

Working towards our common future



Gazprom Group's
Sustainability
Report 2019





**Gazprom Group's
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Report 2019**

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Message from Alexey Miller, Chairman of the Gazprom Management Committee

Dear friends!

The Gazprom Group is building a large-scale business both in Russia and abroad. Being keenly aware of our responsibility towards millions of people across the world, we are unequivocally committed to achieving our business goals in a well-balanced and efficient way to maximize positive impacts on society and environment.

Our projects enhance consumer access to clean energy sources, play a major role in boosting energy security, promote social and economic development in Russian regions, and generate additional revenue for the federal budget.

In December 2019, we put into operation the Power of Siberia gas pipeline, marking the start of Russian pipeline gas supplies to the highly promising Chinese market. Importantly, this gas trunkline will give a powerful impetus to gas infrastructure expansion in Eastern Siberia and Russia's Far East.

In January 2020, Europe and Turkey gained access to another low-carbon-footprint pipeline, TurkStream, which enables natural gas supplies across the Black Sea. Pipeline exports to non-FSU European countries reached 199 bcm in 2019.

A reliable domestic gas supplier, Gazprom is building up infrastructure to provide new consumers with access to gas supplies. In 2019, our domestic gas sales amounted to 235.8 bcm. With 124 new gas pipelines constructed under the Gas Infrastructure Expansion Program, Russia's gas penetration rate rose from 68.6% to 70.1% by early 2020.

The launch of a new independent source of alternative gas supplies for the Kaliningrad Region was a major milestone in the reporting year. As part of the project, Gazprom built an offshore liquefied natural gas (LNG) receiving terminal and the Marshal Vasilevskiy floating storage and regasification unit.

To meet consumer energy needs for decades to come, we prioritize efficient development of our resource base. In 2019, a new gas production center in the Yamal Peninsula saw the launch of full-scale development at the Kharasaveyskoye field, which is unique in terms of reserves.

Our work towards resource base replenishment continues. In the reporting year, Gazprom's exploration efforts translated into 556.7 bcm of additional gas reserves, with production standing at 501.2 bcm¹. For 15 years running, we have maintained gas reserves growth above production rates.

The sustainable use of natural resources is an essential part of our Environmental Policy. Gazprom has been progressively reducing its carbon footprint while also pursuing energy efficiency and environmental protection initiatives. In 2019, we achieved all of our Corporate Environmental Targets. Compared to 2018, the Gazprom Group's water consumption fell by 8.4%, waste generation by 6.1%, and greenhouse gas (GHG) emissions by 1.5%.

We were also working on the solutions designed to promote the goals of the Paris climate accord (adopted by Russia in September 2019) by leveraging the potential of natural gas and gas infrastructure. Taking into account the global shift to a low-carbon economy, we started putting together sustainable development scenarios for Gazprom through 2050. In addition to this, we are currently developing innovative technologies aimed at producing hydrogen from methane without any CO₂ emissions.

The key driving force behind Gazprom is its people – professionals at the very top of their game. In 2019, the Group's headcount increased to 473,800 people. We rigorously uphold employee rights, guarantee safe and comfortable working conditions, and support the professional development of our staff. In 2019, our skills upgrading and professional retraining programs covered a record number of employees at all levels, in no small part thanks to the extensive use of distance learning.

Traditionally, we pay close attention to local communities in the regions where we operate. For example, Gazprom actively promotes local professional and amateur sports. In 2019, we completed the construction of the Avangard Hockey Academy in Omsk and commissioned over 160 sports facilities under the Gazprom for Children program. We are also engaged in close and fruitful dialogue with indigenous minorities of the North. Furthermore, our corporate culture encourages the Gazprom employees to take part in volunteer initiatives.

Dear friends,

Our stakeholders' proposals are very important to us, and we are committed to information transparency and openness. We are implementing best practices to ensure balanced and sustainable growth of Gazprom for years to come. We will continue to do so going forward.

Alexey Miller,
Chairman of the Gazprom Management Committee



(1) Including the share in production of organizations in which Gazprom has investments classified as joint operations.

Our Report

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The Gazprom Group's Sustainability Report 2019 highlights the Group's production, social and environmental performance in the reporting period. The Report also contains disclosures on the corporate governance and the Group's input in achieving the Sustainable Development Goals outlined in the United Nations 2030 Agenda. This is the eighth Sustainability Report published by the Group.

GRI 102-51

The previous Report for the year 2018 was published in September 2019.

1

The 2018 Report won the Best Public Non-Financial Report of an Oil and Gas Company award in a competition held by the Russian Ministry of Energy. Delivering more GRI Standards disclosures, the Report brings out the key sustainability development aspects in more detail. It is for the first time that PJSC Gazprom has made the Report available in an interactive version on its official corporate web site to offer the audience most convenient information access and text navigation.

To prepare the Report, the Company set up a Task Force involving members from various structural units and subsidiaries of PJSC Gazprom who coordinate the activities on focal sustainable development areas and engage with stakeholder groups.

At the beginning of 2020, to further improve the non-financial reporting framework and to take account of personnel changes,

the Group updated its *Procedure for Preparation, Publishing and Distribution of the Gazprom Group's Sustainability Report and Regulation on Permanent Task Force for the Gazprom Group's Sustainability Report Preparation*². The Report has been prepared in accordance with the guidelines and timelines set out in the *Procedure*.

2

GRI 102-32

The information included in the Report is confirmed by the heads of dedicated units. The Report is approved by the Chairman of the Management Committee of PJSC Gazprom.

3

GRI 102-50, GRI 102-52, GRI 102-54, GRI 102-56

Report name	Gazprom Group's Sustainability Report 2019
Reporting period	From January 1 to December 31, 2019 (calendar year)
Reporting cycle	Annual
Reporting standards	This Report has been prepared in accordance with the GRI Standards: Core option
Independent professional auditor's approval	Financial and Accounting Consultants LLC (FBK)
Public endorsement	Council on Non-Financial Statements of the Russian Union of Industrialists and Entrepreneurs (RUIE)
Public consultations	Stakeholder representatives

4

The Report shows the majority of key indicators for a four-year period (2016–2019) so that the data can be compared and conclusions made on the Gazprom Group's progress in a respective area. Disaggregated data provided throughout the Report may not add up precisely to

the relevant totals presented in consolidated financial statements and management accounts due to rounding. The Plans sections of the Report contain forward-looking information. The Group's actual performance may differ from forecasts due to objective factors.

5

(2) Approved by Order of PJSC Gazprom No. 20 dated January 20, 2020

6

GRI 102-45, GRI 102-46

The Report includes the information about the Gazprom Group companies in line with the scope of consolidated statements under IFRS 10 Consolidated Financial Statements, unless specified otherwise. Due to the existing differences in data gathering and consolidation, certain groups of disclosures may have their individual boundaries

(specified in Appendix 2). The Report is publicly available in the Russian and English languages on the Company's website (www.gazprom.ru, www.gazprom.com) and is also available in an interactive version (<https://sustainability.gazpromreport.ru/en/2019/>). The printed version is distributed to the key stakeholders by direct mail.

Procedure for Defining Material Topics

GRI 102-46

The Report content is defined considering stakeholders' opinions, sustainability context, as well as completeness and accuracy of the data presented and their comparability against previous years.
The Gazprom Group's Report complies with the GRI Standards principles in terms of its quality and content.

For the Report 2019 preparation, the material topics were identified on the basis of two criteria: the importance of a topic for stakeholders and the significance of the Gazprom Group's impact on a topic. The material topics were defined using a three-stage process.

Reporting principles are described in Appendix 2.

Stage 1. Compiling a list of potential material topics to be included in the Report

Non-financial statements of leading Russian and international public companies, media publications, the Social Charter of the Russian Business, GOST R ISO 26000:2012, and the Principles of the United Nations Global Compact were analysed.

A list of potential material topics corresponding to the Gazprom Group's significant impacts on the economy and management, environmental protection, and interaction with society (personnel, population, and local communities in the Gazprom Group's areas of operation) was compiled.

Recommendations of the Council on Non-Financial Statements of the RUIE along with comments and proposals of FBK regarding the Report for 2018 were taken into account.

Stage 1 outcome

GRI 102-49

After being reviewed and updated, the list of potential material topics included 29 items. The following new topics to be disclosed in the

Report 2019 were identified: "Implementation of major gas transportation projects", "Quality management", and "Respect of human rights".

Our Report

Stage 2. Surveying stakeholder groups' representatives and Task Force members

An online survey³ of stakeholder groups was run with automatic result processing. The online survey covered 2,367 respondents (representatives of nine⁴ stakeholder groups), who were proposed to rank each topic using a three-point importance scale.

The significance of the Gazprom Group's actual impact within potential material topics was assessed by Task Force members using expert judgements. The activity involved 24 Task Force members.

The survey results formed the basis for developing a materiality matrix.

Stage 2 outcome. Ranked lists of material topics compiled with the help of stakeholder groups and Task Force members.

Stage 3. Developing a materiality matrix. Defining material topics

The significance of the Gazprom Group's impact within the material topics is shown along the vertical axis.

The topic importance for stakeholder groups is shown along the horizontal axis.

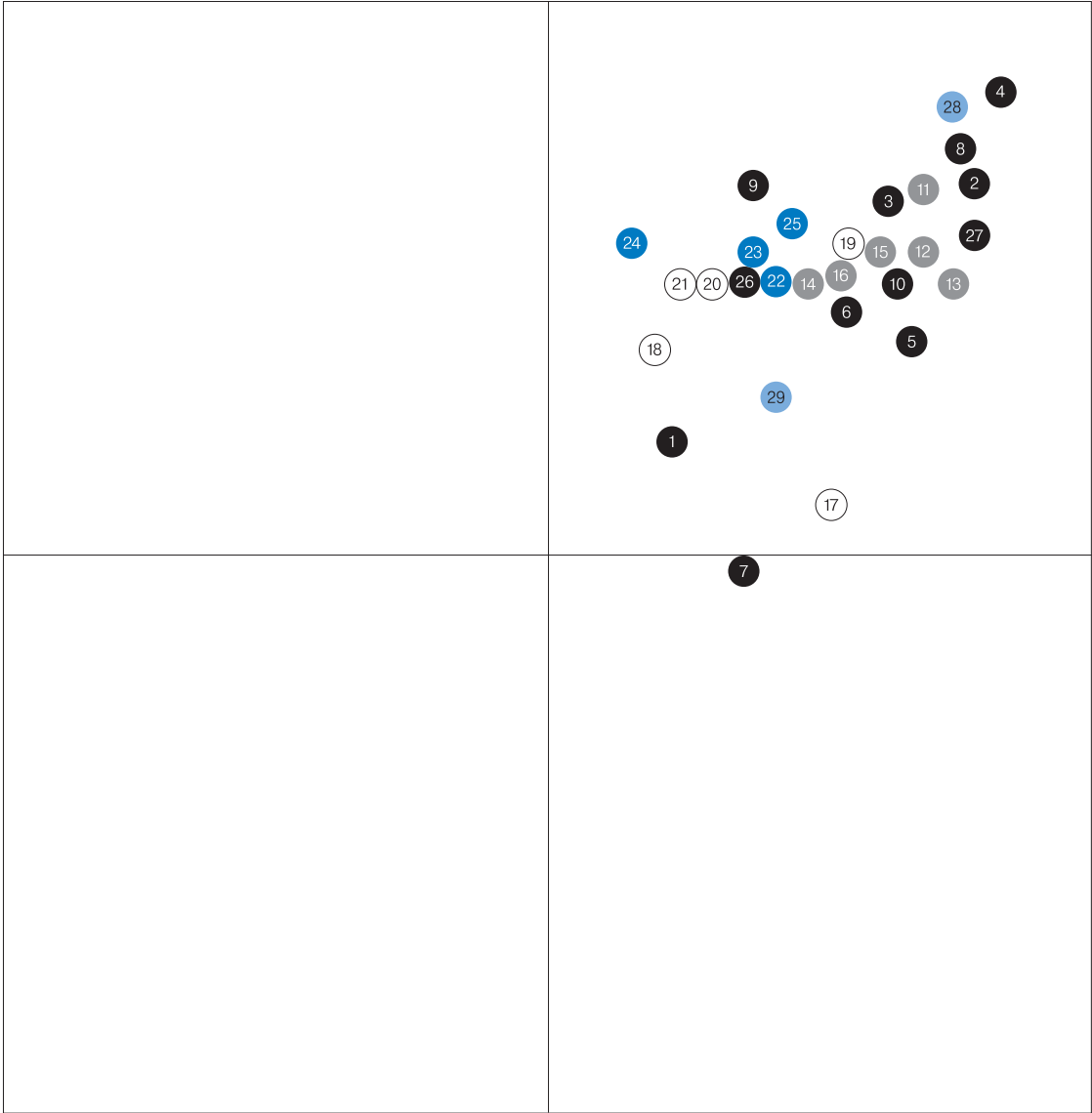
Stage 3 outcome. Developing a materiality matrix. The topics in the upper right-hand quadrant of the matrix were identified as the priority topics mandatory for disclosure.

(3) <http://opros.onutc.ru/run/survey/dfa9e9a7>

(4) Representatives of the "Foreign regulators of energy markets" stakeholder group did not participate in the survey.

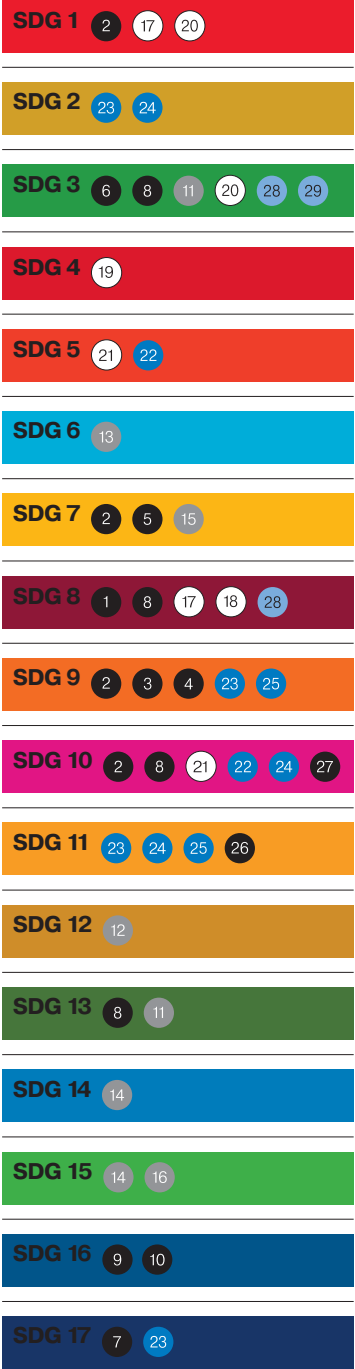
GRI 102-46
Materiality matrix

Gazprom Group's impact



- Economy and Management ● Environment ○ HR Management
- Health and Safety ● Social Policy and Community Investment

Correlation between material topics and UN SDGs



GRI 102-44**Importance of topics for stakeholder groups**

No.	Topic	Stakeholder groups with most interest in the topic (prioritised by extent of interest)
1.	Gazprom Group's procurement system and procurement localization	9, 4, 5
2.	Gazprom Group's economic performance	2, 1, 5
3.	Innovations and R&D at the Gazprom Group	2, 6, 5
4.	Implementation of major gas transportation projects	3, 5, 1
5.	Gazprom Group's efforts in replenishment of hydrocarbon reserves	3, 5, 1
6.	Quality management	9, 8, 7
7.	Gazprom Group's participation in political activities and international initiatives	7, 9, 6
8.	Compliance with social, economic and environmental requirements of the law	9, 4, 7
9.	Compliance with anti-trust and monopoly laws	8, 9, 7
10.	Anti-corruption practices at Gazprom Group	2, 5, 1
11.	Emissions management at Gazprom Group	6, 3, 9
12.	Waste handling at Gazprom Group	6, 9, 3
13.	Gazprom Group's efforts to maintain acceptable water quality in the Group's areas of operations	6, 7, 9
14.	Gazprom Group's efforts to preserve biodiversity	7, 6, 9
15.	Energy saving and energy efficiency at Gazprom Group	9, 6, 5
16.	Disturbed land remediation by Gazprom Group	7, 9, 6
17.	Gazprom Group's presence in the labour market and employment impact	5, 6, 1
18.	Freedom of association and collective bargaining	5, 1, 8
19.	Training and education for employees and prospective employees	6, 5, 1
20.	Social benefits and non-financial motivation of the employees at Gazprom Group	5, 6, 1
21.	Equal opportunities for all employees of Gazprom Group	5, 1, 6
22.	Respect of human rights	7, 6, 9
23.	Interaction with local communities in Gazprom Group's areas of operations	7, 9, 6
24.	Indigenous peoples in Gazprom Group's areas of operations	9, 6, 7
25.	Gazprom Group's social projects	9, 7, 6
26.	Natural gas vehicle fuel market development	8, 9, 7
27.	Gas infrastructure expansion in the Russian Federation	9, 6, 5
28.	Occupational health, industrial, and fire safety at Gazprom Group	5, 1, 9
29.	Ensuring safer work of suppliers and contractors	9, 8, 5

Stakeholder groups legend:

- 1 — Shareholders
- 2 — Investors
- 3 — Media
- 4 — Business partners
- 5 — Personnel
- 6 — NGOs and educational institutions
- 7 — Local communities
- 8 — Consumers
- 9 — Government and local authorities

GRI 102-47

Disclosure of material topics in the Gazprom Group's Sustainability Report 2019

Topics	Sections
Economy and Management	
● (1) Gazprom Group's procurement system and procurement localization (GRI 204)	Our Operations, page 101
● (2) Gazprom Group's economic performance (GRI 201)	Our Operations, page 69
● (3) Innovations and R&D at Gazprom Group	Our Operations, page 106
● (26) Natural gas vehicle fuel market development	Our Operations, page 94
● (4) Implementation of major gas transportation projects	Our Operations, pages 67, 83, 89
● (27) Gas infrastructure expansion in the Russian Federation	Our Operations, page 88
● (5) Gazprom Group's efforts in replenishment of hydrocarbon reserves (GRI OG1)	Our Operations, page 74
● (6) Quality management (GRI 416)	Our Governance, page 60
● (8) Compliance with social, economic and environmental requirements of the law (GRI 307; 419)	Our Workplace Safety, page 147 Our Responsibility to the Planet, page 190
● (9) Compliance with anti-trust and monopoly laws (GRI 206)	Appendix 1, page 244
● (10) Anti-corruption practices at Gazprom Group (GRI 205)	Our Governance, pages 54, 58
Environment	
● (11) Emissions management at Gazprom Group (GRI 305)	Our Responsibility to the Planet, page 194
● (12) Waste handling at Gazprom Group (GRI 306; OG7)	Our Responsibility to the Planet, page 223
● (13) Gazprom Group's efforts to maintain acceptable water quality in the Group's areas of operations (GRI 303; OG5)	Our Responsibility to the Planet, page 211
● (14) Gazprom Group's efforts to preserve biodiversity (GRI 304)	Our Responsibility to the Planet, page 218
● (15) Energy saving and energy efficiency at Gazprom Group (GRI 302)	Our Responsibility to the Planet, page 198
● (16) Disturbed land remediation by Gazprom Group (GRI 304)	Our Responsibility to the Planet, page 216
HR Management	
○ (17) Gazprom Group's presence in the labour market and employment impact (GRI 401; 402; 203)	Our Personnel, page 125 Our Social Initiatives, page 165 Appendix 1, pages 246, 247 Appendix 5, page 264
○ (18) Freedom of association and collective bargaining (GRI 407)	Our Personnel, page 121
○ (21) Equal opportunities for all employees of Gazprom Group (GRI 405; 406)	Our Personnel, pages 113, 120

Disclosure of material topics in the Gazprom Group’s Sustainability Report 2019

	Topics	Sections
<input type="radio"/>	(19) Training and education for employees and prospective employees (GRI 404)	Our Personnel, page 130
<input type="radio"/>	(20) Social benefits and non-financial motivation of the employees at Gazprom Group (GRI 401)	Our Personnel, page 125
Social Policy and Community Investment		
<input checked="" type="radio"/>	(22) Respect of human rights (GRI 412; 410)	Our Governance, page 44
<input checked="" type="radio"/>	(23) Interaction with local communities in Gazprom Group’s areas of operations (GRI 413)	Our Social Initiatives, page 167
<input checked="" type="radio"/>	(24) Indigenous peoples in Gazprom Group’s areas of operations (GRI 411, OG 9; 10)	Our Social Initiatives, page 170 Appendix 1, pages 248, 249
<input checked="" type="radio"/>	(25) Gazprom Group’s social projects (GRI 203)	Our Social Initiatives, page 167
Health and Safety		
<input checked="" type="radio"/>	(28) Occupational health, industrial, and fire safety at Gazprom Group	Our Workplace Safety, page 145
<input checked="" type="radio"/>	(29) Ensuring safer work of suppliers and contractors (GRI 403; 414)	Our Operations, page 102 Our Workplace Safety, page 162

Disclosures of material topics in the Report are based on two updated GRI Standards for disclosing two material topics – GRI 303 (2018) Water and Effluents and GRI 403 (2018) Occupational Health and Safety.

Stakeholder Engagement

GRI 102-42

The Gazprom Group maintains engagement of various stakeholder groups. The main engagement principles are inclusivity, materiality, impact and responsiveness as set out in the internationally recognized

AA1000 Accountability Principles (AA1000AP, 2018) and AA1000 Stakeholder Engagement Standard (AA1000SES, 2015).

Inclusivity

Taking into account Gazprom’s stakeholders’ points of view as to the significance and impact of a particular matter in order to enable the Group to develop an expedient and commensurate response method.

Materiality

Identifying and ranking relevant and significant matters and underlying factors that make an impact on Gazprom and its stakeholders.

Impact

Monitoring, measuring and assessing the impact of Gazprom’s principles, activities and results of operations on the economy, environment, society, stakeholders and the Group itself.

Responsiveness

Taking into account material topics and corresponding impacts in making decisions, taking actions and planning day-to-day operations of the Gazprom Group (including communications).

GRI 102-40

The Gazprom Group identifies ten stakeholder groups:

shareholders;	investors;
business partners;	personnel;
government and local authorities;	local communities;
foreign regulators of energy markets;	NGOs and educational institutions;
media;	consumers.

The main channels to inform stakeholders are press releases and responses to media requests, press trips, press conferences and media scrums, publications on the official web site, and social media. PJSC Gazprom has official accounts on popular global social networking sites: Instagram, Facebook, Twitter, and Sina Weibo. Available in four language segments of the internet (Russian, English, German and Chinese), the Company's accounts are used to inform the audience and receive feedback through comments, as well as and to maintain a dialogue with stakeholders using public responses to comments and personal correspondence.

It was for the first time that the Company held public consultations on the draft Report with a view to ensuring that the disclosed information better meets stakeholder inquiries and requests. 13 stakeholder representatives took part in online consultations; 94 comments were received, including 51 requests to provide additional data in the Report and 25 clarifying questions to the information contained in the Report. In the course of the public consultations, the stakeholder representatives received explanations on 49 comments, and 10 comments found a direct reflection in this Report. 35 comments received will be handled by the Task Force for the Report preparation at its meeting in the following reporting period.

GRI 102-42

When preparing the Sustainability Report 2019, the Gazprom Group for the first time analysed the mutual impact of the Company and its stakeholder groups. The results of the survey conducted among the Task Force members formed the basis for the stakeholder mapping that shows: (1) the degree to which the Company's operations impact stakeholders' decisions and actions and (2) the degree to

which stakeholders' decisions and actions impact the Company's operations. The Task Force members ranked both indicators on a three-point scale from 1.0 (low degree) to 3.0 (high degree) based on their own experience and competencies. The survey covered 24 people.

The data chart for stakeholder groups mapping



GRI 102-43

The system of stakeholder engagement at the Gazprom Group

Stakeholder groups	Corporate Units / Bodies Responsible for Engagement	Engagement Mechanisms	Examples of Engagement in 2019
Shareholders	<ul style="list-style-type: none"> — Coordinating Committee for Shareholder and Investor Relations of PJSC Gazprom — PJSC Gazprom unit performing the Corporate Secretary functions — Relevant units of PJSC Gazprom 	<ul style="list-style-type: none"> — Implementation of the <i>Shareholder and Investor Relations Action Plan</i>⁵ — In-person events and teleconferences — Information disclosure Responses to inquiries as part of annual General shareholders meetings — Correspondence with shareholders on emerging issues — Online (audio and video conferences) and offline communications 	<ul style="list-style-type: none"> — Annual General Shareholders Meeting — Correspondence with shareholders on emerging issues — Telephone calls — Quarterly and annual teleconferences, press conferences and road shows — Meetings of PJSC Gazprom's independent directors, PJSC Gazprom leadership and authorized representatives of the Company with shareholders at the Company offices in Moscow, St. Petersburg and abroad — Information disclosure in the form of the Issuer's Quarterly Reports, Annual Report, Environmental Report and Gazprom Group's Sustainability Report, and financial statements under the IFRS and RAS — Publishing databooks "Gazprom in Figures", "Analyst Data Book" (Gazprom Neft), "Gazprom Neft Statistic Data", and "Gazprom Energy Holding Group of Companies in Questions and Answers" Placing the Group's key projects overviews and corporate periodicals, including Gazprom magazine, in the public domain
Investors	<ul style="list-style-type: none"> — Coordinating Committee for Shareholder and Investor Relations of PJSC Gazprom — PJSC Gazprom unit performing the Corporate Secretary functions — Relevant units of PJSC Gazprom 	<ul style="list-style-type: none"> — Implementation of the <i>Shareholder and Investor Relations Action Plan</i> — In-person events and teleconferences — Information disclosure — Responses to inquiries — Participation in investor meetings — Road shows — Online (audio and video conferences) and offline communications 	<ul style="list-style-type: none"> — Gazprom's Investor Day (Hong Kong and Singapore, 2019) — Meetings of PJSC Gazprom leadership and authorized representatives of the Company with investors at the Company offices in Moscow, St. Petersburg and abroad — Independent directors' meetings with investors, in particular on the ESG⁶ matters — Quarterly and annual teleconferences, press conferences, road shows — Information disclosure in the form of the Issuer's Quarterly Reports, Annual Report, Environmental Report, Gazprom Group's Sustainability Report, financial statements under the IFRS and RAS, and PJSC Gazprom's Management Report — Publishing databooks "Gazprom in Figures", "Analyst Data Book" (Gazprom Neft), "Gazprom Neft Statistic Data", and "Gazprom Energy Holding Group of Companies in Questions and Answers" — Off-site meetings of the leadership with investors at the key production facilities of the Group — Placing the Group's key projects overviews and corporate periodicals, including Gazprom magazine, in the public domain
Business partners	<ul style="list-style-type: none"> — Relevant units of PJSC Gazprom — Relevant units of subsidiaries 	<ul style="list-style-type: none"> — Contractual relations — Cooperation agreements — Joint Coordination Committees and Joint Task Forces between PJSC Gazprom and Russian and foreign partners — Conferences and forums — Industry unions and associations — Pre-qualification of prospective suppliers and contractors 	<ul style="list-style-type: none"> — Participation in economic and energy forums and conferences (ADI-PEC, Flame, European Gas Conference, International Conference & Exhibition on Liquefied Natural Gas LNG 2019, GASTECH Exhibition & Conference, World Petroleum Congress, World Energy Congress, St. Petersburg International Economic Forum, St. Petersburg International Gas Forum, Eastern Economic Forum, Russian Energy Week, "Russia – EU Energy Cooperation Outlook. Gas Aspect", etc.) — Meetings of Joint Coordination Committees and Joint Task Forces held by PJSC Gazprom and business partners and focused on key areas of collaboration — Collaboration and business meetings with Russian and international oil and gas companies — 668 companies, including 461 SMEs, were included in the Gazprom Group's Register of Potential Bidders as of February 1, 2020 after the pre-qualification procedure

(5) Approved by order of PJSC Gazprom No. 124 dated March 25, 2019

(6) ESG (Environmental, Social, Governance) refers to environmental protection, social policy, and corporate governance.

