2034	8.625	XS0191754729
1.3 billion	USD	07.03.2007	07.03.2022	6.51	XS0290580595
1.25 billion	USD	16.08.2007	16.08.2037	7.288	XS0316524130
0.6 billion	USD	23.11.2011	23.01.2021	5.999	XS0708813810
1.0 billion	USD	19.07.2012	19.07.2022	4.95	XS0805570354
0.9 billion	USD	06.02.2013	06.02.2028	4.95	XS0885736925
0.5 billion	EUR	21.03.2013	21.03.2025	4.364	XS0906949523
0.75 billion	EUR	26.02.2014	26.02.2021	3.6	XS1038646078
1.0 billion	EUR	17.11.2016	17.11.2023	3.125	XS1521039054
0.5 billion	CHF	30.11.2016	30.11.2021	2.75	CH0346828400
0.75 billion	USD	23.03.2017	23.03.2027	4.95	XS1585190389
0.85 billion	GBP	06.04.2017	06.04.2024	4.25	XS1592279522
0.5 billion	CHF	19.07.2017	19.07.2022	2.25	CH0374882816
0.75 billion	EUR	22.11.2017	22.11.2024	2.25	XS1721463500
0.75 billion	CHF	06.03.2018	06.03.2023	1.45	CH0404311711
0.75 billion	EUR	21.03.2018	21.03.2026	2.5	XS1795409082
1.0 billion	EUR	16.11.2018	24.01.2024	2.949	XS1911645049
1.25 billion	USD	11.02.2019	11.02.2026	5.15	XS1951084471
2.0 billion	USD	25.02.2020	25.02.2030	3.25	XS2124187571
1.0 billion	EUR	15.04.2020	15.04.2025	2.95	XS2157526315
1.0 billion	USD	29.06.2020	29.06.2027	3.00	XS2196334671
1.4 billion	USD	26.10.2020	Perpetual*	4.5985*	XS2243636219
1.0 billion	EUR	26.10.2020	Perpetual*	3.8970*	XS2243631095

\* Perpetual revocable Eurobonds have no fixed or final maturity date and can be redeemed by the borrower according to the terms of an issue (call option). The interest rate may change according to the terms of an issue.


**Other PJSC Gazprom's foreign currency denominated outstanding Eurobond issues as at 31 December 2020**

Amount	Currency	Placement date	Maturity date	Coupon, %	ISIN
65 billion	JPY	18.12.2018	18.12.2028	1.01	JP90B0049BP6

**PJSC Gazprom's rouble bonds outstanding as at 31 December 2020**

<b>Size, RUB billion</b>	<b>Placement date</b>	<b>Maturity date</b>	<b>Callability</b>	<b>Coupon, %</b>	<b>Registration number</b>	<b>Issuer</b>
15.0	27.11.2013	21.10.2043	If the coupon rate reaches or exceeds 10%	Calculated by issuer with formula*	4B02-19-00028-A	PJSC Gazprom
15.0	27.11.2013	21.10.2043	If the coupon rate reaches or exceeds 10%	Calculated by issuer with formula*	4B02-20-00028-A	PJSC Gazprom
15.0	15.02.2017	03.02.2027	07.02.2024	8.9	4B02-05-36400-R	OOO Gazprom capital**
15.0	15.02.2017	03.02.2027	07.02.2024	8.9	4B02-06-36400-R	OOO Gazprom capital**
5.0	27.02.2018	15.02.2028	18.02.2025	7.15	4B02-01-36400-R	OOO Gazprom capital**
5.0	27.02.2018	15.02.2028	18.02.2025	7.15	4B02-02-36400-R	OOO Gazprom capital**
10.0	27.02.2018	15.02.2028	18.02.2025	7.15	4B02-03-36400-R	OOO Gazprom capital**
10.0	27.02.2018	15.02.2028	18.02.2025	7.15	4B02-04-36400-R	OOO Gazprom capital**
10.0	31.07.2018	12.07.2033	22.07.2025	8.10***	4B02-07-00028-A	PJSC Gazprom
15.0	31.07.2018	23.06.2048	22.07.2025	8.10***	4B02-22-00028-A	PJSC Gazprom
15.0	31.07.2018	23.06.2048	22.07.2025	8.10***	4B02-23-00028-A	PJSC Gazprom
15.0	06.06.2019	02.06.2022	–	7.99	4B02-01-36400-R-001P	OOO Gazprom capital**
15.0	18.07.2019	11.07.2024	–	7.80	4B02-02-36400-R-001P	OOO Gazprom capital**
15.0	02.06.2020	27.05.2025	–	5.70	4B02-03-36400-R-001P	OOO Gazprom capital**
15.0	02.06.2020	25.05.2027	–	5.90	4B02-04-36400-R-001P	OOO Gazprom capital**

\*  $K_i = (CPI - 100\%) + 1\%$ , where:

    Ki means the interest rate for the ith coupon period, but not less than 0.01% per annum

    CPI means the consumer price index calculated for the Russian Federation and expressed as percentage year-on-year.

\*\* Special-purpose subsidiary for raising funds in the Russian financial market.

\*\*\* The interest rate is for the 1st to 14th coupon period. Starting from the 15th coupon period, the interest rate is determined according to paragraph 9.3 of the Resolution on Securities Issue.