The system of stakeholder engagement at the Gazprom Group

Stakeholder groups	Corporate Units / Bodies Responsible for Engagement	Engagement Mechanisms	Examples of Engagement in 2019
Personnel	— Department in charge of HR management	— System of internal communications — Feedback — Top management addresses to employees — Satisfaction surveys — Organizing assessment, training and professional development	— Conferences to summarize the results of implementation of the <i>General Collective Agreement of PJSC Gazprom and its subsidiaries</i> ⁷ — Workshop meetings for personnel of HR departments — Regular meetings of the representatives of the workforce and the management to resolve the topical issues — Group's sport events (sports and athletic contests of PJSC Gazprom and its subsidiaries) — Training newly hired employees under the onboarding professional development programs
Government and local authorities	— Department in charge of government relations in the Russian Federation — Regional Policy Commission	— Signing agreements with the regions of the Russian Federation — Presentations on the Gazprom Group's activities to senior government officials — Cooperation under business contracts, agreements and partnership memoranda	— Signing agreements and memoranda on cooperation with the constituent entities of the Russian Federation (the Khanty-Mansi Autonomous Area – Yugra, Yamal-Nenets Autonomous Area, Komi Republic, Arkhangelsk Region, Vologda Region, Orenburg Region, Sakhalin Region, St. Petersburg and Leningrad Region) — Participation in parliamentary hearings, forums, round tables and task forces held by the federal and regional executive authorities and public organizations — Events involving representatives of federal executive authorities to raise their awareness of PJSC Gazprom operations — Participation in the development of roadmaps — Participation in expert review of draft laws, preparation of proposals, comments and amendments thereto — Implementation of the <i>Gas Infrastructure Expansion Program in the regions of the Russian Federation</i> , including the holding of conferences and meetings on gas infrastructure expansion issues — Cooperation with regional governments of Russia under agreements on promoting the use of natural gas as motor fuel
Local communities	— Relevant units of PJSC Gazprom — Regional Policy Commission — Environmental departments of subsidiaries — PR departments of subsidiaries	— Open public hearings — Information centers — Information disclosure — Charity and sponsorship projects — Series of environmental awareness events — Group-wide and areas-of-operation opinion surveys — Signing contracts to assist non-profit organizations and public law institutions	— Holding public hearings on environmental impact assessment — Charity and volunteering (annual support of culture and arts, projects to preserve historic and cultural heritage, professional and amateur sports, education, healthcare, urban infrastructure development projects; implementation of the Gazprom for Children and Football for Friendship programs, annual New Year action run by PJSC Gazprom for children who need social support) — Cooperation with representatives of indigenous minorities of the North (organization of national festivals; preservation of lifestyle, traditional habitat, national crafts, etc.) — Sponsorship activities and charity (e.g. signing a contract to make a donation to Irkutsk Regional Branch of the Russian Red Cross for restoring the areas affected by floods) — Implementation of social investment programs

(7) Approved by the conference of employees of OJSC Gazprom and its subsidiaries on 23 November 2012; extended in 2018 for the 2019–2021 period.

The system of stakeholder engagement at the Gazprom Group

Stakeholder groups	Corporate Units / Bodies Responsible for Engagement	Engagement Mechanisms	Examples of Engagement in 2019
Foreign regulators of energy markets	<ul style="list-style-type: none"> — Department in charge of foreign economic activity — Relevant units of subsidiaries 	<ul style="list-style-type: none"> — International energy conferences and activity of international organizations — Participation in the development of roadmaps — Preparation of the energy sector's regulatory documents — Disclosure of information and consultations 	<ul style="list-style-type: none"> — Membership in international industry associations — Participation in negotiations on supplies, uninterrupted and safe transportation of natural gas, construction of new cross-border facilities of energy infrastructure and their regulation, development of natural gas use as motor fuel, reinforcement of the role of natural gas as a source of energy that could enable transition to low-carbon economy — Participation in a number of public consultations on key issues of the European energy market development such as implementation of the EU climate policy aimed at decarbonisation (Bridge Beyond 2025); participation in the Workshop on Supply Potentials and Market Related Assumptions held by the European Network of Transmission System Operators for Gas — Engagement with energy regulators of the markets covered, as well as with relevant gas transmission system operators on issues of European and national energy legislation, including pricing of transportation services and other operational aspects related to gas transportation — Participation in economic and energy forums and gas and energy conferences (ADIPEC, Flame, European Gas Conference, International Conference & Exhibition on Liquefied Natural Gas LNG 2019, GASTECH Exhibition & Conference, World Petroleum Congress, World Energy Congress, St. Petersburg International Economic Forum, St. Petersburg International Gas Forum, Eastern Economic Forum, Russian Energy Week, "Russia – EU Energy Cooperation Outlook. Gas Aspect", etc.) — Submission of regular reporting materials which cover the terms of signed gas supply contracts and addenda thereto and provide updates on actual gas supplies to the Agency for the Cooperation of Energy Regulators (ACER) and Energie-Control Austria (E-Control)
NGOs and educational institutions	<ul style="list-style-type: none"> — Relevant units of PJSC Gazprom — Environmental departments of subsidiaries — PR departments of subsidiaries — Social services and units of subsidiaries 	<ul style="list-style-type: none"> — Joint programs and research activities — Open public hearings — Information disclosure — Membership in public and expert associations — Conferences, on-the-job training and internship programs — Development of training materials and learning aids — Secondary vocational and higher education institutions — Cooperation with designated universities 	<ul style="list-style-type: none"> — Participation in the Carbon Disclosure Project (CDP), the initiative of the international investor community on disclosure of information on greenhouse gas emissions and climate change risks — Participation in industry events for young people (young scientists, specialists and students of Russian and international universities) — Setting up special classes at secondary schools, opening specialized departments at Russian universities — Organization of work experience practice for students of secondary vocational education institutions and higher education institutions at subsidiaries — Organization of secondments of teachers from higher education institutions at subsidiaries — Public assurance of the Gazprom Group's Sustainability Report 2019 by the Council on Non-Financial Statements of the RUIE

The system of stakeholder engagement at the Gazprom Group

Stakeholder groups	Corporate Units / Bodies Responsible for Engagement	Engagement Mechanisms	Examples of Engagement in 2019
Media	<ul style="list-style-type: none"> — Department in charge of information and communication policy — PR departments of subsidiaries 	<ul style="list-style-type: none"> — Information disclosure — In-person events and tele-conferences — Responses to inquiries — Development of official web sites and other means of communication — Implementation of joint projects with the media — Holding of events for representatives of blogger community — Implementation of PJSC Gazprom's own special projects 	<ul style="list-style-type: none"> — 321 official press releases — 25 press conferences and briefings — 10 interviews with the top management of PJSC Gazprom — 17 press tours to PJSC Gazprom's production sites and gas transportation infrastructure facilities — About 1,000 explanations, comments and answers to journalists' questions — 7 online and offline media events — 5 tours with the participation of 26 bloggers to PJSC Gazprom's objects of charity — 7 special projects with the participation of the media, bloggers, and opinion leaders
Consumers	<ul style="list-style-type: none"> — Department in charge of gas and liquid hydrocarbons marketing and processing — Relevant units of subsidiaries 	<ul style="list-style-type: none"> — Contractual relations — Meetings — Conferences, forums — Claims management system — Satisfaction surveys — Information disclosure 	<ul style="list-style-type: none"> — Offsite meetings and trips for insights into the production process — Marketing incentives to encourage consumers' equipment and vehicles conversion to natural gas (First Time, First Gas; Year without Problems; EcoGas: Cost Saving for You; EcoCity; Pure Saving; Clean City) — Informational support to customers via official web sites of the Group's companies — Customer satisfaction monitoring as related to quality of products and services on production, transportation and processing of gas, gas condensate, oil, and petroleum products

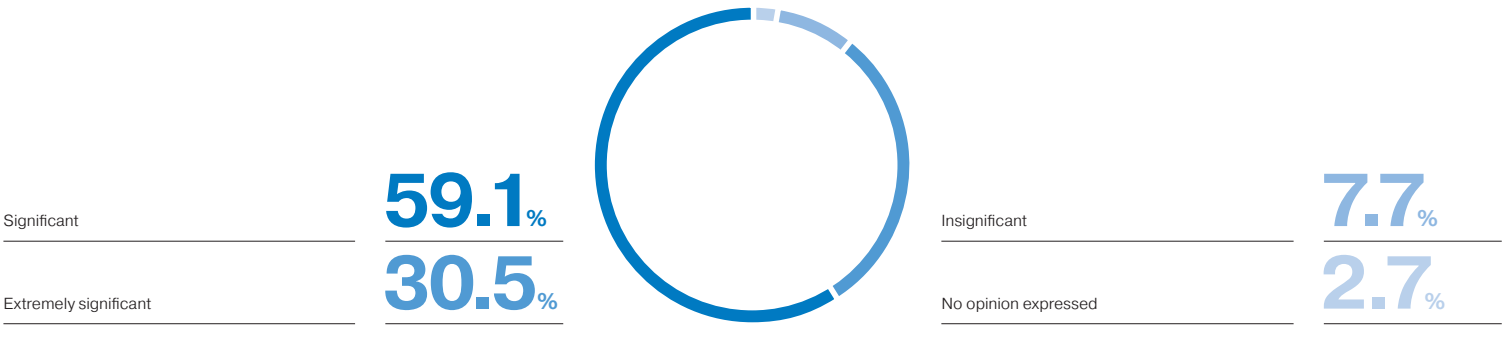
Gazprom Group's Contribution to the Achievement of UN SDGs

GRI 102-12, GRI 102-15

Supporting the 2030 Agenda for Sustainable Development enacted by the Resolution of the UN General Assembly in 2015, the Gazprom Group makes a significant contribution to the achievement of each of the 17 UN Sustainable Development Goals (SDGs) set forth in it.

In 2019, PJSC Gazprom conducted an online survey among stakeholders to determine their assessment of the Company's contribution to the achievement of the UN SDGs. As a result, the absolute majority of the respondents who are to a greater or lesser extent familiar with the sustainable development goals, rated Gazprom's contribution as being "extremely significant" or "significant" (30.5% and 59.1%, respectively).

Gazprom Group's Contribution to the Implementation of the UN Sustainable Development Goals and Targets



Gazprom Group's Contribution to the achievement of the UN sustainable development goals and targets.
All the figures provided relate to 2019. If comparisons are made, the data are compared with the previous reporting period
UN SDG Targets
Gazprom Group's activities helping achieve the UN SDGs and the relevant targets
Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019

SDG 1
End poverty in all its forms everywhere

Target 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty according to national definitions.

— Creating employment opportunities and ensuring that employment is guaranteed
 — Maintaining an adequate standard of living for employees and their families with reference to the existing minimum subsistence level and social security forms

— Overall number of personnel employed by the Gazprom Group under employment contracts – 473,800 people.
 — Non-governmental pension scheme participants receiving a pension – 144,500 people.


Target 1.3

Implement nationally appropriate social protection systems and measures, by 2030 achieve substantial coverage of the poor and the vulnerable.

— Paying a fair proportion of taxes
 — Making sure employees have a competitive salary and a social package

— Total taxes paid to the budgets of the Russian Federation at all levels – RUB 2.82 trillion.
 — Total taxes paid to the budgets of foreign countries – RUB 255 billion.
 — In 2019, the Gazprom Group's social expenses increased by 5.43% and amounted to RUB 45,114 million.
 — Payroll expenses – RUB 749,708 million
 — Average monthly salary at the entities included in PJSC Gazprom's budgeting system⁸ in 2019 – RUB 104,900.

(8) In 2019, PJSC Gazprom's budgeting system included 110 organizations, including PJSC Gazprom Administration, branches, and representative offices, key subsidiaries for gas production, transportation, processing, and underground storage, Gazprom Mezhrefiongaz LLC, Gazprom Export LLC, Gazprom Energoholding LLC, and other organizations with a total headcount exceeding 310,000.



We produce mineral fertilizers that boost yields and foster agricultural development. No chance of food shortages or hunger.

”

Rosa Buyanova

Process Engineer, Gas & Chemical Plant,
Gazprom Neftekhim Salavat LLC

Analyzes the performance and monitors and optimizes the operation mode of process plants for making ammonia and carbamide, which are used in agriculture. Participates in working groups of several projects aimed at developing Gazprom Neftekhim Salavat LLC.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019


SDG 2
End hunger, achieve food security and improved nutrition and promote sustainable agriculture
**Target 2.3**

By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and agricultural inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

— Bringing gas to consumers in rural settlements for local infrastructure development
 — Respecting local communities' interests and ensuring responsible targeted social investment

— Fertilizer (carbamide) sales to agricultural businesses increased by 63.7% and amounted to 113,460 tons.
 — 9,100 agricultural facilities were supplied with natural gas.
 — Funds allocated to support traditional lifestyles of indigenous minorities of the North, including their agro-industrial activities, totalled RUB 154 million.


SDG 3
Ensure healthy lives and promote well-being for all at all ages
**Target 3.4**

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

— Providing employees, their family members, and retirees with a package of therapeutic and rehabilitation measures to ensure healthcare and recovery, prolongation of life, and cardiovascular mortality reduction

— 57,900 employees of the Gazprom Group received health resort and rehabilitation treatment.
 — Payments for rehabilitation treatment amounted to RUB 5,077.5 million.

**Target 3.6**

By 2020, halve the number of global deaths and injuries from road traffic accidents.

— Implementation of obligations relating to road traffic safety requirements, reducing risks of road accidents related to production activities

— Number of road accident injuries dropped by 56%.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019



Target 3.8

Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

- Providing employees with medical services and insurance (including their family members)
- Implementation of preventive measures

- 551,700 people insured under voluntary medical insurance plans: 296,700 employees; 89,800 retirees, 165,200 family members.
- Payments for targeted preventive initiatives – RUB 145.7 million.
- Percentage of employees who had a periodic health examination – 35.3%.



Target 3.9

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

- Implementing process safety management systems; assessing the safety of those involved in production activities
- Reducing the negative impacts on the environment and, consequently, on human health and lifespan

- Reduction in the number of injuries resulting from accidents in the companies covered by PJSC Gazprom's Integrated System of Process Safety Management (ISPSM) – by 47%.
- Reduction in the number of process safety incidents at hazardous industrial facilities of the companies covered by PJSC Gazprom's ISPSM – by 37%.
- Gross pollutant emissions from stationary sources were reduced by 1.1% to a total of 2,862,700 tons.



SDG 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all






Target 4.3

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

- Supporting youth and adults in receiving formal and non-formal education, upgrading skills, and receiving higher education

- 2,051 students are in training at higher educational institutions of the Russian Federation under employer-sponsored training agreements with the Gazprom Group companies; in addition, 276 employees are receiving higher education.

UN SDG Targets	Gazprom Group's activities helping achieve the UN SDGs and the relevant targets	Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019
 Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	<ul style="list-style-type: none"> — Working together with educational institutions to develop professional training and skills upgrading programs for staff — Developing professional education and training programs accessible for all — Training a talent pool 	<ul style="list-style-type: none"> — A total of 219,700 workers and 236,500 executives, specialists, and other employees completed training under skills upgrading and professional retraining programs⁹. — 10,081 students took an internship at the Gazprom Group. — There are Gazprom Classes at 24 schools. — There are 13 anchor universities and 24 specialized university departments.
 SDG 5 Achieve gender equality and empower all women and girls		
 Target 5.1 End all forms of discrimination against all women and girls everywhere.	<ul style="list-style-type: none"> — Respecting women's rights at the workplace, implementing the principle of gender equality, ensuring equal pay for work of equal value — Ensuring sufficient participation of women in decision-making at all levels and in various business areas 	<ul style="list-style-type: none"> — Equal pay and equal remuneration for men and women are ensured for positions with the same competence requirements. — Percentage of women among the Gazprom Group's staff – 28.8%. — Percentage of women among specialists and other white-collar staff – 41.6%. — Percentage of women among executives – 24.6%. — In 2019, 28,400 women were hired to the Gazprom Group (37% of the total number of new hires). — There are 3 women among the 14 members of the Management Committee of PJSC Gazprom (with two of them being Deputy Chairpersons of the Management Committee).

(9) The number of employees who completed training is stated in man-courses (where one person received training twice, they are counted twice).

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019


SDG 6
Ensure availability and sustainable management of water and sanitation for all
**Target 6.3**

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

- Reducing the volumes of wastewater discharged into surface water bodies and enhancing the wastewater treatment level
- Ensuring sustainable and high-quality water supply to production and other facilities; ensuring efficient wastewater disposal

- Partially clean and partially treated water accounted for 97.3% of wastewater discharged into surface water bodies.
- 145 water purification plants were put into operation, with their combined daily throughput capacity totalling 26,660 m³.
- The volume of recirculated and reused water increased by 3.1% to 11,409.12 mcm.
- Investments in protection and sustainable use of water resources totalled RUB 6.44 billion, while current wastewater collection and treatment expenditures amounted to RUB 13.03 billion.

**Target 6.4**

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

- Ensuring environmental safety and sustainable resource management in the sphere of water supply and water disposal



- Volume of water withdrawn for water supply purposes was down by 8.4% to 3,921.41 mcm.
- Withdrawal of water from natural sources was reduced by 12.15% to 3,571.28 mcm.

**Target 6.6**

Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes.

- Ensuring protection and restoration of water-related ecosystems
- Preserving spawning rivers for the salmon family and sites that are candidates for inclusion in the Ramsar List

- Over 26 million of various fish species were released, including highly-valued ones.
- Investments in protection and reproduction of fish resources totalled RUB 98.49 million.

UN SDG Targets	Gazprom Group’s activities helping achieve the UN SDGs and the relevant targets	Gazprom Group’s contribution to achieving the UN SDGs and the relevant targets in 2019
<div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div><div></div></div> <div>SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all</div>		
<div><div></div><div>Target 7.1</div></div> <div>By 2030, ensure universal access to affordable, reliable and modern energy services.</div>	<div>— Reliable, efficient, and balanced provision of natural gas, other energy resources and their derivatives to consumers</div> <div>— Developing the potential of natural gas as a basis for the future low-carbon energy sector, including for producing hydrogen and methane and hydrogen mixtures</div>	<div>— Natural gas sales to Russian consumers – 235.8 bcm.</div> <div>— Natural gas sales to non-FSU countries – 232.4 bcm.</div> <div>— Gazprom Group’s natural gas sales to former Soviet Union (FSU) countries – 38.7 bcm.</div> <div>— Sales of large-scale liquefied natural gas (LNG) in foreign markets – 3.78 mmt, or 5.04 bcm.</div> <div>— Exports of small-scale LNG produced and supplied by the Gazprom Group companies in 2019 – 27,940 tons.</div> <div>— Electricity sales – 152.83 billion kWh.</div> <div>— Heat sales – 110.85 million Gcal.</div> <div>— Annual hydrogen output by the Gazprom Group – over 350,000 tons, including 2,500 tons with the use of methane pyrolysis.</div>

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019



Target 7.3

By 2030, double the global rate of improvement in energy efficiency.

- Improving energy efficiency
- Developing the use of renewable energy sources and secondary energy resources

- Electric power generation from renewable energy sources and secondary energy resources – 11.7 million MWh.
- Investments in renewable energy sources and secondary energy resources¹⁰ – RUB 3.44 billion.
- Associated petroleum gas (APG) utilization in Russia increased by 8.3 p.p. to 90.1%.
- Fuel and energy consumption at PJSC Gazprom's subsidiaries – 1,830.98 million GJ.
- Fuel and energy savings resulting from the implementation of PJSC Gazprom's energy saving programs – 115.5 million GJ.
- Fuel and energy savings resulting from the implementation of Gazprom Energoholding's energy saving programs – 47.33 million GJ.
- Aggregate energy savings resulting from the implementation of energy saving and energy efficiency programs at Gazprom Neft – 5.3 million GJ.
- Aggregate energy savings resulting from the implementation of energy saving and energy efficiency programs at Gazprom Neftkheim Salavat – 1.6 million GJ.

8 DECENT WORK AND ECONOMIC GROWTH



SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all





Target 8.3

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

- Creating new jobs, including those across supply chains
- Developing cooperation with small and medium-sized enterprises

- Gazprom Group's employees hired in 2019 – 76,600 people.
- 2,896 university and secondary vocational school graduates were hired.
- Gazprom Group entered into more than 38,200 contracts with small- and medium-sized enterprises for an amount exceeding RUB 380 billion.
- Percentage of domestically produced materials and equipment in procurement – 99.5%.

(10) Starting from 2019, this indicator is calculated for the entire Gazprom Group.

UN SDG Targets	Gazprom Group's activities helping achieve the UN SDGs and the relevant targets	Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019
 Target 8.5 <p>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<p>— Ensuring a competitive salary</p>	<p>— Salaries and tariff rates of the employees of PJSC Gazprom's budgeted entities were raised by 4.6%.</p> <p>— Tariff rates of employees paid on the basis of the Uniform Tariff System were raised by 15%.</p>
 Target 8.8 <p>Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>— Protecting social, labour and professional interests of employees and respecting labour rights</p> <p>— Ensuring freedom of association and collective bargaining</p> <p>— Implementing health and safety management systems and mitigating potential health and productivity risks</p>	<p>— As of the end of 2019, the Gazprom Workers' Union's structure included 650 trade union organizations, and had 355,276 members.</p> <p>— Trade unions of the Gazprom Workers' Union conducted 473 inspections, reviewed 1,427 requests and inquiries, and met in person with 12,938 employees and retirees to discuss issues relating to labour laws and the Collective Agreement.</p> <p>— Collective agreements cover 73.3% of the Gazprom Group's headcount.</p> <p>— The number of workplaces with harmful and hazardous conditions went down to 14%⁽¹⁾.</p> <p>— Labour conditions were improved for 34,600 employees.</p>

(11) From 38% in 2013–2019 at subsidiaries and entities of PJSC Gazprom due to the implementation of measures aimed at improving labour conditions.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019



SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Target 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

— Developing energy infrastructure, including transborder infrastructure
— Developing social infrastructure across the Gazprom Group's regions of operation

— First start-up complex of the Power of Siberia gas pipeline (with an export capacity of 38 bcm per year) was put onstream. First-ever pipeline supplies of Russian gas to China commenced.
— Construction of the TurkStream export gas pipeline with a total capacity of 31.5 bcm per year was completed.
— 124 gas supply facilities with a length of 1,880 km were built in Russia.
— Gazprom's underground gas storage (UGS) facilities in Russia achieved an all-time high potential maximum daily deliverability of 843.3 mcm. Actual maximum daily deliverability reached 508.9 mcm.
— Second power unit (with a capacity of 184 MW) of the Grozny Thermal Power Plant (TPP) was put onstream.
— 164 sports facilities were completed under the Gazprom for Children Program, which covered 34 settlements in 21 regions of Russia.
— More than RUB 8.5 billion was spent to improve urban infrastructure across the Gazprom Group's regions of operation.



Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

— Upgrading infrastructure

— 782.1 km of the Gas Transmission System (GTS) received major repairs in Russia (in 2018: 771.3 km).

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019



Target 9.5

Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

— Developing and implementing new technologies and innovative products and services conforming to and exceeding international standards, as well as promoting innovation

— Investments in research and development (R&D) at the Gazprom Group companies increased by 34.4% to RUB 12.1 billion.
 — Economic effect from the use of R&D – RUB 10.5 billion.
 — 289 R&D results were implemented for the amount of RUB 3.15 billion.
 — Financing of digital technologies implementation across the Gazprom Group amounted to RUB 498.68 million.
 — Economic effect from the implementation of technologies based on import substitution totalled RUB 14.8 billion.



SDG 10

Reduce inequality within and among countries



Target 10.3

Ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard.

— Implementing the Gas Infrastructure Expansion Program for regions of the Russian Federation and ensuring equal access to energy for economic and social development

— Gas penetration rate across the regions of the Russian Federation increased from 68.6% to 70.1%.
 — Gas penetration rate increased from 59.4% to 61.8% in rural areas and from 71.9% to 73.0% in cities and towns.
 — Financing of gas infrastructure expansion programs – RUB 34.3 billion.
 — 86 gas infrastructure facilities with a total length of 1,196.8 km were put onstream.
 — Gas infrastructure expansion program covered 66 constituent entities of the Russian Federation.



Target 10.4

Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

— Guaranteeing equality of rights and protection from any forms of discrimination for employees
 — Respecting rights of stakeholders
 — Adopting a transparent Dividend Policy that accommodates the interests of stakeholders

— Cases of discrimination across the Gazprom Group – 0.
 — Violations of rights and conflicts with local communities, including indigenous minorities of the North – 0.
 — Dividend per ordinary share for 2019 – RUB 15.24.

UN SDG Targets

Gazprom Group’s activities helping achieve the UN SDGs and the relevant targets

Gazprom Group’s contribution to achieving the UN SDGs and the relevant targets in 2019



SDG 11
Make cities and human settlements inclusive, safe, resilient and sustainable



Target 11.4

Strengthen efforts to protect and safeguard the world’s cultural and natural heritage.

- Preserving cultural and historical heritage and local traditions, values, and languages; educating the rising generation both morally and aesthetically
- Developing international cultural exchange
- Supporting museums, parks, and natural reserves

- PJSC Gazprom’s charity expenses amounted to RUB 27.7 billion.
- PJSC Gazprom Neft’s expenditures under social and economic agreements totalled RUB 2.6 billion. Total social investments – RUB 7.5 billion.
- Gazprom Energoholding spent more than RUB 33 million for charity.
- Gazprom Neftekhim Salavat LLC’s charity expenses totalled RUB 39.9 million.
- As of the end of 2019, RUB 1.01 billion had been donated for the restoration of the Resurrection Church and the Lyons Hall of the Catherine Palace at the Tsarskoe Selo State Museum and Heritage Site.
- Restoration of 10 halls of the Chinese Palace forming a part of the Oranienbaum palace and park ensemble at the Peterhof State Museum-Reserve was completed.
- RUB 3.8 million was allocated for the restoration of Holy Rus, a painting by Mikhail Nesterov.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019



Target 11.6

By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

- Supporting the natural gas vehicle (NGV) fuel market and developing gas fuel infrastructure
- Converting corporate vehicles to natural gas

- Sales of compressed natural gas (CNG) at CNG filling stations in Russia increased by 30.3% to 779 mcm.
- Sales of natural gas as motor fuel abroad grew by 7% to 13.8 mcm.
- Sales of CNG in FSU countries rose by 30.9% to 55.4 mcm.
- Number of active gas filling stations of the Gazprom Group and Gazprom Gazomotornoye Toplivo LLC in Russia – 326.
- As a result of dedicated marketing programs, consumers converted 10,296 new vehicles to natural gas.
- 11,050 of the Gazprom Group's motor vehicles were converted to natural gas.
- Percentage of NGVs in the Gazprom Group's fleet suitable for conversion to natural gas reached 55%.



SDG 12
Ensure sustainable consumption and production patterns



Target 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

- Implementing technologies minimizing waste generated by production processes

- 10 waste treatment and recycling facilities with a total annual capacity of 93,960 tons were put onstream.
- 12 units for capture and treatment of hazardous substances in waste gases (with a total hourly capacity of 2,387,050 m³) were put onstream.
- RUB 843.52 million was invested in implementing waste recycling, treatment, and dumping projects, with the current waste management expenses totalling RUB 5.69 billion.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019



Target 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

- Reducing waste generation
- Handling waste in a safe manner

- Volume of waste generated went down by 6.13% to 3,337,080 tons.
- Percentage of low-hazard and almost non-hazardous waste (classes IV and V) was 95.3%.



SDG 13

Take urgent action to combat climate change and its impacts



Target 13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

- Reducing greenhouse gas emissions at production facilities and by energy consumers through gas infrastructure expansion in regions and conversion of vehicles to natural gas
- Implementing measures to adapt to climate change

- Gazprom Group's greenhouse gas (GHG) emissions were reduced by 1.5% to 236.45 million tons of CO₂ equivalent.
- Energy indirect GHG emissions (from gas production, transportation, processing, and underground storage – Scope 2) went down by 25.9% to 6.08 million tons of CO₂ equivalent.
- Carbon intensity of the Gazprom Group's products (when used by end consumers – Scope 3) totalled 301.63 kg of CO₂ per boe and is the lowest among global oil and gas majors.
- RUB 10,178.35 million was spent on air protection.
- 7,783 people received environmental training.
- Methane emissions across Gazprom's production chain are close to 0: from production activities – 0.02% of the gas produced, from transportation activities – 0.29% of the gas transported, from underground storage activities – 0.03% of the gas in storage.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019

**SDG 14**

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

**Target 14.2**

By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration, to achieve healthy and productive oceans.

- Sustainably managing and protecting marine and coastal ecosystems
- Minimizing impacts on marine biodiversity

— Status of the Okhotsk-Korean population of gray whales included in the Red List of the International Union for Conservation of Nature was changed from critically endangered (CR) to endangered (EN). The population reached almost 300 whales.

**SDG 15**

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss

**Target 15.1**

By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

- Maintaining an environmental balance
- Minimizing the environmental impact of production activities
- Investing in environmental protection and enhancing resistance to environmental hazards

— RUB 2,388.32 million was invested in protection and sustainable use of lands, including remediation.
 — Area of remediated disturbed land – 17,670.50 hectares.
 — More than 30,000 young trees were planted and more than 500 hectares of land were cleaned during the 6th Green Spring national environmental clean-up.

**Target 15.5**

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

- Implementing biological and landscape diversity protection programs
- Continuous environmental monitoring
- Protecting habitats of rare and threatened species of plants and animals

— RUB 2.53 billion was invested in operational environmental monitoring and control.
 — Current expenditures for biodiversity preservation and protection of designated natural areas totalled RUB 353.06 million.

UN SDG Targets

Gazprom Group's activities helping achieve the UN SDGs and the relevant targets

Gazprom Group's contribution to achieving the UN SDGs and the relevant targets in 2019

**SDG 16**

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

**Target 16.5**

Substantially reduce corruption and bribery in all its forms.

- Conducting legal, open and honest business
- Combating any types of corruption and bribery
- Improving the corporate culture

- 1,144 employees received anti-corruption training.
- More than 900 Hot Line requests and inquiries were reviewed in connection with countering fraud, corruption and theft at the Gazprom Group.
- Cases of corruption – 0.

**Target 16.6**

Develop effective, accountable and transparent institutions at all levels.

- Creating effective and transparent management practices
- Maintaining an efficient control system
- Developing the business ethics framework

- There are 3 independent members in PJSC Gazprom Board of Directors.

**SDG 17**

Strengthen the means of implementation and revitalize the global partnership for sustainable development

**Target 17.14**

Enhance policy coherence for sustainable development.

- Working with stakeholders to strengthen responsible business conduct and sustainable development practices
- Helping build an institutional environment for sustainable development

- Cooperation agreements were entered into with 81 constituent entities of the Russian Federation.
- 10 new cooperation agreements and contracts were signed with Russian regional administrations.
- Russia. My History project is being implemented in 20 cities together with authorities of constituent entities of the Russian Federation.
- 20 roadmaps are being implemented in 25 constituent entities of the Russian Federation to encourage the manufacture of high-tech innovative and import substituting products.

UN SDG Targets



Target 17.16

Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of sustainable development goals in all countries, particularly developing countries.

Gazprom Group’s activities helping achieve the UN SDGs and the relevant targets

- Cooperating with international organizations and taking part in global energy forums, exhibitions and conferences
- Supporting joint development initiatives with governmental and non-profit organizations and civil society
- Joint Coordination Committees and Joint Working Groups with foreign partners
- Scientific and technical collaboration between PJSC Gazprom and foreign partners

Gazprom Group’s contribution to achieving the UN SDGs and the relevant targets in 2019

- The most multinational football training session in history took place as part of the Football for Friendship international children’s social program, thus setting a new world record and earning a GUINNESS WORLD RECORDS® certificate.
- More than 800 children and adults from Europe, Asia, Africa, and the Americas took part in the 7th season of the program.
- Over 80 working groups for key projects and lines of cooperation with 17 foreign partners.
- Over 90 technical dialogues and joint projects with 13 foreign partners are being implemented as part of scientific and technical collaboration programs.

Our Governance

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GRI 102-16

Gazprom's mission when it comes to sustainable development is to make a positive contribution to the social and economic development of Russia, adhere to environmental and social responsibility standards, maintain industrial safety, and enhance corporate governance while strengthening its leadership on the global energy market.

Sustainability Management

The priorities of Gazprom in sustainable development are to:

secure reliable gas supplies to consumers;	respect human rights;
use natural resources in a sustainable way and improve energy efficiency;	preserve climate and biodiversity and minimize adverse environmental impacts;
develop HR potential;	foster zero tolerance to corruption;
ensure safety of employees and establish safe labour conditions;	improve the quality of life for the population and facilitate social and economic development in the regions of operation;
improve the corporate governance system;	make investments in a socially responsible manner;
promote innovative development;	build global and national partnerships for sustainable development;
comply with laws and regulations;	manage risks;
consistently improve economic efficiency;	ensure information transparency;
support retired employees;	contribute to (children's) sports.

Corporate sustainability goals are integrated into Gazprom's business strategy and achieved through implementing the Company's development plans with respect to its core activities.

Economic Performance and Innovative Development Goals of PJSC Gazprom:

improve technological and organizational capabilities of the Company through encouraging innovative development and adoption of innovative technologies;	improve labour efficiency.
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Human Rights Goals of PJSC Gazprom:

Rights of employees to labour and education:

comprehensively motivate each employee to achieve the Company's goals;

provide employees with competitive salaries and benefits;

create and develop an unbiased and efficient framework to assess personal contribution of each employee;

ensure that employees' professional expertise meets the Company's requirements and the teams are prepared to undertake production and management tasks.

Occupational health and safety rights of employees:

create a safe working environment and protect the lives and health of the employees;

ensure reliable operation of hazardous industrial facilities;

reduce the rate of mortality due to occupational or other diseases, particularly cardio-vascular diseases;

improve the efficiency of the operational control over the compliance with occupational health and industrial safety requirements.

ensure compliance with the fire safety requirements at the facilities of the Company;

Rights of indigenous minorities, local communities and other stakeholders:

support indigenous minorities in promoting their interests and rights to their traditional lifestyle (work and cultural activities), and preserve their original living environment;

promote the principles of equality, fairness and non-discrimination across the Company; ensure the absence of unreasonable restrictions on competition among bidders in the process of procurement of goods, works and services;

facilitate regional programs promoting the use of gas as motor fuel;

participate in solving social issues in the constituent entities of Russia; take part in building a network of social infrastructure facilities;

ensure gas supplies and expand gas infrastructure across Russian regions;

seek to increase the number of independent directors on the Company's Board of Directors.

Environmental Protection Goals of PJSC Gazprom:

reduce greenhouse gas air emissions, including methane emissions;

decrease discharge of polluted and insufficiently treated wastewater into surface water bodies;

reduce pollutant (hazardous) air emissions;

reduce the fees for excessive environmental impact.

reduce the share of waste sent for burial;

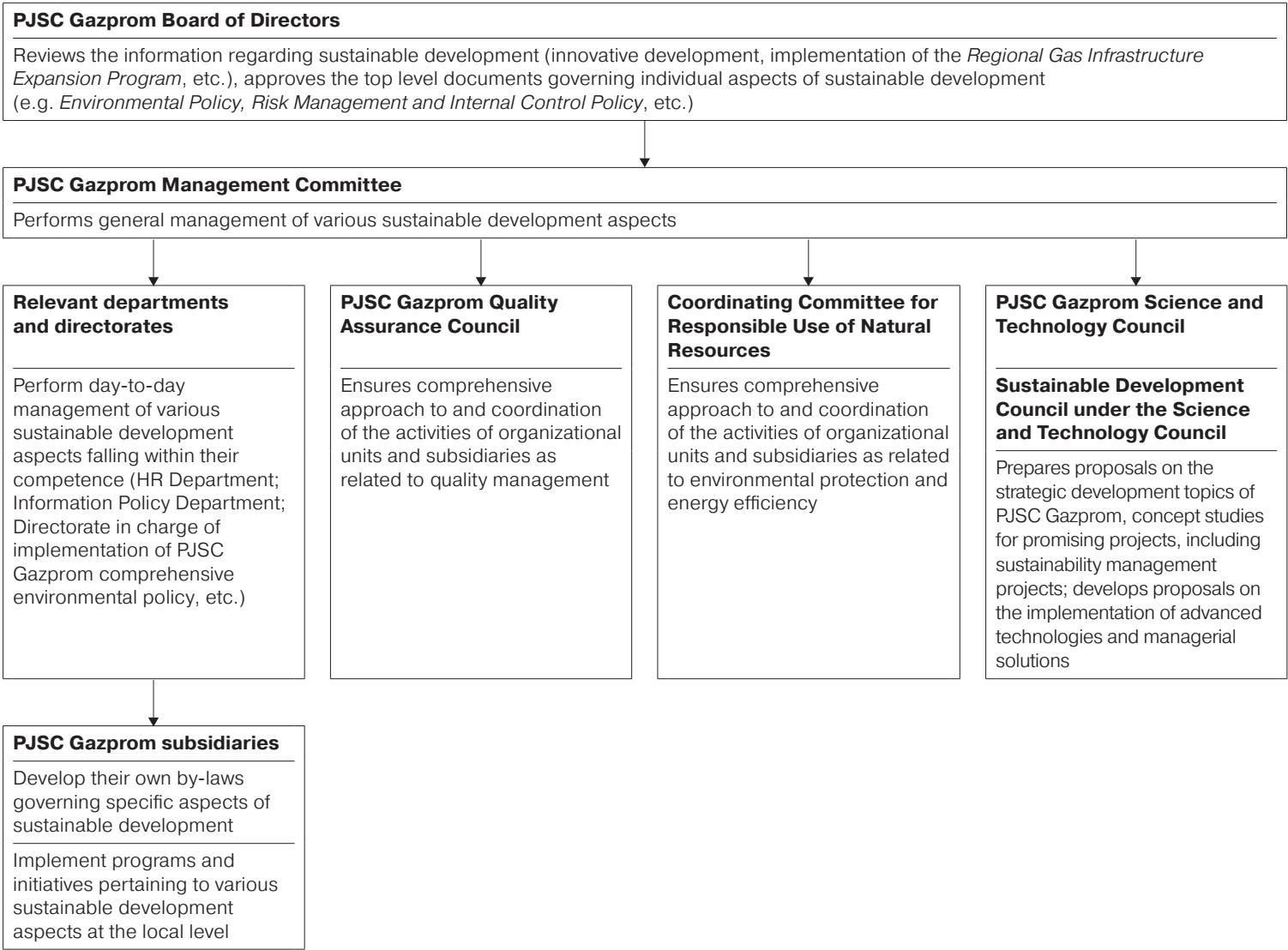
Resource Saving, Energy Saving and Energy Efficiency Goals of PJSC Gazprom:

continuously reduce unit costs through standardisation, rational use and saving energy resources in production operations;

consistently improve energy efficiency through efficient production process management and implementation of innovative technologies and equipment.

Sustainability management is integrated into the corporate governance system of PJSC Gazprom.

PJSC Gazprom’s Sustainability Management System



Our goal is the rational development and efficient use of natural resources, as well as safe operation of gas infrastructure.

”

In addition, we continuously improve our technological processes to reduce our environmental footprint.

Evgeny Filippov

Head of Gas Efficiency Control Division, Administration,
Gazprom Gaznadzor LLC

Involved in exercising corporate control over the efficiency of gas use by subsidiaries and entities of PJSC Gazprom for internal operating needs, analyzing implementation of gas-saving measures, and preparing proposals for relevant regulations and guidelines.





GRI 102-19, GRI 102-20, GRI 102-26

The Company's leadership officials of different levels are in charge of sustainability management and control. Strategic sustainability management, as well as review and approval of top-level documents, including documents governing individual aspects of sustainable development, fall within the competence of the PJSC Gazprom Board of Directors. General management of sustainability aspects is the responsibility of the PJSC Gazprom Management Committee. Relevant departments and directorates are in charge of day-to-day sustainability management within the scope of their respective competences. The Coordinating Committee for Responsible Use of Natural Resources ensures comprehensive approach to and coordination of the activities

of organizational units and subsidiaries as related to environmental protection and energy efficiency, and the Quality Assurance Council of PJSC Gazprom does the same in the sphere of quality management. PJSC Gazprom subsidiaries develop their own by-laws with regard to specific aspects of sustainable development and implement respective local programs and initiatives. The Sustainable Development Council operates under the PJSC Gazprom Science and Technology Council, which is presided over by the Chairman of the PJSC Gazprom Management Committee.

The Gazprom Group's commitment to the sustainable development principles is reflected in its key strategic documents.

GRI 102-26**Key strategic documents**

Economic aspect

Long-Term Development Program of PJSC Gazprom;

Innovative Development Program of PJSC Gazprom until 2025;

Regulation on Procurement of Goods, Works, and Services by PJSC Gazprom and Gazprom Group Companies;

Quality Management Policy of PJSC Gazprom.

Social aspect

Regional Policy Concept of OJSC Gazprom;

HR Management Policy of PJSC Gazprom, its Subsidiaries And Entities;

General Collective Labour Agreement of PJSC Gazprom and its Subsidiaries for 2019–2021;

PJSC Gazprom's Occupational, Industrial, Fire and Road Safety Policy;

Comprehensive Program for Improvement of HR Management at PJSC Gazprom, its Subsidiaries and Entities in 2016–2020;

PJSC Gazprom's Process Safety Management System Development Strategy until 2021.

Corporate governance

Articles of Association of PJSC Gazprom;

Corporate Governance Code of PJSC Gazprom;

Code of Corporate Ethics of PJSC Gazprom;

Risk Management and Internal Control Policy of PJSC Gazprom;

Regulation on the General Shareholders Meeting of PJSC Gazprom;

Regulation on the Audit Committee of the Board of Directors of PJSC Gazprom;

Regulation on the Board of Directors of PJSC Gazprom;

Regulation on the Management Committee of PJSC Gazprom;

Regulation on the Chairman of the Management Committee of PJSC Gazprom;

Regulation on the Audit Commission of PJSC Gazprom;

Regulation on the Nomination and Remuneration Committee of the Board of Directors of PJSC Gazprom;

Policy for Arranging and Conducting External Audits of PJSC Gazprom, its Subsidiaries and Entities;

Anti-Corruption Policy of PJSC Gazprom;

Dividend Policy of PJSC Gazprom.

1.1.

Sustainability Management

Environmental aspect

Environmental Policy of PJSC Gazprom;

Energy Saving and Energy Safety Improvement Program of PJSC Gazprom for 2017–2019.

Energy Efficiency and Energy Saving Policy of PJSC Gazprom;

GRI 102-15

Gazprom's sustainable development progress is monitored based on a set of key performance indicators (KPIs) across different areas of the corresponding activities.

PJSC Gazprom's KPIs related to sustainability:

Financial and economic indicators, innovative development indicators:

economic profit growth;

return on equity;

shareholders return;

labour productivity.

integrated KPI for innovation (including the number of patents and share of R&D expenses in revenue);

Human rights indicators:

average number of hours used by employees for professional education during the year;

number of employees who participated in professional development / average headcount per year;

reduction in workplace accidents rate;

reduction in workplace incidents rate.

Environmental protection, resource and energy saving, and energy efficiency indicators:

reduction in unit greenhouse gas emissions (in CO₂ equivalent);

reduction in specific consumption of fuel and energy resources for internal process needs and transportation losses.

Membership in international organizations and support of sustainable development initiatives demonstrate the Company's commitment to the sustainable development principles, enable exchange of information

and best practices, and support a dialogue on relevant topics. The ESG ratings of PJSC Gazprom reflect the Company's sustainability progress and its assessment by domestic and international communities.

GRI 102-13

The Gazprom Group companies are part of the management bodies of and contribute to the work of international industry associations, such as the International Business Congress (IBC), the International Gas Union (IGU), the Global Gas Centre (GGC), the European Natural Gas Vehicle Association (ENGVA), the German-Russian Forum, the Boao Forum for Asia (BFA), etc.

PJSC Gazprom consistently strengthens its relationships with rating agencies and expands the number of its international ratings. In 2017, the Company was included in three international ESG ratings, and in 2019 that number increased to eight.

Gazprom in ESG ratings, 2017–2019

2017	2018	2019
SAM ESG	SAM ESG	SAM ESG
MSCI	Sustainalytics	Sustainalytics
CDP	MSCI	MSCI
	CDP	CDP
	CHRB	ISS-Oekom
		CHRB
		Vigeo Eiris

In 2019, PJSC Gazprom improved or retained its ranking scores in key ESG ratings.

Gazprom's ranking scores in ESG ratings, 2018–2019

Ratings	2018	2019
SAM ESG	36	36
Sustainalytics	54¹²	61¹⁵
MSCI	BB	BBB¹⁶
CDP	C¹³	C
ISS-Oekom	–	C¹⁷
CHRB	6.5¹⁴	10.4¹⁸
Vigeo Eiris	–	38¹⁹

According to CDP's international rating, PJSC Gazprom has been a top player in the Energy sector of the Russian investment partnership rating for eight consecutive years.

The Company also holds top positions in Russian ratings. For five years running, it has been ranked among the leaders of the "Responsibility and Transparency" and "Sustainable Development

Vector" indices of the RUIE. In 2019, PJSC Gazprom was placed first in the Sustainable Development ranking of the Expert magazine and was among the Top 3 in RAEX-Europe's annual ESG ranking. Gazprom also ranks among the Top 10 in the environmental transparency rating of Russian oil and gas companies conceived by WWF Russia and CREON Group.

(12) Sustainalytics score as of 2018.

(13) Source: <https://www.cdp.net>

(14) CHRB score as of October 26, 2018.

(15) Sustainalytics score as of June 27, 2019.

(16) Source: <https://www.msci.com/esg-ratings/issuer/gazprom-pao/IIID0000000002167503>

(17) ISS Oekom ESG Corporate Rating as of September 10, 2019.

(18) CHRB score as of September 26, 2019.

(19) Vigeo Eiris score as of November 2019.

Corporate Governance

In 2019, Gazprom continued to improve the corporate framework in order to enhance the Company's systemic efficiency as a vertically integrated company, fully completing the *Corporate Governance Improvement Action Plan for 2018–2019*.

The work to develop and refine corporate governance was to a large extent based on the principles established by the Bank of Russia's Corporate Governance Code.²⁰

PJSC Gazprom's corporate governance is based on the Company's key management and supervisory bodies: the General Shareholders

Meeting, the Board of Directors, the Management Committee, the Chairman of the Management Committee, and the Audit Commission. The Company's financial and business performance is independently reviewed by an external auditor.



For more details on PJSC Gazprom's compliance with the Bank of Russia's Corporate Governance Code see PJSC Gazprom Annual Report 2019²¹

GRI 102-18, GRI 102-26

The General Shareholders Meeting is the supreme corporate governance body of PJSC Gazprom responsible for electing members of the Board of Directors. The Board of Directors performs general management of the Company's activities and defines its development strategy, policies and core operating principles, including in respect of investments and borrowings, risk management and administration of assets. The Management Committee and the Chairman of the



For more details on the corporate governance structure and regulatory documents see PJSC Gazprom Annual Report 2019²²;

Management Committee administer the Company's day-to-day operations and arrange the implementation of the resolutions of the General Shareholders Meeting and the Board of Directors. The activities of the Board of Directors, the Management Committee, and the Chairman of the Management Committee are governed by the *Articles of Association* and internal regulations of PJSC Gazprom:



on the Company's website at²³

GRI 102-22, GRI 102-24

The members of PJSC Gazprom Board of Directors comply with stock exchange listing rules. Nominees to the Board of Directors are assessed under the Listing rules of the Russian stock exchanges²⁴ for shares included in the Level 1 (highest) quotation list.

As of December 31, 2019, the Board of Directors consisted of eleven members, including three independent members. The members of PJSC Gazprom Board of Directors possess sufficient expertise, qualifications and impeccable professional reputation, which enables them to address the tasks at hand for the benefit of the Company as



the *Articles of Association of PJSC Gazprom*²⁵;



Issuer's Quarterly Report²⁸;

a whole. In 2019, the Board of Directors developed and approved the *Induction Program for First-Time Elected Members of the Board of Directors of PJSC Gazprom*²⁵.

The Board of Directors has the Audit Committee, the Nomination and Remuneration Committee, and the Commission on Strengthening Financial Discipline for Domestic Gas Supplies.

For details on the selection criteria, composition and structure of PJSC Gazprom Board of Directors and its Committees and Commissions see:



Reasoned justification for recognizing individual nominees to PJSC Gazprom Board of Directors as independent nominees to the Board of Directors²⁷;



PJSC Gazprom Annual Report 2019²⁹

(20) The Corporate Governance Code was approved by the Board of Directors of the Bank of Russia on March 21, 2014 and recommended for application by publicly traded joint-stock companies.

(21) PJSC Gazprom Annual Report 2019, pages 165–168, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(22) PJSC Gazprom Annual Report 2019, pages 165 and 170, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(23) <https://www.gazprom.com/investors/documents/>

(24) PJSC Moscow Exchange, PJSC St. Petersburg Exchange.

(25) Approved by resolution of the PJSC Gazprom Board of Directors No. 3304 dated August 7, 2019.

(26) <https://www.gazprom.com/t/posts/74/562608/gazprom-articles-2020-06-26-ed-en.pdf> (Article 35).

(27) https://www.gazprom.ru/t/posts/33/234647/meeting-protocol-appendix_2019.pdf

(28) Issuer's Quarterly Report as of Q4, pages 187–208, <https://www.gazprom.ru/t/posts/77/885487/gazprom-emitent-report-4q-2019.pdf>

(29) PJSC Gazprom Annual Report 2019, pages 41–43, pages 171–174, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

GRI 102-31, GRI 102-33, GRI 102-34

In 2019, the Board of Directors held 55 meetings, including 13 in-person meetings and 42 meetings held in absentia.



For the full list of matters reviewed by the Board of Directors see Additional Information to PJSC Gazprom Annual Report³⁰

GRI 102-35, GRI 102-37

The amount of remuneration payable to the members of the PJSC Gazprom Board of Directors is determined in accordance with the procedure set forth in the respective *Regulation*³¹. The *Regulation* also stipulates that the Board of Directors may recommend the General Shareholders Meeting not to pay remuneration to the members of the Board of Directors or pay less remuneration than calculated under the *Regulation*.

The members of the Board of Directors holding public or civil office receive no remuneration from PJSC Gazprom.

The key functions of the Nomination and Remuneration Committee of PJSC Gazprom Board of Directors include, in particular, making recommendations to the Board of Directors on the policy of PJSC Gazprom for remunerating the Board of Directors members and

providing financial incentives for the Management Committee Members and the Chairman of the Management Committee, as well as supervising the adoption and implementation of that policy. Independent Directors Viktor Martynov and Vladimir Mau represent the majority in this Committee.

In 2019, the Annual General Shareholders Meeting of PJSC Gazprom resolved to pay a remuneration of RUB 227.3 million to the Members of PJSC Gazprom Board of Directors who hold no public or civil office.



For more details on the system of remuneration of the members of the governance bodies see PJSC Gazprom Annual Report 2019³²

GRI 102-28

The performance of the PJSC Gazprom Board of Directors undergoes regular external and internal assessments. External assessment is carried out by independent experts from specialized organizations, while internal assessment is performed in the form of self-assessment. The performance results are reviewed by PJSC Gazprom Board of Directors and used for further improvement of the corporate governance system.

In 2019, internal assessment of the activities of the PJSC Gazprom Board of Directors and its Committees was performed via a questionnaire survey covering the following areas: composition and structure, organization of activities, and key functions of the Board of Directors and its Committees. The current level of development of the PJSC Gazprom Board of Directors and its Committees was highly rated by the members of the Board of Directors.