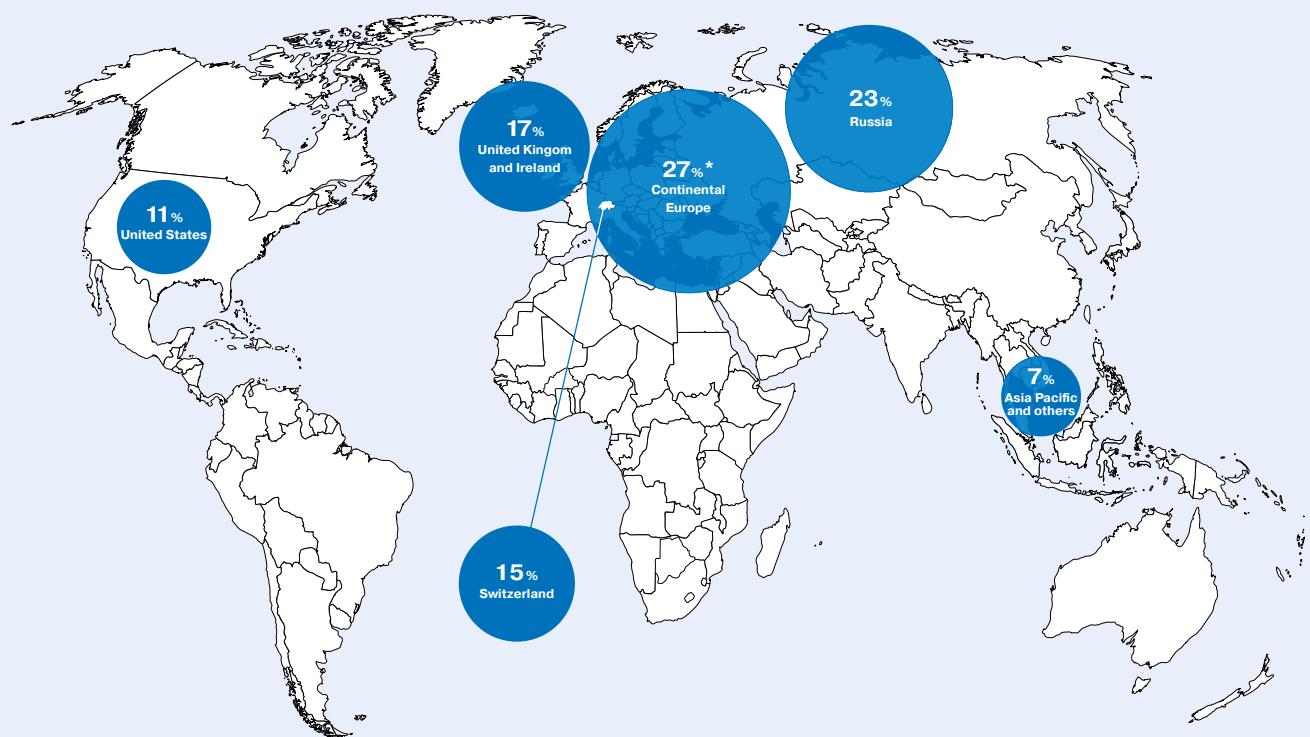
For more details on PJSC Gazprom's bond issues, see PJSC Gazprom's website  
 → [www.gazprom.com](http://www.gazprom.com)



## Investments in PJSC Gazprom's Debt Instruments



Geography of PJSC Gazprom's debt investors as at 1 December 2020



\* Excluding Switzerland.

The majority of investments in the Company's debt instruments come from continental Europe, the UK and the USA. Investors based in these countries provide the bulk of debt financing, largely driving the demand for PJSC Gazprom Eurobonds (70% in 2020). Starting from 2015, Asian investors also contribute to the demand for Eurobonds (7% in 2020). The share of Russian investors in PJSC Gazprom's Eurobond issues was 23% in 2020.

## Credit Ratings

The key guidance for debt investors, largely determining the cost of debt financing, is credit ratings from leading international rating agencies – S&P Global, Moody's, Fitch Ratings.

In 2020, the Company was able to maintain its credit ratings despite an unfavourable external environment and a growing debt burden.

Credit ratings assigned to PJSC Gazprom by S&P Global and Fitch, are comparable with sovereign foreign currency ratings of the Russian Federation, while Moody's rating is one notch above the sovereign rating.



### Credit ratings of PJSC Gazprom

Rating agency	Long-term foreign currency credit rating	Rating assignment/change date	Rating confirmation date
S&P Global	BBB– (stable outlook)	27 February 2018	28 January 2021
Fitch Ratings	BBB (stable outlook)	15 August 2019	22 June 2020
Moody's	Baa2 (stable outlook)	12 February 2019	29 May 2020
Dagong	AAA (stable outlook)	30 October 2018	30 October 2018
ACRA	AAA (stable outlook)	2 February 2018	29 January 2021



For more details on PJSC Gazprom's credit ratings see PJSC Gazprom's website  
[www.gazprom.com](http://www.gazprom.com)



The Company provides rating agencies with access to all information necessary for a comprehensive and reliable evaluation of Gazprom Group's creditworthiness and possible risks.

**PJSC Gazprom has investment grade ratings from three international agencies – S&P Global, Moody's and Fitch Ratings.**

Gazprom Group companies are reliable borrowers in the domestic and international capital markets, able to raise funds on favourable terms.

## Sustainability Ratings

In 2020, the Company continued consistent steps to maintain and improve relations with investors adhering to responsible investment principles (ESG investors) and specialised rating agencies. These efforts strengthened the Company's positions in major sustainability (ESG) ratings. As at 31 December 2020, PJSC Gazprom had performance evaluation scores from nine international agencies that are considered by major investors.

### Agencies assigning sustainability ratings to PJSC Gazprom

2018	2019	2020
		RAEX
VigeoEiris (Moody's)	VigeoEiris (Moody's)	
FTSE4GOOD	FTSE4GOOD	
ISS	ISS	
CDP	CDP	CDP
S&P CSA (SAM)	S&P CSA (SAM)	S&P CSA (SAM)
MSCI	MSCI	MSCI
CHRB	CHRB	CHRB
Sustainalytics	Sustainalytics	Sustainalytics



### Sustainability ratings of PJSC Gazprom

Agency	Rating	Rating date
MSCI	BB	December 2020
CDP Climate Change	B	December 2020
CDP Water Security	B-	December 2020
S&P CSA (SAM)	42	November 2020
Sustainalytics ESG Risk Rating	37.5	December 2020
CHRB	4.5	November 2020

With PJSC Gazprom's participation in MSCI's ESG rating, MSCI included the Company shares in 45 MSCI ESG exchange indices, with the largest weights at 39% in Russia ESG Leaders, 23% in Emerging Markets Eastern Europe ESG Leaders and 22% in Emerging Markets Europe ESG Leaders (as at 29 January 2021). PJSC Gazprom shares are also included in MOEX – RSPP sustainability indices (Sustainability Vector, and Responsibility and Transparency).



Inclusion of PJSC Gazprom in the ESG indices enabled investor base expansion through providing wider access to the Company's securities for international and Russian ESG index funds.

## Shareholder and Investor Relations

In 2020, many traditional types of engagement with analysts and investors were unavailable due to the COVID-19 restrictions. Since the COVID-19 pandemic was announced in March 2020, communications with the investment community continued online only.

The only major investor event held offline in 2020 was the Investor Day in the USA and the UK in February. PJSC Gazprom became the first Russian company to hold an ESG session at the Investor Day.