GRI 102-21

The Board of Directors places a special emphasis on efficient stakeholder communication and, therefore, keeps them informed on current operations and ongoing projects. In 2019, independent directors held a number of meetings with investors, including those dedicated to ESG matters.

In order to maintain a transparent and meaningful dialogue with the investment community, PJSC Gazprom has in place the Coordinating Committee for Shareholder and Investor Relations.

1.2.1.

Risk Management and Internal Controls

GRI 102-30

For more details on PJSC Gazprom's approach to sustainability risk management see Appendix 3.



For details on the Risk Management and Internal Control System see PJSC Gazprom Annual Report 2019³³

(30) <https://www.gazprom.com/t/posts/19/811541/annual-report-2019-add-inf-en.pdf>

(31) Approved by resolution of PJSC Gazprom Board of Directors No. 2523 dated April 15, 2015.

(32) PJSC Gazprom Annual Report 2019, pages 180–184, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(33) PJSC Gazprom Annual Report 2019, pages 191–196, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

1.2.

Corporate Governance

1.2.2.

Internal and External Audit



For more details on how Internal and External Audit is arranged see PJSC Gazprom Annual Report 2019³⁴

1.2.3.

Corporate Governance Improvement Plans

PJSC Gazprom intends to continue improving its corporate governance system. Work is underway for the Company to be assessed with the use of the National Rating of Corporate Governance with a view to comparing the current corporate governance practice with the best practices of other major Russian companies.

In 2019, amendments were made to the *Articles of Association* and the *Regulation on the General Shareholders Meeting* so as to provide for the use of electronic voting in the course of General Shareholders Meetings.

(34) PJSC Gazprom Annual Report 2019, pages 188–190, <https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf>

Values, Standards, and Norms of Behaviour

Corporate Ethics

4,988

employees of the
Gazprom Group
received training
in corporate ethics in 2019

The Code of Corporate Ethics of PJSC Gazprom was extended to apply to Gazprom's Board of Directors.

GRI 102-16, GRI 205-2

The key documents setting values, principles, standards, and norms of behaviour at PJSC Gazprom are the *Corporate Governance Code of PJSC Gazprom*³⁵, the *Code of Corporate Ethics of PJSC Gazprom*³⁶, and the *Anti-Corruption Policy of PJSC Gazprom*³⁷.

The *Corporate Governance Code of PJSC Gazprom* is updated if and when necessary, including to reflect relevant changes in the applicable legislation. In 2019, no changes were introduced into the *Corporate Governance Code*.

In 2019, the *Code of Corporate Ethics* was amended to apply to members of PJSC Gazprom Board of Directors and include a special provision designed to identify and prevent conflicts of interest among the members of PJSC Gazprom Board of Directors. Efforts were made to extend ethics requirements to the members of boards of directors at the entities controlled by PJSC Gazprom. Most of the Company's subsidiaries used the *Code of Corporate Ethics* as a basis to develop and approve similar by-laws.

Starting from 2019, upon mutual agreement of the relevant parties, the contracts concluded by PJSC Gazprom include a clause requiring that counterparties of PJSC Gazprom comply with the Company's *Code of Corporate Ethics*.

Every year, Gazprom's executives state in writing their obligations on the compliance with the *Code of Corporate Ethics*. These statements are kept and updated on an annual basis. The Corporate Ethics Commission submits annual reports on the work performed to the Chairman of the PJSC Gazprom Management Committee. In 2019, the Company launched distance learning courses in Corporate Ethics at PJSC Gazprom. Training in corporate ethics was provided to 4,988 employees of the Gazprom Group. At the end of the training, tests were conducted to assess the knowledge gained by the employees.



All stakeholders, including all of the Company's employees, members of governance bodies, business partners, suppliers and contractors, can make themselves familiar with these documents which are publically available in Russian and English on the Company's official web site³⁸

GRI 102-17, GRI 102-25

Advice on ethical behaviour (including queries addressed to the Corporate Ethics Commission) can be sought using a variety of communication channels: by phone (Hot Line number +7 495 719 1171), by e-mail to ethics.comission@adm.gazprom.ru, or by making a request directly to the Chairman of the PJSC Gazprom Corporate Ethics Commission.

In case of a conflict of interest, employees can contact their immediate supervisors. If such supervisor fails to take measures to resolve the conflict or the measures taken are insufficient, employees are to inform the Commission thereof. In 2019, the Commission held seven meetings and reviewed 18 items, including those related to queries submitted by the employees of PJSC Gazprom and its subsidiaries.

(35) Approved by the resolution of the annual General Shareholders Meeting of PJSC Gazprom dated June 30, 2017, Minutes No. 1.

(36) Approved by resolution of the Board of Directors of OJSC Gazprom No. 2309 dated February 25, 2014 as amended by resolution of the PJSC Gazprom Board of Directors No. 2795 dated September 1, 2016, resolution of the PJSC Gazprom Board of Directors No. 3172 dated October 26, 2018, and resolution of the PJSC Gazprom Board of Directors No. 3307 dated August 20, 2019.

(37) Approved by resolution of the PJSC Gazprom Board of Directors No. 2846 dated November 15, 2016.

(38) <https://www.gazprom.com/investors/documents/>

Corporate Values of Gazprom and Human Rights

The key corporate values of Gazprom are professionalism, initiative, willingness to engage in a dialogue, and mutual respect. These corporate values build not only on benevolence, promotion of cooperation and nurturing of a team spirit when addressing ongoing tasks, but also on the unconditional respect for human rights.

In the sphere of human rights, Gazprom shares the global vision of fundamental values and fully complies with the applicable Russian and international laws. The Company is primarily guided by the principles set out in the Constitution of the Russian Federation, the United Nations' Universal Declaration of Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Respect of human rights is an essential element of the Gazprom Group's social obligations and an important block in building constructive relationships with the Company's stakeholders.

The key focus areas are:

workplace rights;

rights of local communities, including indigenous rights;

right to a safe environment;

right to personal safety, with on-site and access authorization procedures taking into account the constitutional rights and freedoms of a person and citizen and the rights and legitimate interests of individuals and legal entities.

The Gazprom Group's commitment to the respect of human rights, including the rights in the sphere of employment and labour, as well as the rights to health protection, education, favourable environment, traditional way of life, and preservation of native habitat, as well as the intention to preclude any forms of discrimination or forced labour have found their reflection in the following by-laws of the Company:

the Code of Corporate Ethics of PJSC Gazprom;

the HR Management Policy of PJSC Gazprom, its Subsidiaries and Entities³⁹ and the General Collective Agreement of PJSC Gazprom and its subsidiaries;

the Process Safety Management System Development Strategy of PJSC Gazprom until 2021⁴⁰ and the Occupational, Industrial, Fire and Road Safety Policy of PJSC Gazprom⁴¹;

the Environmental Policy of PJSC Gazprom⁴²;

the Regional Policy Concept of OJSC Gazprom⁴³;

Order No. 602 of PJSC Gazprom "On Approval of Instructions for On-Site and Access Authorization Procedures" dated December 28, 2019.

(39) Approved by instruction of OJSC Gazprom No. 49 dated November 7, 2006.

(40) Approved by order of PJSC Gazprom No. 432 dated June 22, 2017 (as worded in order of PJSC Gazprom No. 21 dated January 20, 2020).

(41) Approved by order of PJSC Gazprom No. 416 dated September 17, 2019.

(42) Approved by resolution of the Management Committee of OJSC Gazprom No. 21 dated May 25, 2015, https://www.gazprom.ru/f/posts/73/278066/environmental_policy.pdf

(43) Approved by resolution of the Management Committee of OJSC Gazprom No. 32 dated May 22, 2003.



**Our aim is to create
transparent and fair
cooperation mechanisms
and protect Gazprom's
interests by all legal means.**

”

Yulia Efimenko

Senior Legal Counsel, PJSC Gazprom

Engaged in legal support of PJSC Gazprom's international projects in non-FSU countries. Strives not only to comply with the laws, but also to take into account the interests of all parties to the agreement and resolve disputes out of court through negotiation.

GRI 412-1

The Company's commitment to the respect of human rights is further confirmed by its focus on engaging the partners and counterparties abiding by the applicable legislation and the corporate and business ethics rules adopted by the Gazprom Group.

Apart from complying with the law, the suppliers and contractors operating at the Gazprom Group's facilities in Russia must also conform

themselves to the Company's corporate standards in the sphere of industrial safety.

There is no special procedure in place to assess the degree to which the Gazprom Group entities and their suppliers and contractors respect human rights.

GRI 412-3

Agreements (including those on partnership with the governments of Russian constituent entities) and contracts signed by PJSC Gazprom do not include human rights clauses or undergo human rights screening.

GRI 412-2, GRI 410-1

The Gazprom Group ensures that its employees have sufficient knowledge with regard to various aspects related to the respect of human rights. In 2019, the staff took training in human rights with a focus on, among other things, application of the labour and civil law, implementation of social policies, and fine-tuning of the industrial and occupational safety system. Distance learning courses in corporate

ethics were also organized for the employees of PJSC Gazprom. There are no dedicated training programs devoted to human rights protection and relevant policies or procedures at the Gazprom Group.

However, human rights issues are included in mandatory briefings that cover 100% of the Group's security personnel.

1.3.3.

Anti-Corruption Policy

The *Anti-Corruption Policy of PJSC Gazprom* is the key document underpinning the Company's efforts to prevent and fight corruption. It is designed to introduce a unified approach to the Company's mission of preventing and combating corruption for the benefit of civil

society, shareholders and employees. The *Anti-Corruption Policy of PJSC Gazprom* sets out, among other things, the goals, competencies and responsibilities of governance bodies, and a set of measures developed to prevent and combat corruption.

GRI 205-1

Gazprom conducts monitoring of operations with the greatest exposure to corruption risks, with procurement and contract execution defined as the most vulnerable areas. To identify a potential conflict of interest

in procurement activities, contracts concluded with the Company's counterparties require that the counterparties disclose their ultimate beneficiaries.

1.3.

Values, Standards, and Norms of Behaviour

GRI 205-2

The Company offers professional development educational programs on how to prevent and combat corruption, which are designed for newly appointed executives and specialists of PJSC Gazprom Administration or other professionals directly involved in the anti-corruption activities. In 2019, 89 employees received training under

these programs. Moreover, Gazprom Corporate Institute put in place offline and online anti-corruption training programs for the employees of PJSC Gazprom's branches, subsidiaries and entities. In 2019, the total number of the Gazprom Group employees who took training in combating corruption reached 1,144.

GRI 102-17

Fraud, corruption and embezzlement can be reported round-the-clock via the Gazprom Group's Hot Line. The information received via the Hot Line, including anonymous messages, is analysed to identify actual or potential cases of corruption within the Gazprom Group.

In 2019, the Hot Line processed over 900 reports, with only 81 of them directly related to potential breaches of the legislation of the Russian Federation in the Gazprom Group. The most frequently encountered topics include potential procurement violations, third-party fraud, and complaints related to the sales of gas to end consumers. All incoming reports have been duly processed.

1.3.4.

Plans to Enhance Values, Standards, and Norms of Behaviour

In 2020, the Company intends to continue enhancing corporate ethics requirements in its controlled entities, including by extending the scope of restrictions to cover the members of boards of directors, as well as by introducing regular employee training with knowledge assessments in the form of post-training tests. The number of employees who

upgrade their skills in anti-corruption is also set to increase. The work will continue to integrate human rights principles into the Company's corporate governance system. The efforts in this direction have a long-term priority with a significant potential for further development.

Quality Management

The quality management system of PJSC Gazprom enables the Company to make most effective management decisions, control quality of production and services at all stages, and improve business processes.

The quality management activities cover all governance levels of PJSC Gazprom, from the Board of Directors to the subsidiaries, suppliers and contractors. The Deputy Chairman of the Management Committee acts as a quality assurance officer representing the senior management team. There are a Quality Assurance Council and a Quality Assurance Working Group in place.

PJSC Gazprom's key document in the sphere of quality management is the *Quality Assurance Policy of PJSC Gazprom*.⁴⁴

As part of its efforts to improve the efficiency of quality management, PJSC Gazprom implemented and certified the Quality Management System (QMS) compliant with ISO 9001:2015. The QMS is based on a comprehensive approach, which includes a PDCA (Plan-Do-Check-Act) cycle, and a risk-oriented thinking. 2019 saw the first- and second-party audits of PJSC Gazprom's QMS.

In 2019, PJSC Gazprom adopted new versions of its quality assurance standards and expanded the scope of the QMS application.

Gazprom imposes stringent quality requirements on both its suppliers and contractors. One of the criteria for assessing bidders during procurement procedures is the availability of a quality management system compliant with the STO Gazprom 9001 standard.

Gazprom has its own voluntary certification system – INTERGAZCERT, which is one of the key tools used to assess the compliance of goods, works or services sourced by PJSC Gazprom's production facilities with the Group's requirements for materials and equipment. Gazprom uses INTERGAZCERT as an addition to the mandatory state certification system.



For the full text of the *Quality Assurance Policy of PJSC Gazprom* see here⁴⁵

GRI 416-1

About 70% of significant product and service categories undergo quality control. To assess the compliance of goods, works and services with the

existing requirements, PJSC Gazprom uses a set of corporate standards and recommendations ensuring the consistency of measurements.

In 2019, Gazprom UGS LLC won the prize of the Government of the Russian Federation for its contribution to quality assurance.

1.4.1.

Product Quality Management Plans

Gazprom continues improving its QMS. The plan is to create a vertically integrated corporate QMS to align the QMS of PJSC Gazprom and quality management systems of its subsidiaries based on a single methodology, thus improving the efficiency of the Group as a whole.

For 2020, it is planned to start using the INTERGAZCERT voluntary certification system for authorizing contractors to perform works or render services at Gazprom's facilities, as well as for controlling their compliance with the process safety requirements.

(44) Approved by order of PJSC Gazprom No. 643 dated September 20, 2017

(45) <https://www.gazprom.com/it/posts/74/562608/quality-assurance-policy-20-09-17-en.pdf>

Our Operations

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2



1 NO POVERTY



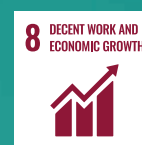
2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS

GRI 102-16, GRI 102-26

PJSC Gazprom's mission and the Group's strategic goal set the tone for the Company's operations and help define its general priorities.

PJSC Gazprom's mission is to ensure a reliable, efficient and balanced supply of natural gas, other energy resources and their derivatives to consumers.

The Gazprom Group's strategic goal is to strengthen its leading position among global energy companies by diversifying sales markets, ensuring energy security and sustainable development, improving operating efficiency and fulfilling its scientific and technical potential.

Mission and Strategy

The Company's long-term strategic planning relies on a system of strategic target indicators (STI) coming in the shape of well-balanced targets that span the entire range of operations and define the quantitative dimension of strategic goal setting.

The *Long-Term Development Program of PJSC Gazprom* is developed annually in accordance with the Company's *Planning Procedures*⁴⁶ based on the STIs and incorporating the Guidelines on Long-Term Development Programs 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%⁴⁷. Once pre-approved by the Management Committee,

the Program is submitted for approval to the PJSC Gazprom Board of Directors.

Strategic planning helps outline general development paths and management decisions that are set out in more detail at the stage of medium- and short-term planning. It plays a key role, inter alia, in the budgeting and development of the Investment Program of PJSC Gazprom for the upcoming year and next three years.



For more details on strategic planning system see PJSC Gazprom Annual Report 2019⁴⁸

2.1.1.

Gazprom Group's Business Model

GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-10

The Gazprom Group is a global vertically integrated energy company focused on geological exploration and production of gas, gas condensate and oil; transportation and underground storage of gas; hydrocarbon feedstock processing; gas and petrochemistry; sales of gas, gas condensate, oil, and refined hydrocarbon products, as well

as generation and marketing of heat and electric power. The parent company of the Group is PJSC Gazprom.



For the schemes of business processes within the Gazprom Group's gas, oil and electric power businesses see PJSC Gazprom Annual Report 2019⁴⁹

Name and legal form of the company: Public Joint Stock Company Gazprom.
Head Office: 16 Nametkina St., Moscow, 117420, Russian Federation.

PJSC Gazprom's form of incorporation is private property with the state-owned stake. The Russian Federation controls the majority stake in the Company directly and indirectly (over 50%).

In 2019, there were changes in the share capital structure with the sale of quasi-treasury shares (2.93% and 3.59% of the authorized

capital) through the Moscow Exchange using the stock exchange transaction technology. These transactions were based on, among other things, investor propositions and recommendations of the Bank of Russia's Corporate Governance Code.

For more details on PJSC Gazprom's share capital structure see Appendix 4.

The Gazprom Group carries out its operations in more than 20 countries and supplies its products to over 100 countries worldwide.

As of the end of 2019, PJSC Gazprom granted 345 companies the right to use its trademarks⁵⁰ in the Russian Federation, and concluded

122 license and 243 sub-license agreements for the use of its trademarks in the Russian Federation and 46 foreign countries.



Information on the Gazprom Group's geography of operations is provided in Gazprom in Figures 2015–2019 Factbook⁵¹

(46) Approved by resolution of the Management Committee of the Company No. 34 dated June 26, 2006.

(47) Instruction of the Government of the Russian Federation No. ISH-P 13-2583 dated April 15, 2014.

(48) pages 76–79, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

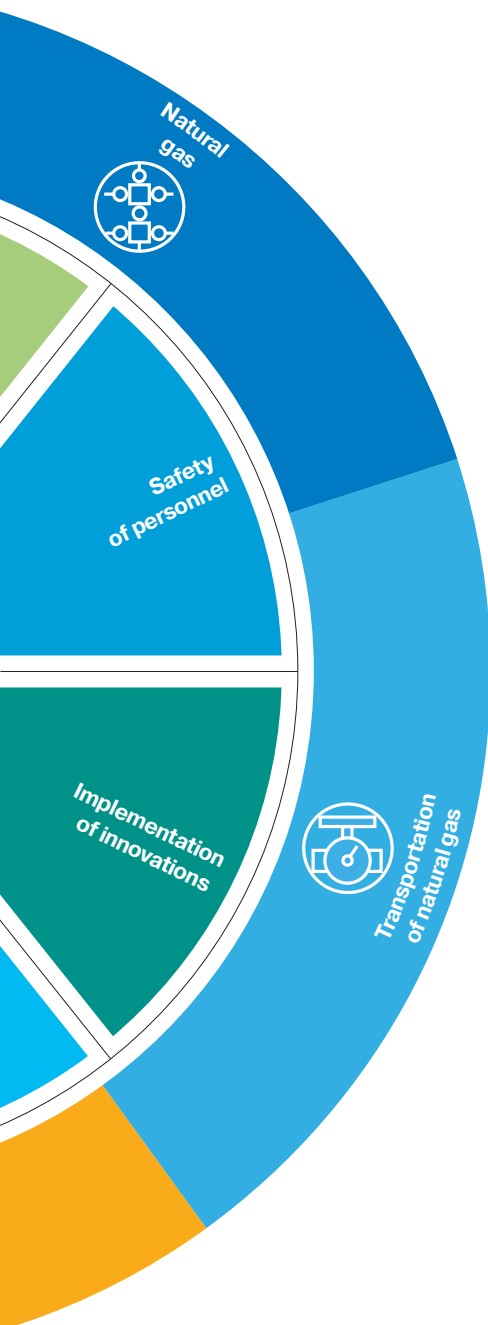
(49) Pages 36–37, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(50) Detailed information about trademarks is provided on the official web site of PJSC Gazprom: <https://www.gazprom.com/about/legal/trademarks/>

(51) Pp. 95–98 of the Gazprom in Figures 2015–2019 Factbook, <https://www.gazprom.com/t/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf>

Total proven and probable hydrocarbon reserves
177.1 billion boe
Length of gas trunklines in Russia
175,200 km
Installed electric capacity of the generating assets in Russia and abroad
40.13 GW
Installed thermal capacity of the generating assets in Russia and abroad
70,270 Gcal/h
Group's headcount
473,800 people
Payroll expenses
RUB 749,708 million
R&D investment
RUB 12.1 billion
Investments in renewable energy sources and secondary energy resources
RUB 3.44 billion
PJSC Gazprom charity spending
RUB 27.7 billion
Capital investments
RUB 1,818.7 billion
PJSC Gazprom investments allocated to gas infrastructure development in the Russian regions
RUB 34.3 billion
Total environmental protection expenses
RUB 53.22 billion





Natural and associated petroleum gas production

501.2 bcm

Oil production

48.0 mmt

Gas condensate production

16.7 mmt

Gas sales to non-FSU countries

232.4 bcm

Gas sales to Russian consumers

235.8 bcm

Average gas penetration rate across Russia

70.1 %

Electricity generation in Russia and abroad

149.02 billion kWh

Heat generation

122.38 million Gcal

Total taxes paid to the budgets of the Russian Federation at all levels

RUB **2.82** trillion

Total tax payments to the budgets of foreign countries

RUB **255** billion

Dividends per ordinary share in 2020

RUB **15.24**

Market capitalization as of December 31, 2019

RUB **6.1** trillion

Gazprom Group's employees covered by collective agreements

73.3 %

Labour conditions improved for

34,600 employees

Economic benefits from R&D results use

RUB **10.5** billion

Built under the Gazprom for Children program

164 sports facilities

Reduction of water consumption

8.4 % *

Decrease in waste generation

6.1 % *

Reduction of GHG emissions

1.5 % *

* Compared to the previous year.

Scale and Results of Operations

Gazprom is one of the world leaders in natural gas reserves and production, holding a significant share of the Russian market in liquid hydrocarbons production and processing. Gazprom is a leader on the

Russian electricity and heat market in terms of installed electric and thermal capacity and the country's largest heat generation company.

16%	Share in global gas reserves	71%	Share in Russian gas reserves
12%	Share in global gas production	68%	Share in Russian gas production
35.5% ⁵²	Share in the European gas consumption (other than FSU countries)	14%	Share in electric power generation in the Russian Federation
12%	Share in Russian oil and gas condensate production	9.2%	Share in heat generation in the Russian Federation
18%	Share in the total oil and stable gas condensate processing in the Russian Federation	16%	Share in the installed electric capacity of the power plants included in the Unified Energy System (UES) of the Russian Federation
>50%	Share in the total gas processing in the Russian Federation		

The Gazprom Group's 2019 operating results highlight its scale of business.

Gazprom's key operating indicators as of 2019

501.2 ⁵³ bcm	Gas production	67.1 mmt	Oil and gas condensate processing (tolling arrangements excluded)
48.0 ⁵⁴ mmt	Oil production	149.02 billion kWh	Electric power generation
16.7 ⁵⁵ mmt	Gas condensate production	122.38 million Gcal	Heat generation
31.5 bcm	Gas processing (tolling arrangements excluded)		

(52) Share of PJSC Gazprom's gas supplies under contracts of Gazprom Export LLC in consumption of gas in Europe (other than FSU states).

(53) Including the share in production of organizations in which Gazprom has investments classified as joint operations.

(54) Including the share in production of organizations in which Gazprom has investments classified as joint operations.

(55) Including the share in production of organizations in which Gazprom has investments classified as joint operations.

2.1.**Mission and Strategy****2.1.3.****Strategic Projects**

In 2019, Gazprom brought into operation major strategic projects and reached important agreements, including the following achievements.

Gas supplies to China commenced via the Power of Siberia gas pipeline.

The TurkStream gas pipeline was put into operation.

The Chayandinskoye field was put into operation.

A transit contract with Ukraine was signed.

An offshore terminal and the Marshal Vasilevskiy floating storage and regasification unit were provided to supply gas to the Kaliningrad Region.

Power Unit No. 2 of the Grozny TPP was brought into operation; the unit is the final facility within the program under capacity supply agreements.

2.1.3.1.**Projects in the eastern area**

The key milestone of 2019 was the launch of the Power of Siberia gas trunkline. Russia started its first-ever pipeline supplies of natural gas to China: gas from the Chayandinskoye field (Yakutia gas production center) is now fed into China's gas transmission system (GTS). With Power of Siberia brought into operation, Gazprom can now widen cooperation with Russian companies, create new jobs, and provide gas to the regions covered by the gas trunkline. Power of Siberia was built using solely pipes of Russian manufacture. The project was carried out with a particular focus on maintaining a high level of process and environmental safety. The solutions included minimally manned

technologies, comprehensive process automation, and the use of renewable energy sources.

In 2019, Gazprom also brought into operation top-priority facilities at the oil rim of the Chayandinskoye field. At the Kovyktinskoye field (Irkutsk gas production center), development drilling began. The Company continued the construction of the Amur Gas Processing Plant (GPP), one of the world's largest facilities of this kind, and the expansion of the Sakhalin – Khabarovsk – Vladivostok gas pipeline between the cities of Komsomolsk-on-Amur and Khabarovsk.

2.1.3.2.**Projects in the southern area**

With the addition of the TurkStream deep-water gas pipeline in 2019, the capacity of Russia–Turkey gas transmission systems expanded, paving

the way for the Russian gas to reach not only Turkey, but also, in transit, Southern and South-Eastern Europe.

2.1.3.3.**Projects in the northern area**

Full-scale development began at the Kharasaveyskoye field (Yamal gas production center) in 2019. A unique fishbone multilateral well with eight sidetracks was built⁽⁵⁶⁾ at the Vostochno-Messoyakhskoye field in the Tazovsky District of the Yamal-Nenets Autonomous Area. Gazprom continued expanding the Northern Gas Transmission Corridor by building compressor capacities at the Bovanenkovo – Ukhta 2 gas pipeline. Preparations were underway at the Ukhta – Torzhok 2 gas pipeline to put a new compressor shop into operation. The Bovanenkovo – Ukhta 3 and Ukhta – Torzhok 3 gas pipelines were being designed. The Nord Stream 2 gas pipeline construction project

reached the final stage. As of the end of December 2019, in total 94% of the pipeline (in all sections) was laid in the Baltic Sea. The creation of an integrated gas processing and liquefaction complex near Ust-Luga began.

In order to enhance the Kaliningrad Region's energy security with due consideration of the region's geographical setting, Gazprom implemented an alternative gas supply project to provide liquefied natural gas (LNG) deliveries by sea. An offshore terminal and the Marshal Vasilevskiy floating storage and regasification unit can now be used for the purpose of gas supplies to the Kaliningrad Region.

(56) Project of JSC Messoyakhaneftegaz, a joint venture between PJSC Gazprom Neft and PJSC NK Rosneft.