### PJSC Gazprom's measures to maintain dialogue with the investment community

- Gazprom's Investor Day, the largest annual event for investors
- Conference calls dedicated to the publication of Gazprom Group's IFRS consolidated financial statements involving the Company's management (based on the publication of quarterly and annual IFRS statements)
- Meetings of PJSC Gazprom's management and authorised representatives with investors and shareholders in the Company's offices in Moscow and Saint Petersburg
- Participation of the Company's representatives in international investor conferences held in Russia and abroad and organised by leading investment banks (according to the annual Investor and Shareholder Relations Plan approved by the Chairman of PJSC Gazprom's Management Committee)
- Targeted investor meetings (roadshows) in the regions with the highest concentration of existing and potential investors – holders of PJSC Gazprom ADRs and shares, and investors in debt instruments (held on a regular basis and timed to coincide with major Company events)
- Daily interfaces with investment bank analysts, shareholders and investors to keep them informed about the most important provisions of the development strategy adopted by PJSC Gazprom and its major subsidiaries and the situation and performance in key markets, as well as to provide information and answers to their questions
- Investment community visits to Gazprom Group's production facilities. In 2020, the event was replaced by a webinar on the Chinese gas market including a video about the Power of Siberia project to supply gas to China and the construction of the Amur GPP
- Round tables attended by representatives of Gazprom Group, independent international experts and analysts as well as investors
- Meetings of independent members of PJSC Gazprom's Board of Directors with the Company's major shareholders in Russia and abroad. Due to the coronavirus pandemic, the Company held an alternative event – a ESG survey for investors
- Targeted meetings and conference calls with investors on environmental protection, industrial safety and corporate governance
- Annual final meeting of the Company's management with investment analysts to summarise the preliminary results for the reporting year



### Key topics in the sustainability dialogue with shareholders and investors in 2020

Topic	Measures taken during the year
Questionnaires covering all aspects – corporate governance, environment, social responsibility	6 written requests
Impact of climate change on the Company's operations	5 videoconferences and 4 written requests
Operations in the Arctic and permafrost zone	2 videoconferences and 1 written request
Development of hydrogen production projects	5 videoconferences
Use of coal for power generation	2 written requests
Project compliance: protected areas, biodiversity, engagement with local communities	2 written requests

### Disclosure timelines of PJSC Gazprom's reporting in 2020

Publication date	Report
27 March	PJSC Gazprom's RAS annual accounting (financial) statements for 2019
29 April	2019 Annual Financial Report under FSA requirements, including the 2019 IFRS Financial Statements
4 June	Draft PJSC Gazprom Annual Report 2019
14 July	PJSC Gazprom's IFRS financial statements for Q1 2020
31 August	PJSC Gazprom's IFRS financial statements for Q2 2020
22 September	Gazprom Group's Sustainability Report 2019
30 November	PJSC Gazprom's IFRS financial statements for Q3 2020

Largest Russian and foreign investment banks publish regular analyst reports on PJSC Gazprom shares. As at the end of 2020, all analysts recommended to "buy" ("over-weight") or "hold" ("neutral"). During 2020, six analysts upgraded their guidance to "buy", and two analysts downgraded their guidance to "hold".



#### Guidance for ADRs on PJSC Gazprom shares in 2020

Company	Guidance, end of 2019	Guidance, end of 2020	Change
ALFA-BANK	Buy	Under review	–
ATON	Buy	Buy	No adjustments
BCS	Hold	Buy	Upgrade
IC VELES Capital	Buy	Under review	–
VTB Capital	Hold	Buy	Upgrade
Gazprombank	Hold	Under review	–
URALSIB	Buy	Buy	No adjustments
Bank of America	Buy	Hold	Downgrade
Citigroup	Buy	Hold	Downgrade
Credit Suisse	Hold	Hold	No adjustments
Goldman Sachs	Buy	Buy	No adjustments
HSBC	Hold	Buy	Upgrade
JPMorgan	Buy	Buy	No adjustments
Morgan Stanley	Buy	Buy	No adjustments
Raiffeisenbank	Hold	Buy	Upgrade
Renaissance Capital	Buy	Buy	No adjustments
Sberbank CIB	Hold	Buy	Upgrade
Sova Capital	Hold	Buy	Upgrade
UBS	Hold	Hold	No adjustments
WOOD & Company	Buy	Buy	No adjustments

Amid continued uncertainty regarding international measures related to the COVID-19 pandemic in 2021, PJSC Gazprom plans to maintain high-quality interfacing with the investment community and continue proactive steps to engage the community representatives, including disclosure of relevant information on the Company's strategic plans, operational and financial performance, competition in key markets, project progress and ESG activities, primarily online.



Contact details of investment analysts regularly covering PJSC Gazprom are available on PJSC Gazprom's website  
[www.gazprom.com](http://www.gazprom.com)



#### Plans for engaging the investment community in 2021

- Hold all investor events online (including the annual Investor Day, site visits, meetings with investors and participation in investor conferences)
- Expand online communications between PJSC Gazprom's senior management and investors
- Consider holding an online investor event involving PJSC Gazprom's independent directors
- Improve the scope and quality of ESG and sustainability disclosures, continue active investor engagement on ESG matters

# Appendices

## **Major and Interested Party Transactions** <sup>224</sup>

**Disposal of Non-core Assets by PJSC Gazprom,  
its Subsidiaries and Entities** <sup>225</sup>

**Implementation of Presidential and Governmental  
Directives and Instructions** <sup>226</sup>

**Energy Consumption by PJSC Gazprom  
and its Actual Cost** <sup>234</sup>

**Additional Information for the Annual Report available  
on PJSC Gazprom's Corporate Website** <sup>235</sup>

**Glossary** <sup>236</sup>

**Contacts** <sup>241</sup>

# Major and Interested Party Transactions

In 2020, PJSC Gazprom closed no transactions treated as major transactions under the applicable laws of the Russian Federation.

For details of transactions closed by PJSC Gazprom in the reporting year and treated as interested party transactions under the applicable laws of the Russian Federation see the Report on PJSC Gazprom's Interested Party Transactions in 2020 approved by Resolution of PJSC Gazprom's Board of Directors No. 3596 dated 20 May 2021 and available on the web pages used by PJSC Gazprom for information disclosure: [www.gazprom.com](http://www.gazprom.com) and [www.e-disclosure.ru](http://www.e-disclosure.ru)



The Report on PJSC Gazprom's Interested Party Transactions in 2020 is available on PJSC Gazprom's website  
→ [www.gazprom.com](http://www.gazprom.com)



and also on PJSC Gazprom's page on the website of Interfax – Centre for Corporate Information Disclosure (information is available in Russian only)  
→ [www.e-disclosure.ru](http://www.e-disclosure.ru)



# Disposal of Non-core Assets by PJSC Gazprom, its Subsidiaries and Entities

Actual proceeds from non-core asset disposal by PJSC Gazprom, its subsidiaries and entities in 2020 totalled RUB 16.78 billion, including VAT (excluding intra-group transactions – RUB 13.43 billion), including:

- those owned by PJSC Gazprom – RUB 9.25 billion (excluding intra-group transactions – RUB 8.27 billion)
- those owned by PJSC Gazprom's subsidiaries and entities – RUB 7.53 billion (excluding intra-group transactions – RUB 5.16 billion).

# Implementation of Presidential and Governmental Directives and Instructions

## Disclosure of Information on Ownership Structures, including Beneficiaries, by Counterparties under Existing Contracts

(Instruction of Prime Minister of the Russian Federation Vladimir Putin No. VP-P13-9308 dated 28 December 2011, Instruction of Deputy Prime Minister of the Russian Federation Igor Sechin No. IS-P13-80 dated 12 January 2012)

From 1 January 2020 to 31 December 2020, PJSC Gazprom informed the Russian Ministry of Energy, Federal Tax Service and Federal Service for Financial Monitoring (Rosinfomonitoring) of:

- 22,730 existing contracts (with 2,001 contracts signed by PJSC Gazprom and 20,729 contracts signed by subsidiaries or associates directly and/or indirectly controlled by PJSC Gazprom by more than 50% in total)
- changes in the ownership structure and/or executive bodies of PJSC Gazprom's counterparties
- changes in the ownership structure and/or executive bodies of the counterparties of subsidiaries and associates directly and/or indirectly controlled by PJSC Gazprom by more than 50% in total.

## Implementation of the National Anti-Corruption Plan

(paragraph 28 of the National Anti-Corruption Plan for 2018–2020, approved by Decree of President of the Russian Federation Vladimir Putin No. 378 dated 29 June 2018, paragraph 18 of the Instructions of Prime Minister of the Russian Federation Dmitry Medvedev No. DM-P17-4575 dated 23 July 2018 on ensuring the implementation of the National Anti-Corruption Plan)

Implemented measures included training for new PJSC Gazprom hires and annual advanced training for employees responsible for combatting corruption. Data on the number of employees trained in 2020 has been submitted to the Government of the Russian Federation.

## On limits of net foreign exchange reserves

(Russian Government Directives No. 8036p-P13 dated 1 September 2020)

PJSC Gazprom's Board of Directors adopted Resolution No. 3492 dated 14 October 2020 providing for limits of PJSC Gazprom's net foreign exchange reserves at the level of 1 October 2018 and for further monthly reporting on PJSC Gazprom's net foreign exchange reserves as per the form of the Bank of Russia.

## On creating unified treasury offices of parent companies, subsidiaries and associates

(Russian Government Directives No. 1796p-P13 dated 26 March 2015)

The findings of a review towards creating unified treasury offices of PJSC Gazprom, its subsidiaries and associates were submitted to the Russian Ministry of Finance and Federal Service for Financial Monitoring.

## On applying the guidelines for the development of corporate internal regulations

(Russian Government Directives No. 3984p-P13 dated 24 June 2015)

PJSC Gazprom regularly reports to the Federal Agency for State Property Management on the implementation and development of the Company's risk management and internal control system.

### **On the Defence Industry contract volume**

(Russian Government Directives No. 7923p-P13  
dated 26 September 2019)

PJSC Gazprom informed the Russian Government, the Ministry of Industry and Trade, the Ministry of Energy and the Ministry of Economic Development of the number of contracts concluded in 2019 with defence industry companies to purchase products for civilian use in the fuel and energy sector (works and services) outside state defence orders.

### **On PJSC Gazprom's co-founding the Institute for Initiatives in Oil and Gas Technologies**

(Russian Government Directives No. 10048p-P13  
dated 28 October 2020)

By Resolution No. 3519 dated 18 December 2020, PJSC Gazprom's Board of Directors approved PJSC Gazprom's co-founding the Institute for Initiatives in Oil and Gas Technologies.

### **Charitable funds and sponsorship support**

(Instruction of President of the Russian Federation Vladimir Putin No. Pr-438 dated 13 March 2019 on measures in connection with the fire that occurred on 1 March 2019 in the village of Tissi-Akhitli, Tsumadinsky District, Republic of Daghestan)

With PJSC Gazprom's financing, Gazprom's Fund for Supporting Social Initiatives completed the construction of a multi-purpose sports field (expanded) in the village of Tissi-Akhitli, Tsumadinsky District, Republic of Daghestan, in 2020.

On 30 September 2020, the sports field was transferred to Tsumada, the Tsumadinsky District Social and Economic Development Fund.

(Instruction of Prime Minister of the Russian Federation Dmitry Medvedev No. DM-P8-7713 dated 10 September 2019 on financial assistance to Alexander Pushkin Joint Turkmen-Russian Secondary School in Ashgabat)

In 2020, PJSC Gazprom provided charitable aid to Alexander Pushkin Joint Turkmen-Russian Secondary School (Ashgabat, Turkmenistan), financing major renovation of the school and equipment purchases as part of modernisation of education.

The project included renovation of the school building, utility infrastructure facilities and systems, greening and improving the territory, purchasing and installing necessary furniture and equipment (including computer equipment).

(Instruction of Deputy Prime Minister of the Russian Federation Vitaly Mitko No. VM-P9-70pr dated 3 August 2019 (minutes of the meeting in Tulun, Irkutsk Region) On Assisting in Restoration of Areas Affected by the Flood in the Irkutsk Region in 2019)

With PAO Gazprom Neft's financing, Gazprom's Fund for Supporting Social Initiatives is constructing a sports and health facility with an ice arena and a multi-purpose sports field in Tulun, Irkutsk Region. In May 2020, design and survey works were completed, and a construction permit was obtained. As at 31 December 2020, the construction and installation plan was complete to 75%. The construction is in progress according to the schedule. The facility is planned for commissioning in Q3 2021.

### **Procurement**

(Russian Government Directives No. 2850p-P13  
dated 3 April 2020)

PJSC Gazprom's Board of Directors adopted Resolution No. 3445 dated 5 June 2020 on non-application of penalties and possibility of extending contract timelines and adjusting price in 2020 in case of a counterparty's non-performance due to COVID-19.

(Russian Government Directives No. 9984p-P13  
dated 01 November 2019)

PJSC Gazprom's Board of Directors adopted Resolution No. 3383 dated 6 February 2020 on procurement of Russian products used to implement national projects and the Comprehensive Plan for the Modernisation and Expansion of Trunk Infrastructure.

**The transition of joint stock companies to predominantly  
using Russian-made software**

(Russian Government Directives  
No. 10068p-P13 dated 6 December 2018)

On 11 June 2020, PJSC Gazprom's Board of Directors approved the Activity Plan for 2018–2021 for PJSC Gazprom's transition to predominantly using Russian-made software.

In 2020, PJSC Gazprom's actual average share of procured Russian-made software reached 50% vs plan 47.8%. In 2020, PJSC Gazprom spent RUB 562 million of the total procurement expenditures of RUB 1,118 million to purchase software included in the Unified Register of Russian Programmes for Electronic Computers and Databases, including software for ongoing projects to create and develop information systems.

Following the approved Activity Plan, in 2020, PJSC Gazprom engaged its Corporate Security Service to procure domestic software and hardware solutions to replace critical components of information security.

As part of Gazprom Group's transition to predominantly using Russian-made software, software included in the Unified Register of Russian Programmes for Electronic Computers and Databases accounted for RUB 3,299 million, of 51.2% of the total software procurement expenditures of RUB 6,443 million.

Relevant reporting documentation for 202 entities was submitted to the Federal Agency for State Property Management through the Interdepartmental Portal.