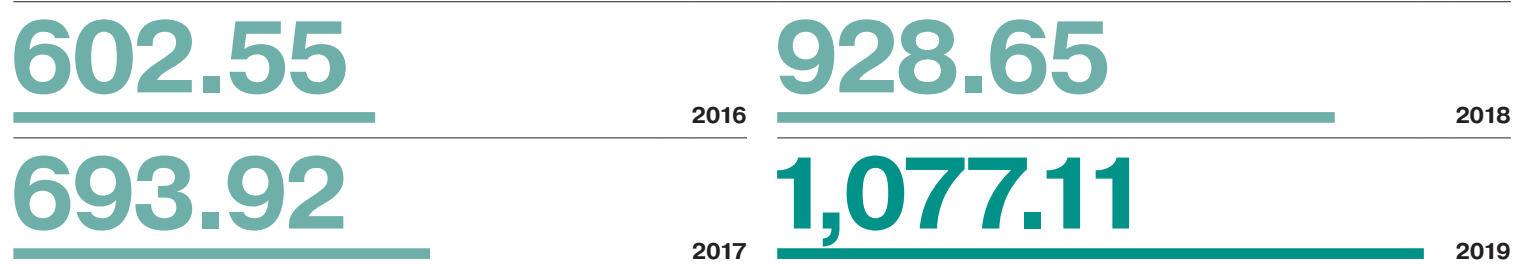
2.1.3.4.

Amount of investment

Most of Gazprom's capital expenditures under the Investment Program are earmarked for its gas business. Gas investment peaked in 2019

as the three strategic projects – Power of Siberia, Nord Stream 2, and TurkStream – were underway at the same time.

Gas business capex, 2016–2019, RUB billion



The investments made under the 2019 Investment Program totalled RUB 1,322.58 billion.

2.1.3.5.

Plans

PJSC Gazprom's investment program for 2020 approved by resolution of the Board of Directors No. 3362 dated December 24, 2019 provides for RUB 1,104.7 billion of capital expenditures.

PJSC Gazprom's major investment projects planned for launch in 2020–2025

Fields:

Kovyktinskoye;

Kharasaveyskoye;

Urengoykoye (Achimov deposits);

Yuzhno-Kirinskoye.

Kamennomysskoye-Sea;

Gas pipelines:

Development of gas transportation facilities of the UGSS in the North-Western Region, Gryazovets – Slavyanskaya compressor station (CS) segment;

Bovanenkovo – Ukhta 2 (CS);

Power of Siberia (expansion: loopings of the second string and the CS);

Power of Siberia (the Kovykta –Chayanda segment);

Ukhta – Torzhok 2 (CS);

Sakhalin – Khabarovsk – Vladivostok (expansion);

Bovanenkovo – Ukhta 3;

Nord Stream 2;

Ukhta – Torzhok 3.

PJSC Gazprom's major investment projects planned for launch in 2020–2025

Processing/LNG:

LNG production, storage and shipment terminal in the vicinity of the Portovaya CS;

Integrated gas processing and liquefaction complex near Ust-Luga.

Amur GPP;

2.1.4.

Contribution to National Economy

GRI 102-7

Gazprom Group's Key Financial and Economic Indicators, 2016–2019

Indicator	2016	2017	2018	2019
PJSC Gazprom's market capitalisation at year end, RUB trillion	3.7	3.1	3.6	6.1
Sales revenue, RUB million	6,111,051	6,546,143	8,224,177	7,659,623
Profit on sales, RUB million	725,580	871,405	1,930,030	1,119,857
Profit for the year under IFRS, RUB million	997,104	766,879	1,528,996	1,269,517
Profit for the year attributable to PJSC Gazprom's shareholders, RUB million	951,637	714,302	1,456,270	1,202,887
Discounted EBITDA ⁵⁷ , RUB million	1,323,258	1,467,692	2,599,284	1,859,679

Based on the outcomes of PJSC Gazprom's operations in 2019, the annual General Shareholders Meeting of PJSC Gazprom approved the nominal value of dividends per ordinary share in the amount of RUB 15.24.

In 2019, PJSC Gazprom became Russia's largest company by market capitalisation on the back of a significant re-rating of the Company's shares. The Company was valued at RUB 6.1 trillion at the end of December 2019, which is a 67.4% gain on the 2018 result. PJSC Gazprom's securities saw much higher trading volumes on the London Stock Exchange and the Moscow Exchange with a rise of 2.5 times and over 3 times respectively.

Sales revenue decreased by 7% in 2019 and landed at RUB 7,659.6 billion, which was mainly caused by lower revenue from gas sales to non-FSU countries⁵⁸. The Gazprom Group's profit for the year under IFRS was 17.0% lower than in 2018 and amounted to RUB 1,269.5 billion.

For more details on the indicators describing the Gazprom Group's contribution to the Russian economy in 2016–2019 see Appendix 4. For more details on direct economic value generated and distributed in 2016–2019 see Appendix 4.

One of the milestones of 2019 was the approval of PJSC Gazprom's new Dividend Policy⁵⁹. Based on the 2019 results, the Company will pay out a total of RUB 360.8 billion in dividends (RUB 15.24 per share), or 30% of the net profit under IFRS attributable to the shareholders of

PJSC Gazprom. The target level of dividend payout is at least 50% of the adjusted net profit under IFRS in 2021.



The full text of PJSC Gazprom's Dividend Policy is available here⁶⁰

RUB 138.445 billion of dividends was accrued on Russia's stake in the Company in 2019.

(57) Calculated as operating profit less depreciation and asset impairment loss (except accounts receivable, issued advance payments and prepayments).

(58) Corresponds to "Revenue from gas sales to Europe and other countries" in the IFRS consolidated financial statements.

(59) Approved by resolution of the PJSC Gazprom Board of Directors No. 3363 dated December 24, 2019.

(60) <https://www.gazprom.com/f/posts/08/697893/gazprom-dividend-policy-24-12-2019-en.pdf>



Approval of the new *Dividend Policy* was one of the most important events of 2019 for the Gazprom Group.

Famil Sadygov
Deputy Chairman of the Management Committee of PJSC Gazprom

- How does Gazprom’s new *Dividend Policy* incorporate the interests of different stakeholders, and how does it contribute to the Company’s own development?
- What are the current and expected effects of the new *Dividend Policy*?
- Did you consult any of the stakeholders in the process of working out the new calculation methodology and drafting the *Policy* in general? If yes, did they voice any suggestions or concerns?
- How are you going to finance dividend payout?

The purpose of the new *Dividend Policy* is to align the interests of the Company, government and minority shareholders.

One of the principal objectives of the updates to the *Dividend Policy* was to establish a fair and transparent dividend calculation mechanism based on the Gazprom Group’s net profit under IFRS adjusted for non-monetary items. The dividends calculated on the basis of these adjustments more accurately reflect the Gazprom Group’s cash flow.

The *Policy* is intended to boost shareholder returns and enhance Gazprom’s investment case and market capitalisation. The dividend payout is expected to reach 50% of the adjusted net profit under IFRS in 2021. It is mostly thanks to these changes that in 2019 we saw our share price go up by 87% in US dollar terms.

The *Policy* was drafted with input from PJSC Gazprom’s corporate brokers that had a clear understanding of the market’s expectations regarding the new document. In addition, we incorporated the results of direct communication between Gazprom’s management and investors into the *Dividend Policy*. We also consulted the Ministry of Finance of the Russian Federation.

One of Gazprom’s financial policy priorities is still going to be the payment of dividends from positive free cash flow. The Company plans to maintain a comfortable debt level, with the net debt⁽⁶¹⁾ / EBITDA ratio standing at 1–2. That being said, we may take on additional short-term debt for specific purposes, such as payment of dividends to our shareholders.

(61) Net debt inclusive of bank deposits.

2.1.

Mission and Strategy

2.1.4.1.

Tax-related Improvements

One of the priorities embedded in the Gazprom Group's development strategy is to enhance the efficiency of the Group's operations, which is achieved through a variety of means that include effective and consistently optimized tax administration.

Gazprom is among Russia's largest taxpayers. In 2019, the Group's tax payments totalled RUB 3,077.150 billion, 62.8% of which were the mineral extraction tax and customs duties.

The Company has in place the *Tax Strategy of PJSC Gazprom*⁶², that sets out long-term tax goals and targets. The Tax Strategy is aimed at implementing the corporate strategy and is geared towards cementing PJSC Gazprom's status as a global energy leader. A special authorized Department of PJSC Gazprom is responsible for carrying out *the Tax Strategy*.

PJSC Gazprom implements a single tax policy and ensures uniformity in the application of the tax legislation by the Gazprom Group entities.

GRI 102-44

Questions from stakeholders

How does the Gazprom Group adopt cutting-edge IT solutions in the sphere of taxation?

A key initiative in this area is the creation of a Data Mart system as part of the Gazprom Group's transition to tax monitoring. The first subsidiary to join the tax monitoring regime was Gazprom Export LLC. Tax authorities were provided with remote access to the company's accounting and tax data, tax registers, scanned copies of source documents, and information on the internal control system.

In the future, almost all of the companies included into the Gazprom Group consolidated group of taxpayers will use the system.

2.1.4.2.

Taxation Plans

PJSC Gazprom's Management Committee approved the *PJSC Gazprom tax policy framework for 2020 and for the planning period of 2021–2022*.⁶³

PJSC Gazprom's plans regarding the tax policy for the following three years include:

1. Digitalisation in the sphere of taxation.

PJSC Gazprom actively cooperates with the Federal Taxation Service of Russia in this area. In 2020–2022, the Company plans to continue with a set of initiatives designed to expand the application of up-to-the-minute digital technologies in the taxation procedures of PJSC Gazprom, from accounting, tax statistics collection and consolidation, and tax forecasting to tax risk management processes and interaction with tax authorities as part of tax control.

2. International taxation.

One of the Tax Policy's targets is to ensure that the Gazprom Group is able to adapt to the changes in Russian and international tax legislation on profit distribution introduced by the BEPS Action Plan and to provide ways of mitigating the Group's tax risks.

3. Ensuring the Gazprom Group's compliance with the tax laws on transfer pricing when preparing reporting documents on the Group's international entities, as well as the compliance with the Russian laws on tax control over the pricing of transactions between interdependent parties.

4. Shaping a favourable tax regime for the Gazprom Group.

(62) Approved by resolution of the PJSC Gazprom Management Committee No. 48 dated December 7, 2017.

(63) Approved by resolution of the PJSC Gazprom Management Committee No. 2 dated January 23, 2020.



**Gazprom is Russia's
largest taxpayer.**

”

**By implementing extensive
investment projects, including
international ones,
the Company ensures stability
and growth of the Russian
economy. The timely payment
of taxes contributes
to the country's development
and helps improve
the well-being
of vulnerable people.**

Natalia Gotovtseva

Deputy Head of Directorate, PJSC Gazprom

Provides tax support to major international projects of PJSC Gazprom, cementing the Company's position as a leader in the global energy market. Even amid economic turmoil, PJSC Gazprom's performance results ensure regular tax revenues, thus supporting the country's social programs and people's well-being.

Hydrocarbon Production and Reserves

Gas Reserves. Resource Base Replenishment

34.9 tcm

explored gas reserves
in accordance with
the Russian classification

17.7 tcm

proven gas reserves in
accordance with the international
PRMS standards

Gazprom boasts a rich resource base and leads the world in terms of gas reserves. In 2019, the Group's reserves replacement ratio stood at 1.11, i.e. consistently above 1 over the last 15 years. The Gazprom

Group's efforts to replenish its resource base are regulated by the *Mineral Resources Base Development Program until 2040* and the *Long-Term Development Program for 10 years*.

GRI OG 1

As of December 31, 2019, Gazprom's explored reserves of natural gas in accordance with the Russian classification ($A+B_1+C_1$) reached 34.9 tcm. Based on an independent evaluation of the resource base under the international PRMS standards, the Gazprom Group's proven reserves of natural gas amounted to 17.7 tcm.

In 2019, the Gazprom Group's $A+B_1+C_1$ reserves in Russia grew by 556.7 bcm owing to geological prospecting and exploration (GPE). The key regions for GPE were the Yamal-Nenets Autonomous Area, Eastern

Siberia, and the Far East, as well as Russian seas. The growth of gas reserves was mainly attributable to the Kruzenshternskoye field on the Kara Sea shelf and its coastal area in the Yamal-Nenets Autonomous Area, as well as to the Dinkov and Nyarmeykoye fields on the Kara Sea shelf. In 2019, the GPE operations in the gas business covered 144 license blocks, including 22 offshore areas. The expenses for GPE (excluding UGS) amounted to RUB 68.7 billion.⁶⁴

For more details on the Gazprom Group's gas reserves see:



Gazprom in Figures 2015–2019 Factbook⁶⁵



PJSC Gazprom Annual Report 2019⁶⁶

The ongoing *Program for Development of Unconventional and Hard-to-Recover Gas Resources* of PJSC Gazprom includes an evaluation of the resource base, analysis of existing and prospective production technologies, and rationale behind the choice of priority areas for exploration and production at unconventional gas deposits. As part of the Program, 2019 saw continued efforts to produce coal-bed methane

in the Kemerovo Region, with the Naryksko-Ostashkinskoye field yielding 2.2 mcm of methane. Everything is ready for building three exploration well clusters to test and prove the high potential of coal-bed methane production using new well construction and field development technologies.

(64) PJSC Gazprom and its subsidiaries.

(65) Pages 12–21, Gazprom in Figures 2015–2019 Factbook, <https://www.gazprom.com/t/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf>

(66) Pages 82–86, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

2.2.

Hydrocarbon Production and Reserves

2.2.2.

Gas Production

501.2_{bcm}

natural and associated
petroleum gas production
by the Gazprom Group in 2019

GRI OG 1

In 2019, the Gazprom Group's production of natural and associated petroleum gas reached 500.1 bcm (501.2 bcm including the Group's share in production of organizations in which it has investments

classified as joint operations), which is 0.5% or 2.5 bcm more than in 2018.

Gazprom Group's gas production in the Russian Federation, 2016–2019
(excluding the organizations in which the Group has investments classified as joint operations)

419.1

9.4

2016

497.6

12.9

2018

471.0

10.3

2017

500.1

16.5

2019

■ Gas, bcm
■ incl. APG, bcm

The bulk of gas comes from the Nadym-Pur-Taz Region, where production volumes are falling. At the same time, new prospective gas production centers are emerging in the Yamal Peninsula, Eastern



PJSC Gazprom Annual Report 2019⁶⁷;

Siberia, and the Far East, as well as at the Russian shelf. For more details on the Gazprom Group's gas production centers see:



Gazprom in Figures 2015–2019 Factbook⁶⁸

2.2.3.

Gas Replenishment and Production Plans

In 2020, Gazprom plans to increase its gas reserves through GPE by at least 467.8 bcm. The growth of reserves will be mainly attributable to the Kara Sea shelf, namely, to the Leningradskoye and 75 Years of Victory (75 Let Pobedy) fields. The GPE expenses (excluding UGS) are expected to reach RUB 60.1 billion.⁶⁹

To ensure the required gas production volumes in the medium term, PJSC Gazprom will continue developing the existing fields and ramping up their capacity to the respective design levels in a more efficient way, as well as establishing new gas production centers.

(67) Pages 86–88, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(68) Pages 10–11, 32–37, Gazprom in Figures 2015–2019 Factbook, <https://www.gazprom.com/t/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf>

(69) PJSC Gazprom and its subsidiaries.

GRI 102-44

Questions from Stakeholders

Does the Gazprom Group monitor gas emissions related to the melting of permafrost formations around the wells? What do you do to control and minimize this phenomenon?

Permafrost melting around the wells causes the accumulated intrapermafrost gas to release. Unlike gas in producing horizons, intrapermafrost gas contains considerable nitrogen impurities, along with a different balance of light and heavy carbon isotopes. In the Yamal fields, this kind of gas emerges from a depth of up to 180 meters posing risks to the industrial safety of facilities.

We constantly monitor the condition of permafrost rocks containing gas wells and intrapermafrost gas, in particular at the Bovanenkovskoye field. Research shows that seasonal vapor-liquid cooling systems and vacuum insulated tubing (VIT) can significantly mitigate the risks of permafrost melting.

Currently, 349 wells of the Bovanenkovskoye OGCF are equipped with VIT operating at a depth of 50 m. The plan for 2021–2024 is to build 178 gas wells with VIT to be placed at a depth of 150 m. We implemented a number of temperature-stabilizing solutions that helped prevent well pads from sinking, stop the development of wellhead cavings and behind-casing gas shows, and reduce excessive load on well structures.

Along with VIT and seasonal cooling systems, the Kharasaveyskoye GCF uses conductor casing pipes with polyurethane-foam heat insulation (PU foam thermocases) operating at a depth of 40 m. The VIT running depth is set to reach 150 m.

2.2.4.

Oil and Gas Condensate Reserves. Resource Base Replenishment

707.5 mmt

Gazprom Group's proven oil reserves in accordance with the international PRMS standards

730.2 mmt

proven gas condensate reserves in accordance with the international PRMS standards

GRI OG 1

As of the end of December 2019, the Gazprom Group's proven reserves of oil and gas condensate in accordance with the international PRMS standards amounted to 707.5 mmt and 730.2 mmt, respectively. In accordance with the Russian classification (A+B₁+C₁), explored reserves stood at 2,005.7 mmt of oil and 1,569.7 mmt of gas condensate.

In 2019, owing to GPE, PJSC Gazprom expanded its A+B₁+C₁ liquid hydrocarbon reserves in Russia by 11.7 mmt of gas condensate and 29.0 mmt of oil. Gazprom Neft's GPE expenses amounted to RUB 53.5 billion.



Gazprom in Figures 2015–2019 Factbook⁷⁰;



and PJSC Gazprom Annual Report 2019⁷¹

Unconventional and hard-to-recover oil reserves (the Bazhenov formation, the Achimov, Domanic, and Paleozoic deposits) located in hardly-accessible areas play an important role in the replenishment of the liquid hydrocarbon reserves. The hard-to-recover reserves account for nearly 70% of Gazprom Neft's portfolio. Such reserves will only pay off if high-tech horizontal and multilateral wells are used.

For more details on the Gazprom Group's liquid hydrocarbon reserves and resource base replenishment see:

GRI 102-44

Questions from Stakeholders

At which fields does the Gazprom Group perform geo-ecological monitoring of seismic activity?

The Group's own seismic monitoring networks are up and running at three fields, namely, the Orenburgskoye, Astrakhanskoye, and Kirinskoye fields. The Naryksko-Ostashkinskoye and Kovyktinskoye fields rely on information from a regional network that monitors for technogenic seismic events mainly caused by coal mining. 2019 saw no material seismic events reported at the above fields.

(70) Pages 12–21, Gazprom in Figures 2015–2019 Factbook, <https://www.gazprom.com/f/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf>

(71) Pages 82–86, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf>

2.2.5.

Liquid Hydrocarbons Production

40.8 mmt

oil production
by the Gazprom Group in 2019

16.7 mmt

gas condensate production
by the Gazprom Group in 2019

GRI OG 1

In 2019, the Gazprom Group produced 57.5 mmt of liquid hydrocarbons⁷². Oil production amounted to 40.8 mmt (48.0 mmt including the Group's share in production of organizations where it has investments classified

as joint operations), which is slightly less than in 2018. Gas condensate production reached 16.7 mmt, which is 4.9% more than in 2018.

Gazprom Group's liquid hydrocarbons production in the Russian Federation, 2016–2019, mmt

39.3

40.9

15.8

15.9

2016

2018

41.0

40.8

15.9

16.7

2017

2019

■ Oil⁷³ ■ Gas condensate

For more details on the Gazprom Group's oil and gas condensate production see PJSC Gazprom Annual Report 2019⁷⁴

2.2.6.

Liquid Hydrocarbons Exploration and Production Plans

The Group will expand its resource base and develop hard-to-recover and unconventional deposits of liquid hydrocarbons. In 2020, the plan is to increase liquid hydrocarbons reserves by 13.0 mmt through GPE.

It is planned to continue using innovative digital technologies to increase the potential of the existing active fields.

(72) Excluding the Group's share in production of organizations where it has investments classified as joint operations.

(73) Excluding the Group's share in production of organizations where it has investments classified as joint operations.

(74) Pages 88–90, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

Hydrocarbons Processing

Gas Processing

31.47

bcm

**natural and associated
petroleum gas processed
by the Gazprom Group in 2019**

A greater refining depth and a higher output of value-added products are a vital element of PJSC Gazprom's production chain. Gazprom

accounts for over 50% of all natural and associated petroleum gas processing in Russia.

Natural and associated petroleum gas processing by volume, 2016–2019, bcm

Company	2016	2017	2018	2019
PJSC Gazprom and its key subsidiaries	30.06	29.94	30.14	30.60
Gazprom Neftekhim Salavat	0.49	0.43	0.46	0.44
Gazprom Neft	0.44	0.45	0.45	0.43
Gazprom Group, total	30.99	30.82	31.05	31.47

In 2019, the Gazprom Group processed 31.47 bcm of natural and associated petroleum gas (tolling arrangements excluded), which is 1.3% more than in 2018.

In the reporting period, the Gazprom Group commenced a project to set up a large integrated Complex for processing ethane-containing gas near Ust-Luga and continued the construction of the Amur GPP.



For more details on the Gazprom Group's key gas processing projects see Gazprom in Figures 2015–2019 Factbook⁷⁵

Gas Processing Plans

It is planned that PJSC Gazprom and its key subsidiaries will process 30.49 bcm of natural and associated petroleum gas in 2020.

Liquid Hydrocarbons Processing

67.13

mmt

**liquid hydrocarbons
processed by the
Gazprom Group in 2019**

In the reporting year, the Gazprom Group processed 67.13 mmt of liquid hydrocarbons (oil, gas condensate, fuel oil), down 0.4% versus 2018, as a result of scheduled repairs at refineries.

(75) Pages 71–73, Gazprom in Figures 2015–2019 Factbook, <https://www.gazprom.com/t/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf>

2.3.**Hydrocarbons Processing****Liquid hydrocarbons processing at the Gazprom Group, 2016–2019, mmt***

Company	2016	2017	2018	2019
PJSC Gazprom and its key subsidiaries (unstable gas condensate, oil)	17.55	17.47	17.75	18.82
Gazprom Neft (oil, stable gas condensate)	41.89	40.11	42.91	41.48
Gazprom Neftekhim Salavat (oil, stable gas condensate, fuel oil)	6.47	6.48	6.74	6.83
Gazprom Group, total	65.91	64.06	67.40	67.13

*Tolling arrangements excluded.

In the reporting period, Gazprom Neft continued implementing the second stage of technological and environmental upgrades at its refineries, with the aim of enhancing oil refining depth, increasing the output of petroleum products and improving the environmental aspect of its production activities.

Gas processing plants and oil refineries use hydrogen in their industrial processes, for example, for the production of light petroleum products. The Gazprom Group produces over 350,000 tons of hydrogen per year, including 2,500 tons with the use of methane pyrolysis.

2.3.2.1.**Liquid Hydrocarbons Processing Plans**

It is planned that PJSC Gazprom and its key subsidiaries will process 19.28 mmt of liquid hydrocarbons in 2020.

Natural gas is one of the cheapest fossil energy resources and the most environmentally friendly one. Through its extraction, transportation, storage, and marketing Gazprom creates new opportunities for economic development and environmental conservation.

”

Olga Abramova

Head of Division, PJSC Gazprom

Manages the signing of contracts to sell natural gas for internal operating needs of gas production and transportation organizations during adjustment work at the Gazprom Group's facilities, which ensures uninterrupted and efficient operation of the Company's entities.





7 AFFORDABLE AND
CLEAN ENERGY



Development of the Natural Gas Transportation System

Natural Gas Transportation

175.2 thousand km

length of PJSC Gazprom's gas transportation system (GTS) in 2019

678.96 bcm

gas intake by Gazprom's GTS in 2019

In 2019, PJSC Gazprom continued developing its GTS, bringing its length to 175,200 km. In the reporting period, the GTS received 678.96 bcm of gas in Russia, which is 2% less than in 2018.



For more details on Gazprom's GTS development projects see Gazprom in Figures 2015–2019 Factbook⁽⁷⁶⁾



For more details on the Power of Siberia and TurkStream gas pipelines see PJSC Gazprom's web site⁽⁷⁷⁾

GTS Development Plans



For details on the expansion plans for gas transmission capacities see PJSC Gazprom Annual Report 2019⁽⁷⁸⁾

(76) Pages 54–55, Gazprom in Figures 2015–2019 Factbook, <https://www.gazprom.com/f/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf>

(77) <https://www.gazprom.com/projects/power-of-siberia>; <https://www.gazprom.com/projects/turk-stream/>

(78) PJSC Gazprom Annual Report 2019, page 64, <https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf>



Building stable and positive relations with stakeholders is crucial for credibility to TurkStream.



Oleg Aksyutin
Deputy Chairman of the Management Committee and Head of Department at PJSC Gazprom

Who are the key stakeholders in the TurkStream project? How do you engage with them? Could you provide some examples?

Our key stakeholders are governmental and regional authorities, as well as local communities in Russia and Turkey. These local communities are represented by educational and healthcare institutions, as well as forestry, fishing and entrepreneur associations, to name a few. We maintain regular communications with them, including formal and informal meetings, public events, presentations, and roundtables.

Let me give you a concrete example. In 2019, we opened an information hub in Kiyikoy where one can gain access to the data on TurkStream and talk to the project's representatives. In Russia, professionals involved in the project held regular presentations at local schools and children's camps throughout 2019 to nurture relationships with young people in the relevant localities.

Building stable and positive relations with stakeholders and raising awareness of TurkStream's potential effects and benefits, grievance mechanism and planned social investments is not just part of our work, but also the key to its success.

What grievance mechanism is in place for the TurkStream project?

Stakeholders were made aware of the grievance procedures before the gas pipeline construction even started. We distributed brochures describing the entire process among local communities in each country of the project.

Complaints can be submitted via the TurkStream web site or local engagement managers. All complaints we receive are entered into a single register. Local engagement managers get in touch with the corresponding stakeholders to consider and address their complaint within 30 days. The grievance mechanism will be used during the operational stage as well.

What does South Stream Transport⁷⁹ do to ensure respect for human rights? Are there any relevant training procedures for employees?

South Stream Transport's approach and standards with respect to human rights are set forth in the *Code of Corporate Ethics*, which is to be signed by all its employees. The *Code* forms an integral part of agreements made with contractors and suppliers, including construction companies.

To mitigate relevant risks of violations, South Stream Transport requires that its contractors conduct trainings for security personnel on how to apply force and observe human rights. In addition, we insist on background checks for security personnel and make sure that security firms are closely monitored.

Have there been any previous cases of compensations to stakeholders for damages caused by the project implementation?

The bulk of claims received from stakeholders during the construction in 2018 and 2019 were related to the project's impact on animal farms and fishery in Turkey.