**On assessment of presence or absence of ongoing  
or planned major investment projects**

(Russian Government Directives  
No. 12119p-P13 dated 25 December 2019)

By Resolution of PJSC Gazprom's Board of Directors No. 3399 dated 5 March 2020, the Company regularly (twice a year, in April and October, no later than the 25th day of each month) reports to the Russian Ministry of Economic Development and the Federal Agency for State Property Management on its ongoing or planned major investment projects.

**Gas infrastructure expansion and gas supply to regions**

(Instruction of President of the Russian Federation Vladimir Putin No. Pr-1112 dated 15 May 2014 to include the construction of a branch pipeline and a gas distribution station on the Kirillov–Belozersk–Lipin Bor–Vytegra pipeline (the Vologda Region) in PJSC Gazprom's Investment Programme)

The facilities were included in the Investment Programme. The first phase of construction was completed, including the 119.3 km branch pipeline from 0 km to the Kirillov gas distribution station and the Kirillov gas distribution station with a capacity of 39.75 mcm per hour. Taking into account the necessity to synchronise gas supply with consumer readiness in the Kirillovsky and Belozersky Districts of the Vologda Region (Letter of the Government of the Vologda Region No. IH01-17388/20 dated 4 December 2020), commissioning of the first phase was postponed till December 2021 with gas supply starting in September 2021, and PJSC Gazprom sent a respective letter to the Russian President.

(Instruction of President of the Russian Federation Vladimir Putin No. Pr-2281 dated 2 November 2015 (paragraph 3) on commissioning of the Ulegorsk gas branch pipeline and gas distribution station (gas supply to the Vostochny Cosmodrome)

Construction and installation works have been completed in full, the facilities are filled with gas. The facilities were confirmed to comply with the construction project documentation and are ready to supply gas to consumers.

(Instruction of President of the Russian Federation Vladimir Putin No. Pr-2678 dated 17 November 2014 on expanding gas infrastructure in the Kostroma Region)

On 31 December 2020, gas supplies were started through the automated gas distribution station to the distribution networks of the Parfenyevo village, Kostroma Region. Construction, installation and pre-commissioning are in progress for the first phase, and construction and installation works for the second phase are underway. At the meeting on 24 November 2020, involving the administration of the Kostroma Region, it was noted that the low-pressure service lines (zone of responsibility of the administration of the Kostroma Region) are not ready for operation and that supplying gas to the Parfenievo gas distribution station is unviable when consumers cannot ensure the minimum gas consumption rate. In view of the above, commissioning of the first phase is scheduled for December 2021. The administration of the Kostroma Region informed in its letter that consumer readiness for the launch of the third phase can be ensured no earlier than in 2022.

(Instruction of President of the Russian Federation  
Vladimir Putin No. Pr-94 dated 20 January 2014  
on expanding gas infrastructure in the Tula Region)

The construction and installation under Phase 1 of revamping the Novotulskaya gas distribution station have been completed, the commissioning permit has been obtained. In autumn and winter of 2020–2021, gas will be supplied to consumers in the Tula Region from the new gas distribution station. The construction and installation works under Phase 2 (branch pipeline) are completed, procedures are underway to obtain the act as per the KS-14 form from the acceptance committee and to complete commissioning documents.

(Russian Government Decree No. 2670-r  
dated 16 October 2020 on approving amendments to the  
Road Map On Ensuring Energy Supply to the Kaliningrad  
Region and the Unified Energy System of Russia)

PJSC Gazprom is implementing the amendments to Section II of the Road Map On Ensuring Energy Supply to the Kaliningrad Region and the Unified Energy System in Northwestern Russia, approved by Russian Government Decree No. 1623-r dated 25 August 2014 (as amended).

(Instruction of the Presidential Directorate  
for Correspondence with Citizens and Organisations  
No. A26-09-32253551-VKS1 dated 18 September 2019  
on expanding gas infrastructure to houses in the Kasimovo  
village, Perm Territory)

PJSC Gazprom sent a letter to the Presidential Directorate for Correspondence with Citizens and Organisations informing on expanding gas infrastructure to houses in the Kasimovo village in the Perm Territory. To ensure stable gas supplies to Kasimovo, in 2019, a jumper was constructed in the Lobanovo village and is currently in operation. The Government of the Perm Territory plans to construct an outside gas distribution pipeline in Kasimovo. The current status is updates to the project design documentation and passing the state expert review.

(Instruction of the Presidential Reception Office  
No. A26-09-19045653-VKS1 dated 26 November 2019  
on measures to expand gas infrastructure to houses  
in the villages of Petrovskoye, Itlar, Kolenovo and Karash,  
Yaroslavl Region)

PJSC Gazprom sent letters to the Russian President Vladimir Putin reporting on expanding gas infrastructure to houses in the villages of Petrovskoye, Itlar, Kolenovo and Karash in the Yaroslavl Region. The construction is scheduled for completion Q4 2021, with technical enablement of gas supplies synchronised with consumer readiness.

(Instruction of the Presidential Reception Office  
No. A26-09-40547853-VKS1 dated 21 April 2020  
on developing a schedule of works and financing gas  
infrastructure expansion to the settlements of Kruglovo,  
Dmitriyovo, Zauichye, Nerlinka and Frunze  
in the Kameshkovsky District of the Vladimir Region)

PJSC Gazprom sent a letter to the Russian President Vladimir Putin reporting on expanding gas infrastructure to the settlements in the Vladimir Region. According to the Gas Supply and Infrastructure Expansion Programme of the Vladimir Region for 2021–2025 approved by PJSC Gazprom, the construction will be completed in 2025.

(Directive of the Russian President Vladimir Putin  
No. Pr-2609 dated 5 November 2014 on reviewing the request  
of the Governor of the Saratov Region for assistance  
in constructing and reconstructing gas supply facilities  
in the Saratov Region)

Design documentation for the capex project of GDS-7 in Saratov has been approved. Considering that the manufacturer of the gas distribution station equipment changed and that there are infrastructure facilities, constructed by third-party organisations in violation of approved territory plans, that need to be removed out of the pipeline's way, construction and installation may be completed before the heating season of 2021.

The capex projects plan under PJSC Gazprom's Investment Programme for 2021 provides for financing of the Balakovo branch pipeline and gas distribution station, particularly to purchase main process equipment and install it. Commissioning is scheduled for 2022.

Design documentation has been prepared for the branch pipeline from the connection to the Bravy branch pipeline and the Novopushkinskoe gas distribution station in the Engelssky District of the Saratov. The design process is hampered by the absence of the facility in the territorial planning scheme of the Russian Federation and planning and land surveying projects approved by the Russian Ministry of Energy.

**On modernisation of the Levashovo joint-use airport**

(Instruction of President of the Russian Federation  
Vladimir Putin No. Pr-1620 dated 14 August 2019)

Subject to Russian Government Decree No. 1715-r dated 2 July 2020, on 25 January 2021, OOO Gazpromavia Aviation Company (concessionaire) and the Russian Federation represented by the Ministry of Defence (concedent) entered into a concession agreement regarding the Levashovo joint-use airport.

The investment project of OOO Gazpromavia Aviation Company at the Levashovo airfield envisages reconstruction and building of facilities under the concession agreement between the Russian Federation represented by the Ministry of Defence and OOO Gazpromavia Aviation Company, as well as building of civilian facilities at the Levashovo airfield to be owned by the Aviation Company that are not subject to the concession agreement.

The concession buildings under the agreement are scheduled for completion in 2022 (Phases III and V).

**On submitting proposals on developing the Russian NGV fuel market**

(Instruction of Prime Minister of the Russian Federation  
Mikhail Mishustin No. MM-P9-5375r dated 25 May 2020)

Proposals on government support to develop the NGV fuel market were developed and submitted to the Russian Minister of Energy Anton Inyutsyn.

**On state regulation of investment activities of natural monopolies and introduction of uniform approaches to state price (tariff) regulation**

(Instruction of Deputy Prime Minister of the Russian Federation Dmitry Kozak No. DK-P9-218pr dated 14 November 2019)

PJSC Gazprom continues efforts to preserve the current regulation of the Company's business.

**On improving of gas supply laws**

(Instruction of President of the Russian Federation  
Vladimir Putin No. Pr-907 dated 31 May 2020)

PJSC Gazprom continues to support standards that ensure cost-effectiveness of the Company's investments and increase consumer responsibility in terms of fulfilling obligations for gas connection and withdrawal.

**Implementation of the Programme for the Disposal  
of PJSC Gazprom's Non-Core Assets**

(Sub-paragraph v, paragraph 2 of Decree of President of the Russian Federation Vladimir Putin No. 596 dated 7 May 2012)

Pursuant to sub-paragraph v, paragraph 2 of Decree of President of the Russian Federation Vladimir Putin No 596 dated 7 May 2012, PJSC Gazprom has an ongoing initiative of non-core asset optimisation and disposal.

Pursuant to Russian Government Directives No 4863p-P13 dated 7 July 2016 and No. 6604p-P13 dated 18 September 2017, and Russian Government Decree No. 894-r dated 10 May 2017, as well as to improve non-core asset disposal, PJSC Gazprom adopted the Programme for the Disposal of PJSC Gazprom's Non-Core Assets (Resolution of the Board of Directors No. 2810 dated 27 September 2016, Minutes of the Board of Directors' meeting No. 1098 dated 27 September 2016, and Resolution of the Board of Directors No. 3066 dated 16 January 2018, Minutes of the Board of Directors' meeting No. 1180 dated 16 January 2018).

In 2020, PJSC Gazprom was disposing of non-core assets as part of this Programme, Action Plan for the Disposal of PJSC Gazprom's Non-Core Assets for 2020 (versions approved by resolutions of the Board of Directors No. 3367 dated 26 December 2019 and No. 3528 dated 24 December 2020) as well as the Register of PJSC Gazprom's Non-Core Assets (versions approved by resolutions of the Board of Directors No. 3367 dated 26 December 2019 and No. 3528 dated 24 December 2020).

The Register of PJSC Gazprom's Non-Core Assets has a List of PJSC Gazprom's Non-Core Assets Subject to Disposal section and three subsections: Long-Term Financial Investments, Real Property, and Movable Property (Motor Transport, Special Vehicles, Equipment, etc.).

The information on PJSC Gazprom's non-core assets subject to disposal and included in the Register of PJSC Gazprom's Non-Core Assets contains, among other things: the asset list, quantity; information on each non-core asset – asset description, type of activity associated with the asset, its book (depreciated) value, initial selling price (equal to its market value as assessed by an independent valuator), method of sale (primarily an auction), and encumbrances.

The approval of the Programme, Register and Plan was disclosed by PJSC Gazprom in the manner prescribed by the law by publishing appropriate open access information on its website. The current Programme and Register are also available on a dedicated website for Gazprom's non-core asset disposal, [www.gazpromnoncoreassets.ru](http://www.gazpromnoncoreassets.ru), the link to which is available on PJSC Gazprom's website in the Asset Disposal section.

Pursuant to the Russian Government Directives and under the Programme for the Disposal of PJSC Gazprom's Non-Core Assets, the Board of Directors reviewed and took into account quarterly reports on the disposal of PJSC Gazprom's non-core assets in 2020 (resolutions of the Board of Directors No. 3437 dated 3 June 2020, No. 3444 dated 5 June 2020, No. 3479 dated 19 August 2020, and No. 3504 dated 20 November 2020).

The actual realised value of PJSC Gazprom's non-core assets disposed of in 2020 under the Programme, Action Plan for the Disposal of PJSC Gazprom's Non-Core Assets for 2020, and Register of PJSC Gazprom's Non-Core Assets was RUB 2,248,085.99 thousand (inclusive of VAT).



**Implementation of the Programme, Action Plan, and Register of PJSC Gazprom's Non-Core Assets in 2020**

Nº	Asset	Inventory number (if applicable)	Balance sheet item containing the asset as at the reporting date prior to the asset disposal	Balance sheet item (analytics included), containing asset disposal income and expense (91.1xxx/91.2xxx)
1	2	3	4	5
1	51% of shares in PAO Gazprom Spetsgazavtotrans	–	1170	912002/914802
2	Three real estate objects of the Energia-1 modular gas distribution station, Yamal-Nenets Autonomous Area, Purovsky District, Urengoyskoye oil and gas condensate field, CGTU-1	206821, 206817, 206136	1150	911110/914101
3	Transformer substation (RP-103) of a residential block with a public area and recreation area, located at 77 Zaschitnikov Kavkaza St., Krasnaya Polyana, Sochi.	405322	1150	911110/914101
4	5-bedroom apartment located at 16 Brateevskaya St., Bld. 6, Apt. 112, Moscow	247423	1150	911110/914101
5	3-bedroom apartment located at 1 Grina St., Bld. 1, Apt. 168, Moscow	247596	1150	911110/914101
6	2-bedroom apartment located at 1 Grina St., Bld. 4, Apt. 150, Moscow	247661	1150	911110/914101
7	2-bedroom apartment located at 1 Grina St., Bld. 1, Apt. 171, Moscow	247599	1150	911110/914101
8	Industrial water supply facilities in the Saratov Region	139725, 139789, 139945	1150	911110/914101
9	Premises located at 9 M. Ulyanovoy St., Bld. 2, Moscow	284711	1150	911110/914101
10	Part of the administrative building located at 41 Vernadskogo Avenue, Bld. 1, Moscow	284706	1150	911110/914101
11	38 houses and utility infrastructure facilities located near the Starokorsunskaya Stanitsa in the Krasnodar Territory	307055-307060, 318004, 501702-501723	1150, 1210	911110/914101 901910/903910
12	102 items of movable property (motor transport and special vehicles)	102 inventory items	1150	911110/914101