For instance, in Turkey, after a special assessment of the economic impact of the construction works on the fishing industry in Kiyikoy, compensations were awarded in 2018–2019 to some 200 Turkish ship owners and divers, as well as to 513 crew members. We also developed and implemented a damage compensation scheme for animal farms, with funds allocated to some 50 farms to pay for animal food, water, and herd management.

The overall approach to assessing claims for damages during the TurkStream construction is set forth in South Stream Transport's *Compensations Management and Livelihood Restoration Program*. We are now making sure that all claims related to the construction stage are considered and closed. We have developed a similar framework regulation for the operational stage which helps streamline the company's approach to compensations or claims for damages (if any).

(79) South Stream Transport B.V. is responsible for the construction and operation of the offshore section of the TurkStream gas pipeline.

Natural Gas Storage

843.3 mcm

maximum possible daily capacity of Russian UGS facilities

23 UGS

facilities operated in Russia

PSJC Gazprom's underground gas storage (UGS) facilities are part of the Russian Unified Gas Supply System and serve to manage daily and seasonal fluctuations in gas supplies. They can cover up to 30% of daily gas supplies in peak periods. In Russia, PJSC Gazprom operates 23 UGS facilities in 27 geological structures.

By the beginning of the 2019/2020 withdrawal season, PJSC Gazprom secured an operating reserve of 72.232 bcm of gas and achieved a potential maximum daily deliverability of 843.3 mcm – the highest volume for the last decade and a 36% rise as compared to the 2009/2010 withdrawal season.



For more details on natural gas storage see PJSC Gazprom Annual Report 2019⁸⁰

PJSC Gazprom uses both own and rented gas storage capacities abroad. By the end of 2019, PJSC Gazprom secured an operating reserve of 11.7 bcm of gas in European UGS facilities. By the beginning of the 2019/2020 withdrawal season, its operating reserve of gas in FSU countries stood at 1.18 bcm.

UGS Development Plans

In the medium term, PJSC Gazprom plans to establish a network of high-performance small-scale underground gas storage facilities with a view to enhancing its operating flexibility in peak demand

seasons. The daily capacity is set to increase by some 200 mcm by the beginning of the 2030/2031 withdrawal season.

(80) PJSC Gazprom Annual Report 2019, pages 96–97, <https://www.gazprom.com/it/posts/72/802627/gazprom-annual-report-2019-en.pdf>

2.5.

Hydrocarbon Sales

2.5.1.

Gas Sales to Russian and International Consumers

235.8 bcm

gas sales by the Gazprom Group in Russia

70.1 %

average gas penetration rate across Russia

3.78 mmt

(5.04 bcm) sales of large-scale LNG in foreign markets

34.3 billion

investments in gas infrastructure development in Russian regions

27.940 tons

exports of small-scale LNG produced and supplied by the Gazprom Group companies in 2019

35.5 %

PJSC Gazprom's share of gas sales⁽⁸¹⁾ in European (non-FSU) gas consumption

2.5.1.1.

Gas Sales to Russian Consumers

The Gazprom Group supplies gas to 68 constituent entities of the Russian Federation (in eight federal districts), with the largest consumers being Moscow and St. Petersburg, the Moscow and Samara

Regions, and the Republics of Tatarstan and Bashkortostan. In 2019, the Gazprom Group sold 235.8 bcm of gas to Russian customers, which is 3.9 bcm or 1.6% less than in 2018.

For more details on the Gazprom Group's gas sales to Russian consumers, see Appendix 4.

Breakdown of gas sales in Russia, 2019



2.5.1.2.

Customer Relations

In Russia, PJSC Gazprom supplies natural gas to consumers via its subsidiary, Gazprom Mezhrefiongaz LLC. The company sells gas to regional distribution companies which, in turn, enter into contracts with, and directly collect payments from, end customers, including the population. Many regional gas companies operate as a single point of contact dealing with requests for connection to gas distribution networks. Some regional companies maintain customer accounts on

their corporate web sites, which helps streamline communications and document workflow.

The quality control of natural gas sold enables PJSC Gazprom to determine the most efficient way of gas transportation and supply based on its commercial and technical properties. The quality of gas supplied complies with GOST 5542-2014 and OST 51.40-93.

(81) Under contracts of Gazprom Export LLC.



10 REDUCED
INEQUALITIES



Our goal is to provide every household with natural gas. ”
Gas infrastructure expansion across Russia helps create equal conditions for people’s comfortable living.

Sergey Gustov

Director General, Gazprom Mezhtregiongaz LLC

Gazprom Mezhtregiongaz plays a key role in expanding gas infrastructure across Russia and ensuring reliable natural gas supplies to all consumer categories. Since 2005, the gas penetration rate has increased from 53.3% to 70.1% in Russia thanks to Gazprom.



Once in three years, PJSC Gazprom performs mandatory certification of gas in a specialized accredited institution. Certified products are subject to annual inspection control in line with gas certification rules.

PJSC Gazprom's retail subsidiaries monitor customer satisfaction with respect to product quality. The following tools are applied by PJSC Gazprom to collect customer feedback:

hot Line (via phone, web site);

customer feedback book;

social media.

The results obtained are taken into account when developing the programs for better communications with stakeholders.

GRI 416-2

The reporting period saw no legal incidents with PJSC Gazprom's products affecting consumer health and safety.

2.5.1.3.

Gas Infrastructure Expansion in Russian Regions

PJSC Gazprom expands its gas infrastructure in Russian regions in line with the *Regional Gas Infrastructure Expansion Program*. In 2019, the *Program* covered 66 constituent entities of the Russian Federation; a total of 124 gas supply facilities with a length of 1,880 km were built. In 2019, investments under the *Program* amounted to RUB 34.3 billion, a 37.2% increase over the last four years (2016–2019). Since 2005, gas infrastructure penetration as a result of the *Program* has increased from 53.3% to 70.1% in Russia, from 34.8% to 61.8% in rural areas, and from 60.0% to 73.0% in cities.

In 2019, 86 gas infrastructure facilities with a total length of 1,196.8 km were brought into operation, including:

9 high-pressure gas pipelines to residential communities;

exit gas pipeline for connection to existing grids;

76 inter-settlement gas pipelines.

When implementing the *Program*, PJSC Gazprom is facing such challenges as insufficient regional funding of the measures to be implemented to prepare customers to the receipt of gas, as well as debts for gas supplies.

2.5.1.4.

Gas Infrastructure Expansion Plans

In 2020, investments under the *Regional Gas Infrastructure Expansion Program* are expected to stand at RUB 39.261 billion.

It is planned to complete the construction of 141 gas pipelines with a total length of 2,350 km, which will help bring gas to 78,900 households

and apartments and 410 boiler houses in 319 localities. By 2020, the gas infrastructure penetration rate in Russia is set to increase by 1.3 p.p. to 71.4%. By the end of 2030, the average gas infrastructure penetration rate across Russia is expected to reach 82.9%.

2.5.1.5.

Gas Sales to International Consumers

Pipeline Gas Supplies. In 2019, the bulk of our natural gas sales went to Western, Central and Eastern Europe, FSU countries, and China.

Despite a highly competitive environment in the European gas market in 2019, PJSC Gazprom⁸² maintained its export volumes at 199.0 bcm, nearly on par with 2018 (down 1.4% year-on-year). The reduction in natural gas supplies was mainly driven by weather effects, higher LNG supplies and economic challenges in some countries. In 2019, PJSC Gazprom's share of gas sales⁸³ in European (non-FSU) gas consumption was 35.5%.

FSU countries are second major gas market for PJSC Gazprom. In 2019, PJSC Gazprom sold 36.5 bcm of natural gas in FSU countries excluding Russia, which is 2.4% more than in 2018. The growth was due to higher gas exports to Kazakhstan.

After the Power of Siberia gas pipeline was brought into operation in December 2019, PJSC Gazprom supplied 0.328 bcm of natural gas to China.

For more details on gas sales to international consumers see Appendix 4.

(82) Under contracts of Gazprom Export LLC, including volumes sold by Gazprom Export LLC via gas auctions and through trading operations. The 2019 sales volumes include repo transactions for a total of 7.6 bcm.

(83) Sold by PJSC Gazprom under contracts of Gazprom Export LLC. Including the EU-28 countries, but excluding the Baltic states, as well as Albania, Bosnia and Herzegovina, North Macedonia, Norway, Serbia, Turkey, and Switzerland.



The Power of Siberia gas pipeline unlocked new opportunities for regional development.

Vladislav Borodin
Director General of Gazprom Transgaz Tomsk

How did you engage with stakeholders at various stages of the Power of Siberia project implementation, including design development, construction and launch?

When the project commenced, Gazprom Transgaz Tomsk signed cooperation agreements with the Governments of the Republic of Sakha and the Amur Region for the duration of the construction and operation periods of the Power of Siberia gas trunkline; these agreements set out the principles of interaction governing the implementation of production and investment programs, coordination of works and performance of environmental reviews, and recruitment of qualified personnel from amongst local residents. We also signed an Agreement on Information Support with a view to gathering project information and keeping regional governments informed about the project in a more consistent way.

To make the most of stakeholder feedback, Gazprom Transgaz Tomsk holds regular meetings with authorities, public representatives, and the media. We discuss such matters as participation of local businesses in Power of Siberia, staff training, gas infrastructure expansion, interaction with indigenous minorities of the North, as well as the company's social and charitable priorities.

What do you do to support indigenous minorities of the North living in the areas of the Power of Siberia project implementation?

Back in 2016, we signed agreements with six communities of indigenous minorities of the North living in the areas where Power of Siberia was built. These documents aim to protect their traditional lifestyles and crafts and also provide for compensations to cover possible damage to their ancestral grounds. Compensations were paid in due time following necessary ethnological reviews and assessments.

Gazprom Transgaz Tomsk takes an active part in preserving cultural traditions of indigenous peoples, supports national festivals such as Yhyakh Tuymaady and the Days of the Evenki People.

What social and economic effects has Power of Siberia had on local communities when under construction and once launched? Will it help boost the gas infrastructure expansion?

In 2019 alone, total taxes related to Power of Siberia that were paid to regional budgets exceeded RUB 510 million.

As of the end of 2019, the branches established to support the gas pipeline construction and subsequent operation created more than 1,400 jobs. The plan is to increase this number by more than 1.5 times by 2022. In addition, many branches employ up to 80–90% of their staff locally.

Gazprom Transgaz Tomsk partners with leading regional universities to hold career guidance events and job fairs. As of the end of 2019, 22 students from the Republic of Sakha (Yakutia) and the Amur Region study at higher educational institutions under employer-sponsored training agreements getting ready to be employed by Gazprom Transgaz Tomsk.

The construction of Power of Siberia enabled Gazprom to start expanding its gas infrastructure in the southern areas of the Republic of Sakha and the Amur Region. In the latter, a gas pipeline branch and the Ulegorsk gas distribution station are already built to supply gas to the Vostochny Cosmodrome and Tsiolkovsky Closed Town, and design works are nearly completed for an inter-settlement gas pipeline to be constructed. The plan for 2020 is to finish the design and survey works for future gas supplies to the town of Svobodny. In 2019, infrastructure design works were carried out to provide for gas supplies to the towns of Olyokminsk and Aldan and settlements of Bechencha and Iyengra in Yakutia.

The Programs for Gas Infrastructure and Gas Supplies Expansion in the Amur Region and Republic of Sakha in 2021–2025 are now being agreed. In the longer run, between 2020 and 2035, we expect gas to be in much greater demand from all consumers in these regions. The annual gas consumption is likely to rise from 86.2 to 4,201.8 mcm in the Amur Region and from 0 to 2,491.5 mcm in the Republic of Sakha.

PJSC Gazprom exports natural gas to foreign markets mostly under long-term contracts at the prices that depend on both gas prices quoted on trading platforms and global prices for petroleum products.

PJSC Gazprom develops new high-tech trading tools and constantly increases their share. PJSC Gazprom's proprietary electronic trading platform (ETP) features a number of unique advantages, making it possible to sell gas at both highly liquid gas hubs in Europe and illiquid border points of handover. The ETP provides for an additional gas marketing channel where prequalified and registered companies can enter into

natural gas supply contracts from time to time and at various hand-over points. In 2019, a total of 15.14 bcm of gas were sold via the ETP.

In the reporting year, PJSC Gazprom continued to develop its trading operations and entered into its first EFET agreement with Vitol, with the first transaction effected in December 2019. A contract was also concluded with the Griffin Markets gas broker. On top of that, the Company made its first commodity (gas) repo transactions in 2019 for a total of 7.6 bcm of gas⁸⁴.

2.5.1.6.

Liquefied Natural Gas Supplies

The Company ramps up LNG production volumes to tap into new markets which are beyond the reach of pipeline gas. The Gazprom Group keeps enhancing its LNG trading portfolio by both implementing its own projects and purchasing LNG from third parties.

Gazprom supplies large-scale LNG to the Asia-Pacific Region (APR) and Europe. The APR is the main destination for international LNG exports from the Gazprom Group's trading portfolio (69% of supplies). In 2019, the Gazprom Group sold 54 LNG shipments for a total of 3.78 mmt (5.04 bcm), which is generally in line with the sales observed in

2018. The bulk of the Group's LNG supplies in 2019 went to China (about 23%) and India (about 22%).

The Sakhalin II project accounted for 33% of the Gazprom Group's LNG sales in foreign markets. Going forward, Gazprom intends to expand its LNG trading portfolio by implementing new projects.



For more details on the Gazprom Group's LNG supplies see Appendix 4 and PJSC Gazprom Annual Report 2019⁸⁵

2.5.1.7.

Small-Scale LNG Supplies

In 2019, small-scale LNG exports⁸⁶ totalled 443,500 tons, including 27,940 tons produced and supplied by the Gazprom Group's enterprises. Since 2016, the Gazprom Group's enterprises have ramped up their LNG exports by 68% on the back of a wider sales geography,

which now includes the Baltic states, the Republic of Belarus, and Kazakhstan along with usual destinations (Poland, the Czech Republic). In 2019, Gazprom sent its first small-scale LNG shipment by rail from Yakutia to Mongolia.

GRI 416-1

The Gazprom Group⁸⁷ is the only supplier under EU REACH and CLP environmental regulations for 100% of exported products. PJSC Gazprom continuously monitors the environmental legislation in the European Union and elsewhere for new requirements to chemicals. The Company updates product safety data sheets in line with the

new requirements, in particular those applicable to classification and labelling, and conducts additional research on the composition and physical and chemical properties of its products in compliance with the European Chemicals Agency (ECHA) standards.

(84) From August 1 to December 30, 2019.

(85) PJSC Gazprom Annual Report 2019, pages 114–115, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(86) Small-scale LNG produced by the Gazprom Group enterprises and others and sold by Gazprom Export LLC.

(87) Gazprom Export LLC in collaboration with the Special Envoy to the EU – Gazprom Marketing & Trading France.

Existing and prospective market destinations, pipeline gas and LNG flows



Existing export supply routes and directions

“Nord Stream”	—	“TurkStream”	—	Bovanenkovo – Ukhta 2	—	Gryazovets – Vyborg	—
Yamal – Europe	—	Urengoy – Uzhgorod	—	Ukhta – Torzhok 2	—	LNG supplies	—
“Blue Stream”	—	“Power of Siberia”	—				

Pipelines under construction



Prospective supply routes



LNG production, processing, and regasification facilities

- ☆ LNG plant on Sakhalin Island
- ☆ Regasification terminal in Kaliningrad
- ☆ LNG production, storage and shipping complex near Portovaya compressor station
- ☆ Project for the creation of an integrated complex for natural gas processing and liquefaction near the settlement of Ust-Luga
- ☆ Phase 3 of LNG plant on Sakhalin Island

Existing transport destinations for 2020

>95%	West	<5%	East
>95%	Pipeline transport	<5%	LNG

Existing transport destinations for 2030

70%	West	30%	East
90%	Pipeline transport	10%	LNG

2.5.1.8.

Plans for Pipeline Gas and LNG Sales to International Consumers

Gazprom intends to maintain its leadership across key export destinations by leveraging flexible market mechanisms and ramping up supplies via cutting-edge gas pipelines working with a minimum carbon footprint.

The Company will keep expanding its ETP capabilities by offering more flexible delivery terms and convenient sales tools, and entering into framework agreements to facilitate counterparty relationships.

New additions to LNG capacities will help ramp up export volumes and enhance access to distant gas markets. The share of LNG sales in PJSC Gazprom's export portfolio is projected to reach 10% by 2030.

2.5.2.

Sales of Oil and Gas Condensate

In 2019, the Gazprom Group's crude oil and stable gas condensate sales amounted to 27.27 million tons.



For more details on PJSC Gazprom's sales of oil and gas condensate see PJSC Gazprom Annual Report 2019⁸⁸

2.5.3.

Sales of Refined Oil and Gas Products

The Gazprom Group sold 70.18 million tons of refined oil and gas products in 2019.

In 2019, Gazprom Neft continued developing its own gas station (GS) network. It also enhanced small-scale marketing channels and



For more details on Gazprom's sales of refined oil and gas products see PJSC Gazprom Annual Report 2019⁸⁹



For more details on sales of petroleum products see Gazprom Neft Annual Report 2019⁹⁰

(88) PJSC Gazprom Annual Report 2019, page 118, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(89) PJSC Gazprom Annual Report 2019, page 119, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(90) Gazprom Neft Annual Report 2019, pages 81–97, https://ir.gazprom-neft.com/upload/iblock/8a0/2019_annual_report_en.pdf

2.5. Hydrocarbon Sales

2.5.3.1. Customer Relations

Gazprom Neft's interaction with all consumer groups, both wholesale and retail ones, lies at the heart of its sales activities. To raise awareness among its customers, the company uses several communication channels, including the Unified Customer Support Center, official social media communities of the Gazprom Neft GS network, face-to-face communication with employees at GS facilities, and advertising.

The comprehensive 360-Degree Quality program launched in 2019 seeks to coordinate the company's PR and marketing functions, internal and external experts and line personnel at GS facilities for a better

fuel quality perception by the customers of the Gazprom Neft retail GS network.

At the gas stations of Gazprom Neft, each customer can get information about the physical and chemical properties of petroleum products on sale, with quality data sheets publicly available and placed at information boards. All GS facilities are subject to additional fuel tests at least once a month. The fuel quality inspections are always conducted without prior notice to GS and retail branch personnel.

GRI 416-2

2019 saw no incidents of non-compliance concerning the quality and authenticity of the Gazprom Neft's products.

Natural Gas Vehicle Fuel Market Development

Russia’s transition to a low-carbon economy requires a further boost to natural gas vehicle (NGV) fuel production and improvements in the infrastructure for users. Natural gas is the most efficient, environmentally

friendly and safe kind of fuel. Its use as vehicle fuel is associated with a number of positive effects for society in general.

Economic effect. Domestic natural gas prices in Russia make it possible to reduce fuel costs by up to 60%, which makes the transport and logistics chain more efficient and Russian products more competitive.

Environmental effect. The use of methane as vehicle fuel improves the urban environment and the standards of living. Vehicles are a major source of discharges into the environment, accounting for about 40% of aggregate air emissions (80–90% in big cities) and about 10% of GHG emissions.

Social effect. The use of natural gas in certain transport segments will contribute to social solutions such as capping municipal passenger fares and consumer prices for everyday goods, as well as cutting fuel costs for low-income families as a result of switching to methane.

Relations with authorities. PJSC Gazprom is working together with authorities towards the successful development of the NGV fuel market in Russia. At the initiative of PJSC Gazprom, the government took measures to support this market segment, including subsidies for the construction of gas refilling facilities. Other key measures of government support include tax incentives, with the transport tax reduced or slashed to zero for NGVs in 25 constituent entities of the Russian Federation.

As a result of joint efforts of PJSC Gazprom and the Ministry of Energy of the Russian Federation, the Energy Sector Development Program of the Russian Federation⁹¹ was supplemented with the NGV Fuel Market Development Subprogram aimed at boosting the use of natural gas as vehicle fuel, developing the gas refilling infrastructure, and increasing the number of NGVs. The targets are to boost the use of

natural gas in the transport sector by almost four times to 2.7 bcm per year by 2024 and to expand the stationary methane refill station network to 1,273 units. RUB 19.29 billion has been allocated for the NGV Fuel Market Development Subprogram.

In order to facilitate the projects aimed at creating the LNG production and marketing infrastructure, PJSC Gazprom has prepared proposals for the Russian government’s draft resolution On Approval of the Rules for Granting Subsidies from the Federal Budget to Legal Entities for Partial Reimbursement of Expenses on Investment Projects to Build LNG Production and Fuelling Infrastructure Facilities, which will improve the financial and economic aspects of LNG projects for investors.

NGV Fuel Market Development in Russia and Abroad

326 units	number of gas filling facilities owned by the Gazprom Group and Gazprom Gazomotornoye Toplivo LLC in Russia	2.45 bcm	total capacity of the gas filling stations network
68 units	number of CNG filling stations of the Gazprom Group in Europe	39 units	number of CNG filling stations of the Gazprom Group in FSU states

The Russian NGV fuel market development is strategically important for PJSC Gazprom. However, there are growth constraints for this market such as underdeveloped fuelling and service infrastructure, a limited number of NGVs, high costs associated with converting vehicles from conventional fuels, and low public awareness of the benefits of natural gas as a vehicle fuel.

There are a total of 447 gas filling stations currently operating in Russia, of which 326 are owned by the Gazprom Group and Gazprom Gazomotornoye Toplivo LLC⁹². CNG sales at filling stations increased by 30% to 779 mcm in 2019. The overall capacity of the refill stations network reached 2.45 bcm of natural gas per year. In the reporting year, Gazprom Gazomotornoye Toplivo LLC invested RUB 6,247 million in the

(91) <https://minenergo.gov.ru/node/323>
(92) Gazprom Gazomotornoye Toplivo LLC is not included in the IFRS consolidated statements of PJSC Gazprom. Gazprom Gazomotornoye Toplivo LLC is a single operator for the development of the NGV fuel market and has been included in the Report because the Development of the NGV Fuel Market was recognized as a material topic.

2.6.

Natural Gas Vehicle Fuel Market Development

development of gas filling infrastructure facilities, and built 28 new gas filling stations⁹³.

As of the end of December 2019, the Gazprom Group and Gazprom Gazomotornoye Toplivo LLC operated their CNG filling stations in 63 constituent entities of the Russian Federation. Fast-track pilot NGV market development projects were underway in five regions (St. Petersburg, as well as the Belgorod, Kaliningrad, Leningrad and Rostov Regions). PJSC Gazprom continued converting its vehicles to natural gas under the *Program for the construction of gas filling infrastructure at the industrial sites of Gazprom subsidiaries*. From 2014 through 2019, the number of NGVs in the Company's vehicle fleet reached 12,300 units – more than 50% of all vehicles suitable for conversion to natural gas – generating RUB 4.8 billion in savings and reducing pollutant emissions by more than 108,600 tons.

Furthermore, PJSC Gazprom is expanding its LNG sales. LNG refilling services were offered in the Sverdlovsk, Kaliningrad and Kemerovo Regions. A cryo unit at the Moscow Gas Processing Plant provided LNG to 25 semi-trailer trucks owned by Avtomobilnaya Kompaniya – Mostrans LLC.

Turning to foreign markets, the Gazprom Group sold 13.8 mcm of natural gas as a vehicle fuel through its own stations in Germany, the Czech Republic, Serbia and Poland in 2019, which is 7% more than in 2018. As of the end of December 2019, the Gazprom Group operated 68 CNG filling stations in Europe. In FSU states, with 39 CNG filling stations operated by the Gazprom Group, CNG sales totalled 55.4 mcm, which is 30.9% more than in 2018.

GRI 416-2

No incidents of non-compliance with the NGV fuel quality regulations concerning the health and safety impacts of products and services resulting in a fine or penalty were recorded in 2019. The quality of CNG for internal combustion engines is controlled daily, with certain physical and chemical characteristics checked against GOST 27577-2000. During the reporting period, Gazprom Gazomotornoye Toplivo LLC launched a Hot Line, which received 7,162 queries, including:

2,898 information queries;

2,838 queries to the commercial divisions of branches;

1,210 complaints;

211 customer support queries;

5 construction proposals.

The quality of natural gas sold in foreign markets at the Gazprom Group's CNG filling stations is guaranteed by gas network operators. No complaints about natural gas quality were received from customers.

2.6.2.

NGV Promotion among Customers

PJSC Gazprom uses a variety of tools to enhance consumer awareness about NGV fuel. Special web sites feature information about the existing CNG filling station network (www.gazprom-gmt.ru), help customers map their route in such a way as to be able to use the stations, or show the NGV model range (www.eco-gas.ru). The EcoGas brand

has been developed for natural gas offered at PJSC Gazprom's CNG filling stations. As a result of marketing programs, 10,296 vehicles were converted to natural gas in 2019. Another tool to promote NGV fuel is motor rallies held in Russia and abroad.

(93) As part of the investment program run by Gazprom Gazomotornoye Toplivo LLC.

Russia sees an increasing number of natural gas vehicles, which is great as methane allows you to save more while also reducing harmful impacts on air and climate.

”

Alexander Samoylenko

Compressor Operator, CNG Filling Station 2 in
St. Petersburg, Gazprom Gas-Engine Fuel LLC

Has been working in the NGV sector for 25 years now. Pays special attention to industrial and occupational safety while providing consumers with compressed natural gas, and ensures high-quality service. Winner of the Best Compressor Operator at Gazprom Gas-Engine Fuel LLC award.



In 2019, the Gazprom Group and Germany's Uniper sponsored the Blue Corridor – Gas into Engines rally. The route symbolically connected the starting and ending points of the TurkStream and Nord Stream 2 gas pipelines, spanning Turkey, Bulgaria, Serbia, Croatia, Slovenia, Italy, Belgium, Austria, Germany, and Russia. The participants covered over 8,000 km. The race featured more than 20 cars, trucks and passenger vehicles powered by CNG and LNG. The NGVs proved they are highly reliable and demonstrated the efficiency of natural gas as a vehicle fuel. During the Russian part of the rally, the natural gas refuelling costs were 2–3.5 times lower than those for conventional fuels.

NGV Market Development Plans

In the regions, the implementation of the federal subsidies program for investment into the NGV market will be continued. To enhance and streamline the procedures aimed at receiving the government support, it is planned to establish interaction with the authorities in the regions that are home to the cities participating in the Clean Air federal project under the Environment national project⁹⁴. This should provide additional

co-funding from the government for the construction and reconstruction of CNG filling stations with the use of public-private partnership agreements.

In order to fulfil its plans for the creation of NGV fuel corridors, PJSC Gazprom will continue building gas refilling infrastructure along key long-distance federal highways.