**Total for 2020**

<b>Book value of asset, RUB thousand</b>	<b>Actual realised value, RUB thousand (inclusive of VAT)</b>	<b>Actual realised value vs book value RUB thousand</b>	<b>Reason for difference between the actual realised value and book value</b>
<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
498.11	1,073,000.00	1,072,501.89	The asset disposed through an auction with a starting price not less than its market value as assessed by an independent valuator.
12,636.97	7,604.4	– 5,032.57	The asset disposed after several rounds of a competitive process including with a starting price equal to the book value and not less than its market value as assessed by an independent valuator.
1,461.72	3,677.59	2,215.87	Result of pre-sale preparation and disposal of assets.
5,220.00	13,829.78	8,609.78	The assets disposed through competitive bidding with a starting price not less than its market value as assessed by an independent valuator.
3,430.00	9,068.85	5,638.85	
2,470.00	8,357.36	5,887.36	
2,460.00	8,388.32	5,928.32	
691.21	7,723.91	7,032.70	
13,813.80	12,462.40	– 1,351.4	The assets disposed after several rounds of competitive bidding including with a starting price equal to the book value and not less than its market value as assessed by an independent valuator.
2,755,489.41	1,000,401.64	– 1,755,087.77	
247,640.04	85,964.25	– 161,675.79	
789.02	17,607.49	16,818.47	Result of pre-sale preparation and disposal of assets.
<b>3,046,600.28</b>	<b>2,248,085.99</b>	<b>– 798,514.29</b>	

# Energy Consumption by PJSC Gazprom and its Actual Cost

Energy resource	2018	2019	2020
<b>Natural gas</b>			
mmcm	6.5	8.2	10.5
RUB million (inclusive of VAT)	43.5	55.4	72.2
<b>Electricity</b>			
thousand MWh	64.1	77.6	90.6
RUB million (inclusive of VAT)	357.9	447.5	514.8
<b>Heat</b>			
thousand Gcal	77.5	69.4	77.4
RUB million (inclusive of VAT)	158.8	148.9	136.8
<b>Motor gasoline</b>			
mm litres	1.4	1.3	0.9
RUB million (inclusive of VAT)	56.4	57.9	39.0
<b>Diesel fuel</b>			
mm litres	1.1	1.1	1.2
RUB million (inclusive of VAT)	43.2	50.7	56.0

**Note.** The reported data are for facilities managed by PJSC Gazprom. Power consumption by facilities placed under third parties' management is not taken into consideration.  
PJSC Gazprom consumes no other energy resources in significant quantities.

# **Additional Information for the Annual Report available on PJSC Gazprom's Corporate Website**

- Meetings of PJSC Gazprom's Board of Directors in 2020
- Meetings of the Audit Committee of PJSC Gazprom's Board of Directors in 2020
- Meetings of the Nomination and Remuneration Committee of PJSC Gazprom's Board of Directors in 2020
- Debt Recovery Litigations Pending as at 31 December 2020
- List of Entities in which PJSC Gazprom Holds Shares (Interest) as at 31 December 2020



The information is provided on PJSC Gazprom's corporate website  
→ [www.gazprom.com](http://www.gazprom.com)



# Glossary

Name	Definition
A ADR	American Depository Receipt
APG	Associated petroleum gas
Asia Pacific	The Asia-Pacific region, which includes countries of mainland Asia, America and Pacific Ocean Area
B Brent	Benchmark grade of crude oil produced in the North Sea
C Central Asia	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan
CGTU	Comprehensive gas treatment unit
CHPP	Combined heat and power plant
CNG	Compressed natural gas
CS	Compressor station
E EMS	Environmental Management System
EU	European Union
European far abroad countries	25 EU countries (excluding Latvia, Lithuania, and Estonia), such non-EU countries as Turkey, Norway, and Switzerland, and the Balkan states of Albania, Bosnia and Herzegovina, Macedonia, and Serbia
F Far abroad countries	Foreign countries other than FSU countries, comprising the geographic segment Europe and other countries as defined in PJSC Gazprom's IFRS consolidated financial statements
FSU countries	Former Soviet Union republics, except for the Russian Federation
G GCF	Gas condensate field
GHG	Greenhouse gases
GPP	Gas and/or condensate processing plant
GPU	Gas pumping unit
GRES	State district power station
GRF	Gas recovery factor
GTS	Gas transportation system
I IFRS	International Financial Reporting Standards
ISO 14001	International Organisation for Standardisation, the international environmental management standard
ISO 9001	International Organisation for Standardisation, the international quality management standard
K KPIs	Key Performance Indicators
L LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
M MET	Mineral extraction tax
N NGV fuel	Natural gas vehicle fuel
O OGCF	Oil and gas condensate field
OHSAS 18001:2007	Occupational Health and Safety Management Systems, the international standard for occupational health and safety management systems
P PRMS	Petroleum Resources Management System, an international standard for hydrocarbon reserve classification and reporting

Name	Definition
R R&D	Research and Development
RAS	Russian Accounting Standards
S SME	Small and medium enterprises
SPTs	Strategic Performance Targets
T toe	Tonne of oil equivalent
TPP	Thermal power plant
U UGSF	Underground gas storage facility
UGSS	Unified Gas Supply System of Russia
UIS	Unified Information System of public procurement of goods, works, and services for state and municipal needs
UOHSMS	Unified Occupational Health and Safety Management System
USD	United States (US) dollars
V VAT	Value added tax
CDP (Carbon Disclosure Project)	An international platform for companies to disclose their environmental impacts
Brent	Benchmark grade of crude oil produced in the North Sea
ISO 14001:2015	International standard in environmental management of the International Organisation for Standardisation
ISO 45001:2018	International OHS standard of the International Organisation for Standardisation
ISO 50001:2018	International standard in energy management of the International Organisation for Standardisation
ISO 9001:2015	International standard in quality management of the International Organisation for Standardisation
PRMS (Petroleum Resources Management System)	International standard for hydrocarbon reserve estimation
TPI (Transition Pathway Initiative)	International project to assess the readiness of companies to transition to a low-carbon economy

## Units of Measurement and Conversion Table

Name	Definition	Conversion ratios
cu m of gas	A cubic metre of natural gas measured at 1 Pa pressure and 20°C, with a calorific value of 8,850 kcal per cu m	1,000 cu m of gas = 6.49 barrels of oil equivalent = 0.885 tonnes of oil equivalent
BTU	British thermal unit	For 2020 data: 1 mm BTU = 0.0285 mcm of LNG = 0.0194 tonnes of LNG For 2019 data and prior years: 1 mm BTU = 0.028 mcm of LNG = 0.021 tonnes of LNG
tonne of oil	Tonne of oil	1 tonne of oil = 7.33 barrels of oil = 7.33 barrels of oil equivalent = 1 tonne of oil equivalent
tonne of gas condensate	Tonne of gas condensate	11 tonne of gas condensate = 8.18 barrels of gas condensate = 8.18 barrels of oil equivalent = 1 tonne of oil equivalent