(94) <https://нацпроектэкология.рф/proekt/chistyj-vozduh/>

Heat and Electricity Generation

40.13 GW

the Gazprom Group's installed electric capacity in 2019

70,270 Gcal/h

the Gazprom Group's installed thermal capacity in 2019

The Gazprom Group is one of Russia's largest companies in terms of generating assets, featuring 40.13 GW of installed electric capacity and 70,270 Gcal/h of installed thermal capacity.

GRI 102-10

The Group's power sector assets are managed by Gazprom Energoholding LLC. At the end of 2019, Gazprom Energoholding acquired 100% of the authorized capital of JSC REP Holding, a manufacturer of equipment for gas transmission systems and

power generation facilities. With REP Holding now part of Gazprom Energoholding, the customer–manufacturer relations will be streamlined, and production localization projects will be implemented.

Gazprom Energoholding in figures

16%

Share in the installed electric capacity of Russia's UES power plants (38.75 GW)

9.2%

Share in Russia's total heat generation

13.7%

Share in Russia's electric power generation

>80%

of heat is generated by TPPs

17.23%

Share in total electric power supply in the first price zone

79 power plants

were in operation at Gazprom Energoholding as of the end of 2019

2.25%

Share in total electric power supply in the second price zone

89.55%

Natural gas accounts in the fuel balance structure of Gazprom Energoholding

8%

Share in the installed thermal capacity of Russia's generating assets (67,320 Gcal/h)

Gazprom Energoholding is Russia's largest thermal power producer, supplying heat to about 20 million people. The Group's generating assets are located in 17 Russian regions

Heat and Electricity Generation and Sales

Gazprom Energoholding generated a total of 143.07 billion kWh of electric power in Russia in 2019, which is 2.4% less than in 2018, as hydro generation decreased and the generating equipment was optimized. Heat generation amounted to 115.26 million Gcal in 2019, which is 7.3% less than in 2018, due to an unusually warm winter

season. In 2019, the companies of Gazprom Energoholding sold 152.83 billion kWh of electric power and 110.85 million Gcal of thermal power.

Gazprom Energoholding also exported electricity to Finland in the reporting period, with the actual export supply volume amounting to 0.72 billion kWh.

For more details on the electricity and heat generation and sales by the generating companies of Gazprom Energoholding LLC see Appendix 4.

2.7.2.

Relations with Electric Power and Capacity Consumers

Gazprom Energoholding sells electric power and capacity predominantly on the wholesale market. The key customers are major users, energy sale (energy supply) organizations and guaranteeing suppliers that procure electric power or capacity for sale to end customers, including residential customers.

Gazprom Energoholding liaises with major wholesale customers mainly on the platform provided by the Association “Nonprofit Partnership Council for Organizing Efficient System of Trading at Wholesale and Retail Electricity and Capacity Market” (Association “NP Market Council”). In 2019, the Association’s Supervisory Board held 16 meetings in absentia and 12 in-person meetings.

2.7.3.

Relations with Heat Consumers

Interaction with the consumers of heat is based on their category.

In the heat supply segment, key customers are property and housing management companies (60%), state-funded organizations, including the Ministry of Defence of the Russian Federation (12%), heat supply companies (6%), residential customers (4%) and other consumers (18%).

In most of Gazprom Energoholding’s companies, interaction with residential customers is a separate business process carried out by a relevant structural unit, whose task is to ensure affordable terms and convenience for consumers. To improve the quality of interaction, remote services such as call centers and personal online accounts are being developed and adopted.

In 2019, a large-scale information campaign was launched in the Moscow Metro, aimed at improving consumer awareness about heat supplies. The campaign featured video clips about the specifics of centralized heat supply, explaining some technical details of heat supply processes in an entertaining and understandable way.

A customer survey was conducted across all companies of Gazprom Energoholding in 2019, which showed that the customers are highly satisfied with the services provided.

GRI 416-2

No incidents of non-compliance with electric and thermal power quality regulations concerning the health and safety impacts of products and services were recorded in 2019.

2.7.4.

Electric and Thermal Power Projects

In 2019, the launch of Power Unit No. 2 (184 MW) of the Grozny TPP marked the completion of the ambitious investment program aimed at building new generating capacities under capacity supply agreements (CSAs). From 2007 through 2019, PJSC Gazprom brought into operation 9 GW of new capacities under CSAs, including 18 combined cycle gas

turbine units, 5 steam power units, 8 hydroelectric units, and 6 gas turbine units.

Outside of CSAs, key projects in 2019 included the construction of the Svobodny TPP for supplying power to the Amur GPP and the combined cycle TPP in Pancevo (Serbia) with a capacity of about 200 MW.

In 2020–2021, it is planned to bring into operation the Svobodny TPP, as well as the Pancevo TPP in Serbia. More than 2 GW of inefficient capacities are planned to be decommissioned before 2022.

Contribution to National Industrial Development

RUB **3,174.6** billion

value of goods and services procured by the Gazprom Group from Russia-based (resident) companies

59%

share of SME suppliers among counterparties

99.5%

share of domestic products in centralized supplies to PJSC Gazprom

RUB **35.5** billion

economic benefit from import substitution activities in 2016–2019

The Gazprom Group increases the share of goods procured from domestic manufacturers and actively engages with SMEs and Russian

suppliers of innovative technologies, thus spurring the country's industrial development.

2.8.1.

Procurement

GRI 102-9

The Gazprom Group companies carry out large-scale procurement of goods, works and services, thus supporting regional economies and creating new jobs. Procurement is part of the Group's supply chain management.

The Company's procurement activities are primarily governed by the *Regulation on Procurement of Goods, Works and Services by PJSC Gazprom and Gazprom Group Companies*⁹⁵. In late 2019, the document was amended to include, apart from other things, a requirement for the new procurement by-laws adopted by the Gazprom Group companies to comply with the Regulation on a mandatory basis.

In 2019, PJSC Gazprom developed and adopted *PJSC Gazprom's Program to Improve the Procurement Management* with the goal of optimizing its uniform procurement system⁹⁶. One of the *Program's* goals is to encourage competition in procurement from SMEs.

The Gazprom Group is committed to responsible partnership and extensive use of electronic information technologies in its relations with all suppliers. To participate in electronic procurement procedures, suppliers need to be registered with the Electronic Trading Platform of Gazprombank (GPB ETP). The platform is integrated with the Unified Information System in the sphere of public procurement (www.zakupki.gov.ru) and the Automatic Electronic Procurement System of PJSC Gazprom (<https://zakupki.gazprom.ru/>). Fair competition among suppliers is ensured, among other things, through pre-qualification.

Most of procurement at the Gazprom Group is performed through competitive bidding. In 2019, competitive bidding and market research

resulted in the signing of 16,900 contracts worth RUB 520 billion, and the savings amounted to RUB 19.6 billion. In 2019, 99.8% of the Group's competitive bidding and market research procedures were performed in electronic form. SMEs accounted for more than a half (59%, or 13.6 thousand) of the Gazprom Group's total number of suppliers (22.9 thousand) under the contracts for the provision of goods, works and services signed in 2019.

For the purpose of streamlining the interaction with entrepreneurs, PJSC Gazprom offers the web portal of the Single Point of Contact System (<https://www.oknogazprom.ru/>) that enables the entrepreneurs to submit their innovative proposals to the Company. In 2019, PJSC Gazprom received 93 submissions from SMEs through the Single Point of Contact System.

Small businesses have an opportunity to participate in small-scale procurement, submitting their bids for contracts worth up to RUB 1 million, and can also use the GPB ETP's Small-scale Procurement Trading Portal. As of December 31, 2019, price lists with a total of 369,000 items were placed on the Portal by over 11,000 suppliers, including over 8,500 SMEs. In 2019, the orders placed through the Trading Portal amounted to RUB 3.128 billion, including RUB 2.147 billion attributable to the orders placed with SMEs.

Potential bidders have an opportunity to submit suggestions, comments and complaints through the Procurement section of the Company's official web site (<http://www.gazprom.ru/tenders/feedback/>). All the feedback received in 2019 was reviewed and addressed.



For the Gazprom Group's supply chain chart see PJSC Gazprom Annual Report 2019⁹⁷



For more details on the Regulation on Procurement see⁹⁸

(95) Approved by resolution of the Board of Directors of PJSC Gazprom No. 3168 dated October 19, 2018 (as amended by resolution of the Board of Directors of PJSC Gazprom No. 3337 dated November 19, 2019).
(96) Approved by order of PJSC Gazprom No. 239 dated May 24, 2019.

(97) Page 40, PJSC Gazprom Annual Report 2019, <https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf>

(98) <https://www.gazprom.ru/f/posts/21/053269/2019-11-19-provisions-on-procurement.pdf>

GRI 102-44, GRI 414-1
Questions from Stakeholders

Are suppliers assessed for compliance with environmental and social criteria?	<p>As per the Regulation on Procurement, the documentation for the suppliers includes the safety requirements to products, works and services as set out by the procuring party and provided for by technical regulations in compliance with the legislation of the Russian Federation.</p> <p>Apart from that, PJSC Gazprom carries out the pre-qualification procedure for its suppliers (contractors, vendors) in order to compile the Gazprom Group’s Register of potential bidders who meet the corporate requirements. To verify whether a supplier complies with the requirements (including those related to environmental, industrial and occupational safety), the Company conducts technical audits at the supplier’s production site at the pre-qualification stage.</p> <p>For example, in 2019, Gazprom Neftekhim Salavat assessed its suppliers against social criteria using the “Business Reputation” indicator. Only 266 (26%) out of 1,023 new suppliers passed the assessment.</p>
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2.8.2.

Import Substitution

<p>The Company's import substitution activities are conducted in accordance with the PJSC Gazprom Corporate Import Substitution Plan⁹⁹. In 2019, the Company drafted an updated Plan for the period until 2025, covering the gas, oil and power generation businesses and including the information about the results brought about by the integration of activities in developing high-tech import substituting products. The Plan also sets out the set of the activities required for phased replacement of imported products with competitive Russian alternatives.</p> <p>In 2019, PJSC Gazprom extended its collaboration with the constituent entities of the Russian Federation based on the roadmaps</p>	<p>that aim at producing a range of goods in accordance with the Corporate plan and the List of Priority Products for Import Substitution and Production Localization to Promote the Technological Development of PJSC Gazprom¹⁰⁰. In 2019, 20 roadmaps were implemented in 25 constituent entities of the Russian Federation.</p> <p>Gazprom continued to implement and sign new long-term contracts with Russian manufacturers for full-scale production, supply, repair, servicing and maintenance of import substituting products against guaranteed supply volumes in the future years. In the reporting period, nine long-term contracts were implemented.</p>
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In 2019, the Company signed a long-term agreement with Almaz–Antey Air and Space Defence Corporation JSC for the supply of import substituting products against guaranteed volumes to be purchased in the future years. Almaz–Antey is to arrange serial production of equipment for offshore hydrocarbon production, as well the delivery of the equipment to PJSC Gazprom and the technical maintenance, support and repair services required for it.

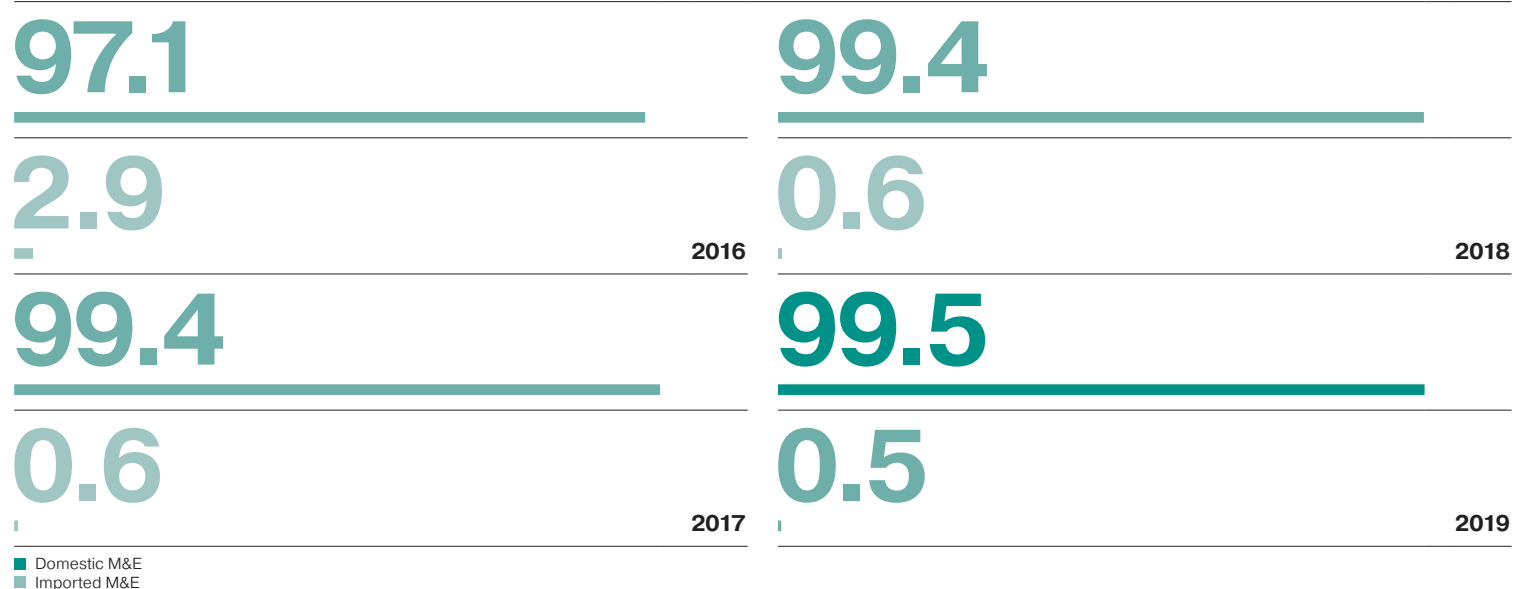
GRI 204-1
According to the information provided by the centralized supplier Gazprom Komplektatsiya LLC, domestic products account for 99.5% of the materials and equipment (M&E) procured.

(99) Approved by order of PJSC Gazprom No. 97 dated February 26, 2018.
(100) The third version was approved by order of PJSC Gazprom No. 229 dated June 13, 2019.

2.8.

Contribution to National Industrial Development

Share of domestic M&E in the supplies by Gazprom Komplektatsiya LLC, 2016–2019, %




PJSC Gazprom pays particular attention to research-intensive and high-tech areas, such as LNG and offshore hydrocarbon production. To make management decisions regarding the substitution of imported technology, equipment and materials more grounded,


PJSC Gazprom performs an annual assessment of economic benefits delivered by the import substitution measures. The total economic benefit from import substitution amounted to RUB 35.5 billion in the period from 2016 to 2019.

For information on the economic benefit from the implementation of import-substituting technologies see Appendix 4.





**Development
is impossible without
embracing changes and
scaling new heights. Innovation
spurs progress, improves our
efficiency and gives us
a more competitive edge.**



Pavel Shatsky

First Deputy Director General, Gazprom Energoholding LLC

In 2019, Gazprom Energoholding LLC completed a large-scale investment program to build and upgrade electric power facilities for a total of 9 GW. The program included two innovative projects unparalleled in Russia. This helped achieve significant environmental results, namely, reduce fuel consumption, greenhouse gas and pollutant emissions, and wastewater discharges.

Innovations and R&D

RUB 12.1 billion	investments in R&D in 2019	289	R&D results implemented in production operations
RUB 10.5 billion	economic benefit from using R&D results in 2019		

2.9.1.

Innovation Management

The development of the Gazprom Group is associated with the continuous work performed to address technological, economic and other challenges that require application of new knowledge and higher efficiency of innovative activities.

In the reporting period, the innovation management framework has not changed.



For more details on innovation management at PJSC Gazprom see the Gazprom Group's Sustainability Report 2018⁽¹⁰¹⁾

PJSC Gazprom's *Innovative Development Program until 2025* is the Company's tool for long-term planning and management of innovative activities. The *Program* covers gas, oil and electric power businesses of the Gazprom Group.



For more details on the Passport of the Program see⁽¹⁰²⁾

The annual *R&D Program of PJSC Gazprom and its subsidiaries* is the short-term planning tool. The *R&D Program* follows unified principles and rules set forth for both the parent company and subsidiaries. The subsidiaries order the R&D activities in order to obtain scientific research results required for their own scope of business. PJSC Gazprom pays particular attention to further implementation of R&D results and the results of protected intellectual property that have proved to be of significant use for PJSC Gazprom, as well as to the commercialization of the rights to such results.

PJSC Gazprom's *Patent Strategy until 2025*⁽¹⁰³⁾, part of the Group's intellectual property management framework, was developed and approved in 2019 for the legal protection of technical and technological solutions developed within the Company. The purpose of the *Patent Strategy* is to ensure efficient intellectual property management performance.

Gazprom is implementing its Informatization Strategy, with the *Gazprom Group's Comprehensive Target Program for the Development of the Integrated Information Environment (IIE) for 2018–2022*⁽¹⁰⁴⁾ being fulfilled as part of it. In line with the *Program*, the Gazprom Group's business and operational activities should be governed by three fundamental principles: integration, innovation, and import substitution.

In 2019, the Gazprom Group continued to implement end-to-end digital technologies (robotic systems, neurotechnologies, and artificial intelligence technologies applied in big data analysis). Information management systems (IMS) providing automation of basic business

processes were being integrated. In 2019, the following main steps were taken under the *Comprehensive Target Program for the Development of the IIE*: data marts were implemented for seven subsidiaries to transition to a tax monitoring system (a form of tax control), and IMS templates by type of activity were introduced at six gas producing subsidiaries, five gas transmission subsidiaries, and PJSC TGC-1.

In 2019, the investment in digitalization at the Gazprom Group amounted to RUB 498.68 million.

The transfer to the low-carbon development scenario strengthened the position of hydrogen as an energy source. The production and use of hydrogen and methane-hydrogen mixtures is a promising area of diversification and is a way to a more efficient use of natural gas.

In the reporting period, the following comprehensive R&D projects were implemented:

development of innovative technologies to use methane-hydrogen mixtures in production operations (to reduce carbon footprint and increase the efficiency of Russian gas supplies);

development of innovative technologies to produce hydrogen from methane without greenhouse gas emissions (to pursue diversification and increase the efficiency of pipeline gas use).

(101) <https://sustainability.gazpromreport.ru/en/2018/1-energy/1-5-contribution>
(102) <https://www.gazprom.com/t/posts/97/653302/prir-passport-2018-2025.pdf>
(103) Approved by order of PJSC Gazprom No. 92 dated March 4, 2019.
(104) Approved by resolution of the Management Committee of PJSC Gazprom No. 39 dated October 23, 2017.

In order to promote innovative activities and introduce innovations into its routine operations, PJSC Gazprom holds an annual competition for PJSC Gazprom's Science and Technology Prize. In 2019, the competition included 17 projects, with the total number of authors reaching 148.

The possibilities and achievements of the corporate science along with the results of PJSC Gazprom's cooperation in the sphere of R&D were demonstrated at the Gas Science and Innovations booth within

the InGAS Stream 2019 – Innovations in the Gas Industry specialist exhibition held as part of the 9th St. Petersburg International Gas Forum.



For other examples of innovative and digital solutions implemented by the Gazprom Group in 2019 see PJSC Gazprom Annual Report 2019¹⁰⁵

The top place in the corporate Science and Technology Prize competition of PJSC Gazprom went to the paper entitled "Rehabilitative and remedial treatment technology for employees of Gazprom". The work was developed by Gazprom Transgaz Moscow in close cooperation with the Industry Clinic and Diagnostic Center and the relevant subdivisions of Gazprom. The paper describes a solution for raising worker productivity. The technology combines early disease detection with rehabilitative and remedial treatment based on a new research and methodological framework involving a purpose-built hardware and software package.

GRI 102-44

Questions from Stakeholders

What digitalization projects were successfully implemented at the Company in 2019?

In 2019, the Company implemented a number of digitalization projects.

- While testing the use of digital data models (DDM) for the design documentation development and the construction of investment projects of PJSC Gazprom, the following DDMs for pilot projects were developed: BCS-3C of the Zapolyarnoye oil, gas and condensate field (OGCF) and pre-development of the Chayandinskoye OGCF.
- The project to create a digital twin for the Yuzhno-Russkoye field was under implementation.
- A prototype of the Industrial safety remote monitoring system for hazardous production facilities was being developed jointly with the Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor) in four subsidiaries of PJSC Gazprom for the purpose of real-time collecting, recording and analysing the parameters of production equipment status and processes.
- The project on the digital transformation of the Gas Sales to Russian Consumers business process was launched, implying end-to-end integration of automated systems in gas supplies using advanced digital technologies. Development of a billing system at Gazprom Mezhtregiongaz LLC is planned as a pilot project.

2.9.2.

Innovation and R&D Results

RUB 498.7 million

spent on digitalization at the Gazprom Group in 2019

In 2019, the overall number of R&D agreements in force rose by 30% and amounted to 243 agreements for a total of RUB 6,991.9 million. 44 contractors were working under R&D agreements as ordered by PJSC Gazprom. 80% of the main scope of work was performed by the Gazprom Group entities.

RUB 1.2 billion

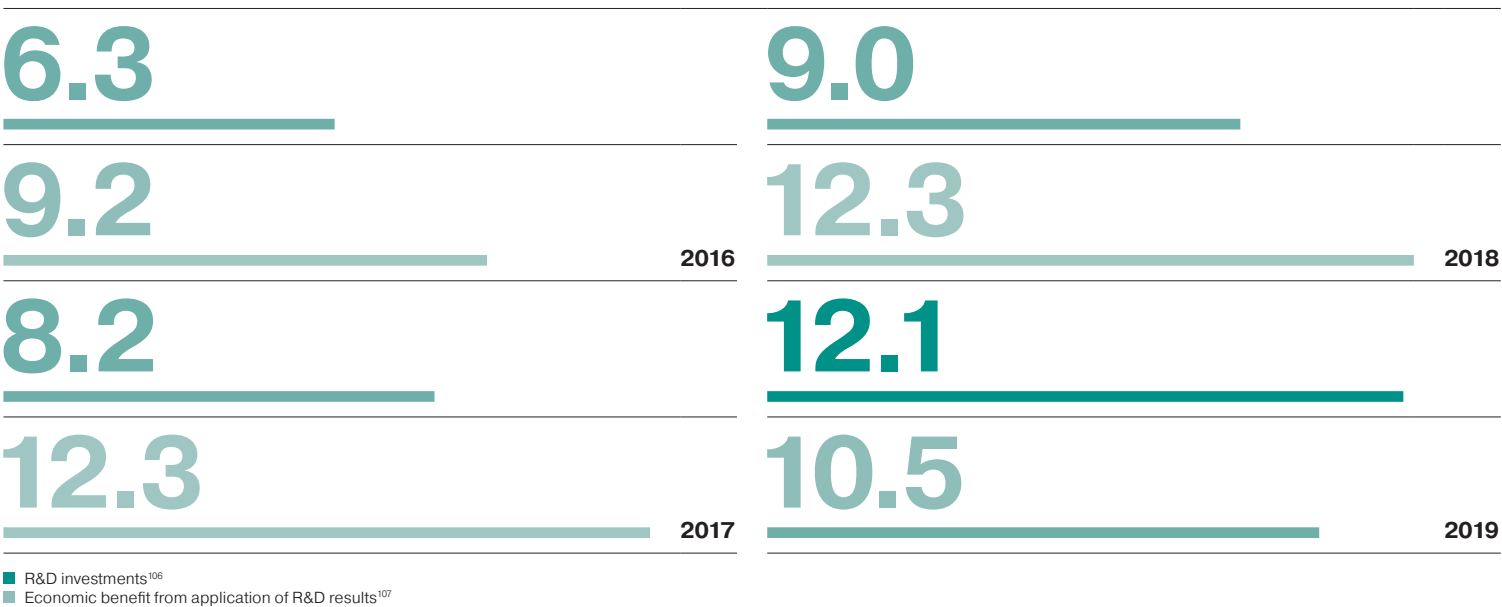
is the planned expenditure for digitalization in 2020

In the current period, 289 R&D results were implemented at PJSC Gazprom for the amount of RUB 3.147 billion.

In 2019, R&D financing at the Gazprom Group grew by 34% against 2018 and totalled RUB 12.1 billion.

(105) PJSC Gazprom Annual Report 2019, pp. 124–126, <https://www.gazprom.com/t/posts/72/802627/gazprom-annual-report-2019-en.pdf>

R&D investments and actual economic benefit, 2016-2019, RUB billion



In 2019, PJSC Gazprom and its subsidiaries received 260 patents on previously submitted applications, including four foreign patents. The economic benefit from using the patented solutions in production operations amounted to RUB 14.5 billion. As compared to 2018,

the overall number of patents increased by 5% and amounted to 2,674 patents, 35 of them protecting technical and technological solutions abroad (including in the Republic of Belarus).

For more information on the use of patents by PJSC Gazprom’s subsidiaries and affiliates see Appendix 4.

2.9.3.

Innovations and R&D Plans

The number of implemented R&D results is expected to reach 300–330 in the year 2020. In order to determine further strategic perspectives of digitalization at PJSC Gazprom, a Digital Transformation

Strategy of PJSC Gazprom is to be developed until the end of 2021 along with a roadmap for its implementation. The amount of investment in digitalization allocated for 2020 stands at RUB 1.2 billion.¹⁰⁸

(106) Including pre-investment studies.
(107) According to the information provided by the subsidiaries of PJSC Gazprom.
(108) The planned amount may be adjusted following the development of the Program’s documents defining the prospects of digital technologies development at the Gazprom Group.

Our Personnel

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3



1 NO POVERTY



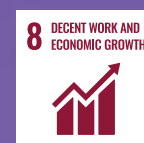
3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS

Employees are one of the Gazprom Group's key strategic resources. High-quality performance of duties and responsible approach to work on the part of our personnel is a key to success and confident future for all stakeholders. The Gazprom Group creates jobs in its regions of operation, offers competitive salaries and a safe workplace environment, and pursues a well-balanced social policy. Personnel recruitment and remuneration are based on the principles of equality and non-discrimination.

HR Management

Traditionally, the Gazprom Group companies are named among the most attractive employers. For example, PJSC Gazprom is among Forbes' Top 10 Best Employers in Russia. Gazprom was ranked first in Universum¹⁰⁹ ratings in:

- Business, Engineering/Natural Science, and Health/Medicine (from students' point of view);
- Business, Engineering/Natural Science (from working professionals' point of view).

The main goal of PJSC Gazprom's HR Policy is to retain highly skilled professionals who can efficiently deliver on day-to-day and strategic tasks.

PJSC Gazprom develops and implements consistent HR management approaches in its subsidiaries and affiliates. PJSC Gazprom's key HR management solutions are applied, for instance, at the Gazprom Neft Group, Gazprom Energoholding, and Gazprom Neftekhim Salavat.