## Conventions

Sign	Meaning
-	Not observed
0.0	Value less than 0.05
x	Data unavailable

## List of Foreign Companies Mentioned in the Report

Full name	Short name	Country
OOO Gazoprovod Soyuz Vostok	-	Mongolia
ZAO Gazprom Armenia	-	Armenia
OsOO Gazprom Kyrgyzstan	-	Kyrgyzstan
OAO Gazprom transgaz Belarus	-	Belarus
TOO KazRosGaz	-	Kazakhstan
National Oil Corporation	NOC	Libya
NJSC Naftogaz Ukraine	-	Ukraine
AO Uzbekneftegaz	-	Uzbekistan
Abu Dhabi National Oil Company	ADNOC	UAE
Apache Corporation	Apache	USA
Bank of America Merrill Lynch	-	USA
Bloomberg L.P.	Bloomberg	USA
Blue Stream Pipeline Company B.V.	-	Netherlands
BP p.l.c.	BP	UK
Bureau Veritas S.A.	Bureau Veritas	France
China National Petroleum Corporation	CNPC	China
Chevron Corporation	Chevron	USA
Citigroup Inc.	Citigroup	USA
AS Conexus Baltic Grid	-	Latvia
ConocoPhillips	-	USA
Credit Suisse Group AG	Credit Suisse	Switzerland

Full name	Short name	Country
Dagong Global Credit Rating Company Limited	Dagong	China
DeGolyer and MacNaughton	–	USA
Eni SpA	Eni	Italy
Equinor ASA	Equinor	Norway
Exxon Mobil Corporation	ExxonMobil	USA
Fitch Ratings	–	USA
GazAsia Capital S.A.	–	Luxembourg
Gaz Capital S.A.	–	Luxembourg
Gaz Finance Plc	–	UK
Gazprom NGV Europe GmbH	Gazprom NGV Europe	Germany
GAZPROM Schweiz AG	–	Switzerland
HSBC Holdings plc	HSBC	UK
IHS Markit Ltd.	IHS Markit	UK
Japanese Bank for International Cooperation	JBIC	Japan
JP Morgan Chase & Co	JP Morgan	USA
KPMG International Limited	KPMG	UK
Moody's Investors Service	Moody's	USA
Morgan Stanley International Limited	Morgan Stanley	USA
MSCI Inc.	MSCI	USA
Mytilineos S.A.	–	Greece
Naftna Industrija Srbije a.d.	NIS	Serbia
Nord Stream AG	–	Switzerland
Nord Stream 2 AG	–	Switzerland
OMV Gas Marketing & Trading GmbH	–	Austria
Perenco Cameroon S.A.	Perenco Cameroon	Cameroon
PetroChina Company Limited	PetroChina	China
Qatar Petroleum	–	Qatar
Raiffeisen Bank International AG	Raiffeisen Bank	Austria
Renaissance Capital Limited	Renaissance Capital	UK
Royal Dutch Shell plc.	Royal Dutch Shell	UK
Sakhalin Energy Investment Company Ltd.	Sakhalin Energy	Bermuda
Sarir Oil Operations B.V.	–	Netherlands
Saudi Arabian Oil Company	Saudi Aramco	Saudi Arabia
Sonatrach Group	Sonatrach	Algeria
South Stream Transport B.V.	–	Netherlands
SOVA Capital Limited	SOVA Capital	UK
Standard & Poor's	–	USA
The Bank of New York Mellon	–	USA
The Goldman Sachs Group, Inc.	Goldman Sachs	USA
TOTAL S.A.	Total	France
UBS Group AG	UBS	Switzerland
Uniper SE	Uniper	Germany
Wintershall AG	–	Germany
Wintershall Noordzee B.V.	Wintershall Noordzee	Netherlands

<b>Full name</b>	<b>Short name</b>	<b>Country</b>
Wood & Company Financial Services, a.s.	Wood & Company	Czech Republic
Yacimientos Petrolíferos Fiscales Bolivianos	YPFB	Bolivia
Yamal Trade Pte. Ltd.	Yamal Trade	Singapore

# Contacts

## Full Name

Public Joint Stock Company Gazprom

## Abbreviated Name

PJSC Gazprom

## Location

Moscow, Russian Federation

## Address

16 Nametkina St., GSP-7, Moscow, 117997,  
Russian Federation  
Postal address:  
BOX 1255, Saint Petersburg, 190900, Russia  
Delivery address:  
156 Moskovsky Av., Bld. A, Saint Petersburg, 196105,  
Russian Federation

Phone:  
+7 495 719 3001  
Fax:  
+7 495 719 8333  
+7 812 413 7333

## Website

[www.gazprom.com](http://www.gazprom.com)

## E-mail

[gazprom@gazprom.ru](mailto:gazprom@gazprom.ru)

## Certificate of entry into the Unified State Register of Legal Entities

by the Moscow Department of the Ministry of Taxation  
dated 2 August 2002, OGRN 1027700070518

## Taxpayer Personal Identification Number (INN)

7736050003

## Contact for Shareholders

Phone:  
+7 812 609 7657  
(for shareholders of PJSC Gazprom)

## Contact for Investors

Phone:  
+7 812 609 4129  
Fax:  
+7 812 609 4334  
E-mail:  
[ir@gazprom.ru](mailto:ir@gazprom.ru)

## Auditor

Limited Liability Company Financial and Accounting  
Consultants (ООО FBK). ООО FBK is a member of the self-  
regulated organisation of auditors Auditor Association  
Sodruzhestvo.

Location:  
44/1 Myasnitskaya St., Bld. 2 AB, Moscow,  
101990, Russian Federation  
Phone:  
+7 495 737 5353  
Website:  
[www.fbk.ru](http://www.fbk.ru)

## Registrar

Joint Stock Company Specialised Registrar –  
Register Keeper for Gas Industry Shareholders (АО DRAGa)  
Location: 71/32 Novocheryomushkinskaya St., Moscow,  
117420, Russian Federation  
Phone:  
+7 495 719 4044  
Website:  
[www.draga.ru](http://www.draga.ru)

This Annual Report is approved  
by PJSC Gazprom's annual General Shareholders Meeting  
(Minutes No. 1 dated 25 June 2021),  
pre-approved by Resolution of PJSC Gazprom's Board of Directors  
No. 3591 dated 20 May 2021  
(Minutes No. 1367 dated 20 May 2021).

Chairman of PJSC Gazprom's  
Management Committee  
A.B. Miller

Chief Accountant  
of PJSC Gazprom  
M.N. Rosseev

The image shows two handwritten signatures. The top signature is for A.B. Miller, featuring a stylized, flowing script. Below it is a second, more formal-looking signature for M.N. Rosseev.