The fundamental document aiming to improve HR management activities at the Gazprom Group is the *Comprehensive Program for Improvement of HR Management at PJSC Gazprom, its Subsidiaries and Entities in 2016–2020*.¹¹⁰

PJSC Gazprom set the following HR management goals for 2019: control over efficient implementation of the Company's HR management policy through the system of KPIs, and identification of comprehensive approaches to staffing of the Company strategic projects. All the goals set for 2019 were delivered in full.

Key HR management principles are defined in the *HR Management Policy of PJSC Gazprom, its Subsidiaries and Entities*.



For more details on the Policy, see¹¹¹

GRI 102-12

Legal Regulation of Social and Labour Relations at the Gazprom Group:

the labour and employment legislation of the Russian Federation and the countries of operation;

the General Collective Agreement of PJSC Gazprom and its subsidiaries for 2019–2021;

the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work;

the collective agreements and by-laws of the Gazprom Group entities;

the United Nations' Universal Declaration of Human Rights;

the HR Management Policy of PJSC Gazprom, its Subsidiaries and Entities;

the Industry Agreement covering organizations of the oil and gas industries and construction of oil and gas facilities for 2020–2022;

the Comprehensive Program for Improvement of HR Management at PJSC Gazprom, its Subsidiaries and Entities for 2016–2020.

the Sectoral Tariff Agreement in the power sector of the Russian Federation for 2019–2021;

The Industry Agreement covering organizations of the oil and gas industries and construction of oil and gas facilities for 2020–2022¹¹² was adopted in 2019. The Agreement was facilitated by the representatives of PJSC Gazprom and the Gazprom Workers' Union Interregional Organization

(109) <https://universumglobal.com/rankings/russia/>

(110) Approved by decree of PJSC Gazprom No. 29 dated February 17, 2016 (as amended by decrees of PJSC Gazprom No. 249 dated August 1, 2017 and No. 169 dated July 12, 2019).

(111) https://www.gazprom.com/ru/posts/42/687423/hr_politics.pdf

(112) <https://mintrud.gov.ru/docs/agreements/1311>

Headcount

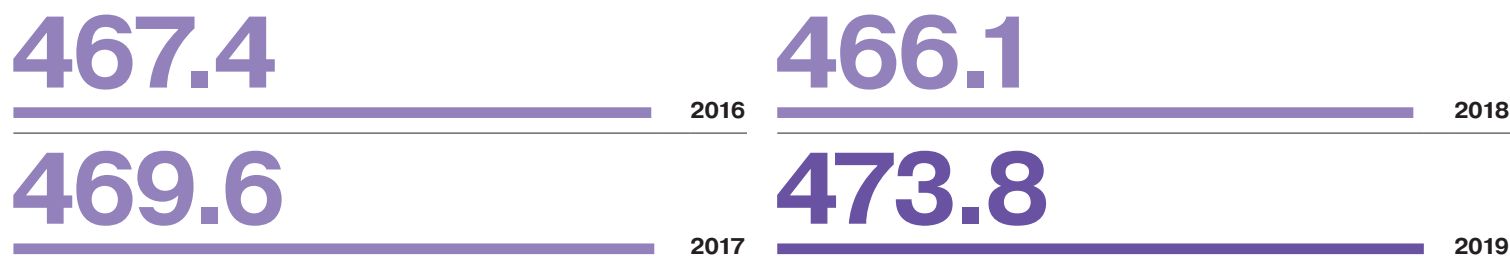
473.8 thousand people the Gazprom Group's headcount in 2019

GRI 102-7

In 2019, the Gazprom Group's headcount grew by 7.7 thousand people year-on-year and reached 473.8 thousand people. Such increase was driven by the implementation of strategic projects in gas production and

transportation, as well as by the development of the Group's production activities in the oil and power generation businesses.

Gazprom Group's headcount as of the end of the reporting period, 2016–2019, thousand people

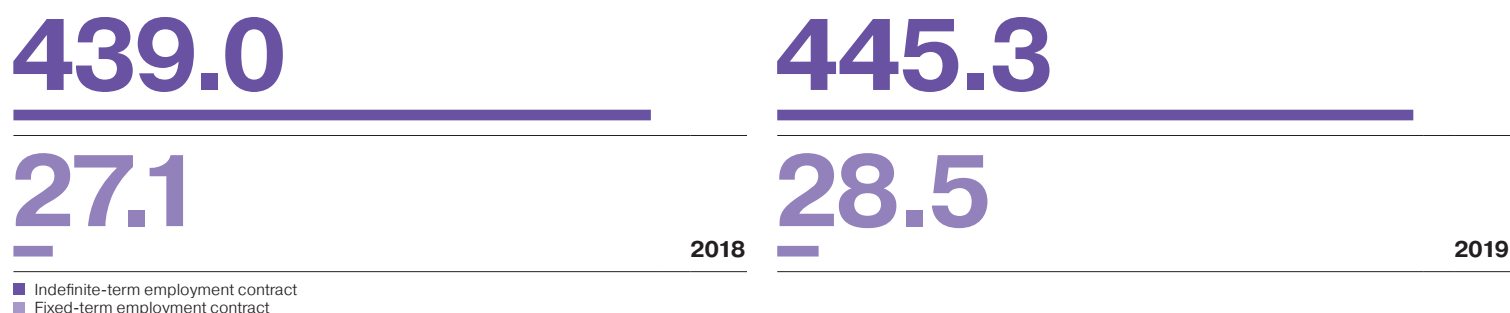


GRI 102-8

28.5 thousand people are employed by the Group under fixed-term contracts, and 445.3 thousand under indefinite-term contracts. Fixed-term employment contracts are usually concluded with top executives

and their deputies or in other cases provided for by the Labour Code of the Russian Federation¹¹³.

Gazprom Group's headcount as of the end of the reporting period by employment contract type, 2018–2019, thousand people



The overall majority of the Gazprom Group's employees work on a full-time basis.

(113) No breakdown by gender is made for the data provided on the number of employees working under fixed-term employment contracts. No breakdown by region is made for the data provided on the number of employees working under fixed-term employment contracts.

GRI 405-1

Employee breakdown by category and gender did not change materially in 2016–2019. The share of employees under 30 years old tends to decrease.

Gazprom Group's employees by category and gender, 2016–2019

Indicator	2016	2017	2018	2019
Share of the Gazprom Group's employees, %				
Executives	13.9	13.9	14.2	14.4
including:				
male	75.9	75.7	75.0	75.4
female	24.1	24.3	25.0	24.6
including:				
under 30 y.o.	6.4	5.6	5.0	4.6
30 to 50 y.o.	65.4	66.9	68.4	69.3
over 50 y.o.	28.2	27.5	26.6	26.1
Specialists and other white-collar staff	31.6	31.5	32.4	33.0
including:				
male	59.0	57.4	56.9	58.4
female	41.0	42.6	43.1	41.6
including:				
under 30 y.o.	18.3	16.1	14.5	13.5
30 to 50 y.o.	63.5	66.0	67.5	68.2
over 50 y.o.	18.2	17.9	18.0	18.3
Workers	54.5	54.6	53.4	52.6
including:				
male	78.0	77.0	77.5	78.0
female	22.0	23.0	22.5	22.0
including:				
under 30 y.o.	18.7	17.3	16.8	15.7
30 to 50 y.o.	53.5	54.6	55.9	56.4
over 50 y.o.	27.8	28.1	27.3	27.9

GRI 102-8

Gazprom Group's headcount as of the end of the reporting period, by employment type and gender, 2018–2019, thousand people

2018

Male

329.5

Full-time employment

0.6

Part-time employment

Female

133.7

Full-time employment

2.3

Part-time employment

2019

Male

336.4

Full-time employment

0.7

Part-time employment

Female

134.3

Full-time employment

2.4

Part-time employment

3.2.1.

New Hires

In 2019, the entities within the Group hired 76.6 thousand new employees. The number of new hires by age remained almost the same as in 2018: most of the newly hired employees (36.9%) are under 30

years old, 30.6% are 30 to 40 years old, 19.3% are 40 to 50 years old, and 13.2% are 50 or more years old.

Number of employees hired by the Gazprom Group, 2016–2019, thousand people

65.9

2016

79.0

2018

70.5

2017

76.6

2019

In 2019, most of the new hires were men with a 63% share in the total number of the employees hired.

3.2. Gazprom Group's Headcount

Number of employees hired by the Gazprom Group in 2018–2019, broken down by age

Age group	2018		2019	
	thousand people	%	thousand people	%
under 30 y.o.	28.7	36.4	28.3	36.9
30 to 40 y.o.	24.2	30.6	23.4	30.6
40 to 50 y.o.	15.4	19.5	14.8	19.3
50 y.o. or more	10.7	13.5	10.1	13.2

Number of employees hired by the Gazprom Group in 2019, broken down by gender

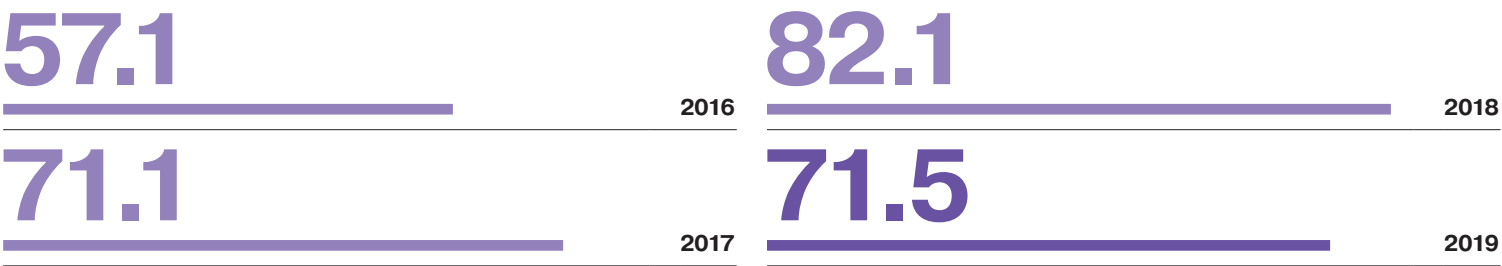
	thousand people	%
Male	48.2	63.0
Female	28.4	37.0

For more details on the number of the employees hired broken down by federal districts see Appendix 5.

3.2.2. Quitters

71.5 thousand people quit in 2019, down by 10.6 thousand year-on-year.

Quitters headcount at the Gazprom Group, thousand people





The structure of Gazprom's personnel is well-balanced. Women account for almost half (48%) of all employees hired for PJSC Gazprom in 2019. They are offered development opportunities within the Company based on their performance and professional achievements.

”

Anna Sharapova
Chief Expert, PJSC Gazprom

Responsible for managing social payments, cooperating with Gazprom Trade Union and ensuring compliance with the *General Collective Bargaining Agreement of PJSC Gazprom and its Subsidiaries*, which provides for equal rights and opportunities for all categories of employees and eliminates conditions for gender inequality and other types of discrimination.

Quitters headcount at the Gazprom Group in 2018–2019, broken down by age

Age group	2018		2019	
	thousand people	%	thousand people	%
under 30 y.o.	20.2	24.6	19.8	27.7
30 to 40 y.o.	21.1	25.7	19.3	27.0
40 to 50 y.o.	14.6	17.8	13.1	18.3
50 y.o. or more	26.2	31.9	19.3	27.0

The share of quitters under 30 years old increased in 2019 versus 2018 (27.7% and 24.6% respectively), while the share of quitters of 50 or more years old decreased (27.0% and 31.9% respectively).

Quitters headcount at the Gazprom Group in 2019, broken down by gender

Gender	thousand people	%
Male	43.4	60.7
Female	28.1	39.3

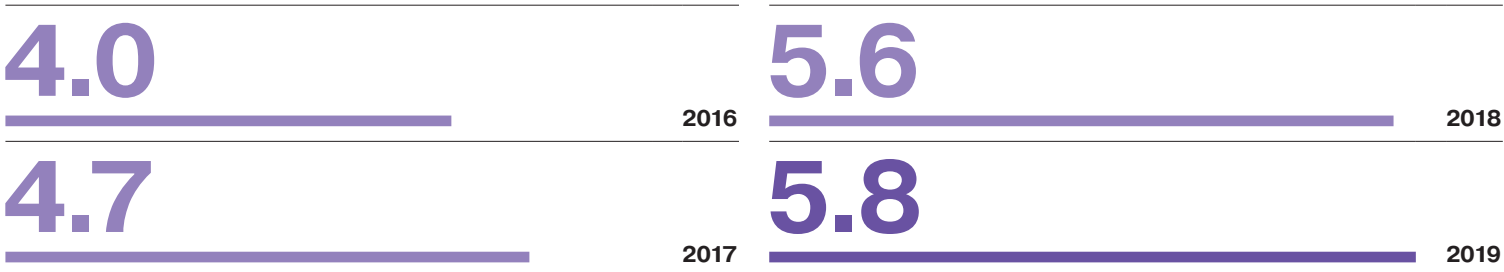
The number of hired employees and quitters dropped in 2019 versus 2018 due to the dismissal of many employees in 2018 from Gazprom Dobycha Astrakhan LLC and Gazprom Dobycha Orenburg LLC and

hiring by Gazprom Pererabotka LLC as part of restructuring initiatives and processing assets spin-off.

The turnover rate was 5.8% in the reporting year, slightly up year-on-year¹¹⁴. The turnover rate growth in 2019 versus 2018 was driven by an increased number of employees who voluntarily resigned from PJSC Gazprom’s

subsidiaries undergoing organizational and staffing improvements related to reorganization (winding-up) in 2019.

Personnel turnover at the Gazprom Group, 2016–2019, %



For more details on the number of quitters, personnel turnover rates and personnel loss rates broken down by federal district see Appendix 5.

(114) The turnover rate is calculated as the ratio of the number of employees dismissed under clauses 3, 6, 7, and 9 of Article 77 of the Labour Code of the Russian Federation to the average headcount. No breakdown by gender is made for the data provided on the turnover rates

3.2.

Gazprom Group's Headcount

3.2.3.

Shift Personnel

The Group's operations cover remote regions of Siberia, the Far North, and Russian offshore areas. 50.5 thousand shift workers are employed

at the fields located in remote areas far away from populated localities, in harsh weather conditions.

Gazprom Group's shift personnel¹¹⁵, 2016–2019, thousand people

Indicator	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019
Roster of employees of the entities which use the shift system, thousand people, total	161.3	164.5	165.2	224.7
Headcount of shift staff, thousand people, including:	34.6	35.6	35.2	50.5
people working in the Far North and areas considered equivalent to it, thousand people ¹¹⁶	32.8	34.0	33.8	47.8
Relative share of shift staff in the organization's roster, %	21.5	21.6	21.3	22.5

The average headcount of shift workers in 2019 exceeded that of 2018 by 15.3 thousand people (or 43.5%) because in 2019 there was an increase in the number of the Gazprom Group members who provide information in the form of corporate statistical reports.

Gazprom makes its best to ensure effective work of and comfortable living for the shift personnel. The Company provides transport to bring

shift workers from the meeting point to the place of work and back, offers medical, social and amenity services, and consistently develops the infrastructure of shift personnel camps by building and renovating accommodation facilities, canteens, medical aid posts, and sports facilities.

(115) In accordance with the average headcount data.

(116) No information is collected or analysed in terms of gender.

Commitment to Labour Rights

The Gazprom Group respects the labour rights of its employees and complies with the labour legislation of the Russian Federation,

the United Nations' Universal Declaration of Human Rights, the ILO standards, and *PJSC Gazprom's Code of Corporate Ethics*.

GRI 406-1

The Gazprom Group tolerates no labour discrimination on the basis of gender, nationality, religion or other grounds not related to professional skills. Recruitment to vacancies depends on the presence of relevant skills and excludes any ethnic, gender, or age preferences. HR decisions are based solely on the assessment of the relevant professional skills of applicants.

Gazprom also adheres to the ILO standards as related to daily working hours and labour conditions, occupational safety, remuneration, social security, and paid holidays.

Social benefits are provided to all employees of the Gazprom Group, as well as to special categories of employees in accordance with the legislation of the Russian Federation.

If discriminatory behaviour is suspected, the Company's employees can apply to the Corporate Ethics Commission to protect their interests.

No cases of discrimination were revealed within the Gazprom Group in the reporting period.

No child labour or any forms of forced labour are permitted in the Group.

Social Partnership and Collective Agreement

355,276

people were members of
Gazprom Workers' Union
in 2019

650

trade union organizations
were included in The Gazprom
Workers' Union Interregional
Organization in 2019.

The Gazprom Group recognizes the freedom of professional association and the right to collective bargaining provided for by the UN and ILO documents, the Constitution of the Russian Federation, the Labour Code of the Russian Federation, and Federal Law No. 10-FZ dated January 12, 1996 "On Trade Unions, their Rights and Guarantees of their Activities". Employer-employee relations in the Gazprom Group are based on social partnership to ensure the best balance of interests for efficient delivery of PJSC Gazprom's objectives subject to the performance of the commitments assumed.

The key element of social partnership – the system of employer-employee relations in regulating social and labour relationships – is the *General Collective Agreement of PJSC Gazprom and its Subsidiaries*. It is concluded for a three-year period and seeks to achieve the following goals:

develop the social partnership mechanism;

through the performance of mutual commitments, encourage employees to improve their own performance and achieve the planned operational targets of PJSC Gazprom and its subsidiaries;

establish uniform approaches to protecting employees' interests as related to labour remuneration, employment, creating a safe labour environment, granting benefits, guarantees and compensations.

Based on the *General Collective Agreement*, PJSC Gazprom's subsidiaries enter into collective agreements which take into account their region-specific features and existing practices. Collective agreements govern the matters related to social benefits, guarantees, and compensations. Subject to the provisions of the existing collective agreements and by-laws, subsidiaries can align their social packages with the specific features of their operational activities.

The Gazprom Workers' Union Interregional Organization, one of Russia's largest trade unions, which was created on the basis of the industrial principle, acts on behalf of all employees in collective

bargaining. The organization addresses the matters of collective bargaining, represents and protects employee rights and interests in respect of social and labour relations and occupational safety, monitors compliance with labour laws and collective agreements, and takes action to prevent and resolve labour disputes.

The Gazprom Group pursues a consistent policy seeking to set up and consolidate trade union organizations. As of the end of 2019, the Gazprom Workers' Union Interregional Organization included 650 organizations and had 355,276 members.

GRI 102-41

In 2019, collective agreements covered 100% of employees of PJSC Gazprom and its subsidiaries, 45 % of employees of PJSC Gazprom Neft and its subsidiaries, 99% of employees of Gazprom Energoholding

and the companies consolidated under its management, 85% of employees of Gazprom Neftekhim Salavat, and a total of 73.3% of the Gazprom Group's employees.

GRI 407-1

During the year, the trade union organizations conducted 473 inspections, including 263 comprehensive inspections on various issues pertaining to the compliance with the labour legislation, and reviewed 1,427 reports of which 639 were reasoned and 56 partially reasoned. Employees and retirees mostly asked questions related to the labour legislation and collective agreement.

PJSC Gazprom's subsidiaries have labour dispute commissions in place.

In the reporting period, there were no records of conflicts between employees and employers resulting in strikes, suspension of work or

collective labour disputes, including conflicts pertaining to any violation of the human rights to freedom of association and collective bargaining.


Gazprom has a strong focus on sharing its positive social partnership experience. Social and economic indicators and collective agreements of PJSC Gazprom subsidiaries and entities are annually presented to the Russian Oil, Gas and Construction Workers Union (ROGWU) to participate in the collective agreements competition, where PJSC Gazprom's subsidiaries are frequent awards winners. In 2019, Gazprom Dobycha Urengoy LLC, Gazprom Transgaz Kazan LLC and Gazprom Tsentrremont LLC won awards in their categories.



17 PARTNERSHIPS
FOR THE GOALS



**We unite and mobilize
hundreds of thousands
of people, and develop social
dialogue and cooperation.
Ultimately, we create
conditions for sustainable
and mutually beneficial
partnerships at various levels.**



Vladimir Kovalchuk

Chairman, Gazprom Trade Union

650 trade union organizations within Gazprom Trade Union not only represent and protect the rights and interests of over 350,000 employees: the existence and activities of the trade union lay the foundation for social partnership and constructive relations between employees, employers, regional authorities and communities across Gazprom's footprint.

Financial Incentives for Employees

RUB 104,900

**average monthly salary in 2019
at the entities included into
PJSC Gazprom's budgeting
system (including PJSC Gazprom
Administration)**

The financial motivation system established for employees of PJSC Gazprom is aimed at creating a competitive advantage for the Company as an employer and at increasing each employee's commitment to delivering best possible results.

PJSC Gazprom and its entities apply uniform corporate labour remuneration standards governed by the *PJSC Gazprom Employee Remuneration Management Policy*⁽¹⁷⁾. The purpose of the *Policy* is to create conditions for attracting and retaining personnel with the required qualifications and incentivize employees to carry out tasks at hand. The *Policy* applies to the entities included into the Gazprom Group.

The *Policy* provides for the fixed part of remuneration (salaries / tariff rates) and the variable part (extra payments, allowances, and bonuses). Linked to the remuneration system, the fixed part constitutes up to 70% of the remuneration.

In 2019, an average monthly salary at the entities included into PJSC Gazprom's budgeting system (including PJSC Gazprom Administration) stood at RUB 104,900.

Gazprom ensures equal pay and remuneration for men and women at the positions requiring the same level of professional expertise.

The ratio of fixed and variable remuneration is also the same for both genders.

Salaries and tariff rates take into account qualifications and business skills. Employees receive extra payments and allowances depending on labour conditions and workload, and monthly bonuses are paid on the basis of the performance demonstrated. One-off bonuses are paid for launching new production facilities and construction projects, adoption of new technical equipment, energy resource saving, and discovery of new hydrocarbon deposits. PJSC Gazprom also pays its staff year-end performance bonuses.

From January 1, 2019, the employees of PJSC Gazprom's budgeted entities located in Russia saw their salaries and tariff rates increase by 4.6% based on the growth of the consumer price index projected by the Ministry of Economic Development of the Russian Federation.

The tariff rates of employees payable on the basis of the Uniform Tariff System were raised by 15% on October 1, 2019.

(17) Approved by Order of OJSC Gazprom No. 133 dated March 20, 2015 (as amended by Orders of PJSC Gazprom No. 52 dated February 3, 2016, No. 740 dated November 1, 2017, No. 378 dated July 5, 2018, No. 432 dated September 27, 2019, and No. 590 dated December 24, 2019).

3.6.

Social Policy

551,700

employees were insured under
voluntary medical insurance
programs in 2019

151,800

employees were covered
by the pension plan of
JSC NPF GAZFOND in 2019

144,000

employees received pension
under non-state pension
agreements in 2019

GRI 401-2

The Group's social policy seeks to additionally motivate employees for a strong and effective performance. It relies on the social partnership mechanism set forth in the *General Collective Bargaining Agreement of PJSC Gazprom and its Subsidiaries* and collective agreements of Gazprom's subsidiaries.

The social policy relies on long-term social programs helping the employer to attract staff with required qualifications and experience and retain these employees for a long time.

The key focus areas of the social policy include social payments, personal insurance, medical care, housing, and non-state retirement plans.

For more details on benefits provided to full-time employees under an employment contract that are not provided to temporary or part-time employees (GRI 401-2) see Appendix 5.

3.6.1.

Social Payments

Gazprom makes social payments to all its staff members, as well as certain staff categories (employees of subsidiaries located in the Far

North or equivalent areas, young professionals, employees who have multi-child families and children with disabilities, and others).

3.6.2.

Personal Insurance

In addition to compulsory statutory social insurance against accidents, the Gazprom Group provides its employees with voluntary insurance against accidents and diseases.

The life insurance program covers executives from PJSC Gazprom Administration and Gazprom's gas production, processing, storage, transportation and sales subsidiaries.

For statistics on insurance events broken down by accident and disease insurance risks for 2016–2019 see Appendix 5.

3.6.3.

Medical Care

551,700

employees were insured under
voluntary medical insurance
programs in 2019

57,900

Gazprom Group's employees
received health resort and
rehabilitation treatment in 2019

In 2019, voluntary medical insurance programs covered 551,700 people, including 296,700 employees, 89,800 retirees, and 165,200 family members of employees¹¹⁸.

(118) Data for PJSC Gazprom, its branches, subsidiaries and entities included in Gazprom's budgeting system.

GRI 403-6, GRI 403-3

Under collective agreements and other by-laws, the Gazprom Group’s employees and their families, as well as retirees are subject to comprehensive prophylactic medical examinations under voluntary medical insurance programs.

Prophylactic and rehabilitation measures seek to protect health, ensure recovery, and preserve long-term professional engagement.

Medical services are rendered by the leading healthcare centers. The Gazprom Group’s corporate medical infrastructure is an extensive network of advanced healthcare and rehabilitation facilities, which includes 174 health units, 309 first aid posts, 21 outpatient clinics / general care outpatient clinics, 83 dental units / rooms, 5 round-the-clock inpatient facilities, 18 health resort and rehabilitation facilities, 11 medical units, 17 recreational facilities, and 28 facilities of other type.

The medical facilities’ headcount is 9,963 employees, including 1,731 doctors and 3,423 mid-level medical staff.

In 2019, Gazprom extended the list of healthcare facilities providing aid under voluntary medical insurance programs of PJSC Gazprom’s key subsidiaries, including those located in remote areas of operation.

As part of voluntary medical insurance programs, the Gazprom Group arranges for medical check-ups for certain staff categories working in harsh, hazardous and/or harmful conditions.

The Group runs extensive activities to proactively prevent diseases and reduce morbidity. These activities include annual prophylactic medical screenings, vaccination, employee education on risk factors for the most common diseases causing illness and disability (respiratory, musculoskeletal and cardiovascular diseases, tumors, and injuries). Employees receive information on preventive measures against these health conditions.

The Group organizes annual prophylactic medical screenings taking into account the staff gender and age structure. Screenings help identify symptom-free disease forms and risk factors. Other measures include follow up of patients with chronic illnesses and implementation of immunity-strengthening activities, such as flu vaccination.

In 2019, 57,900 Gazprom Group’s employees received health resort and rehabilitation treatment.

For more details on payments made by the Gazprom Group’s entities for rehabilitation treatment and targeted preventive initiatives under voluntary medical insurance contracts see Appendix 5.

3.6.3.1.

Cardio-Vascular Disease (CVD) Prevention and Treatment

Since 2015, Gazprom has been implementing the *Action Plan to Reduce Workplace Mortality due to Cardio-Vascular Diseases*. In 2019, the Group carried on with its efforts in the following areas:

- improving CVD prevention and diagnostics at PJSC Gazprom;
- promoting healthy lifestyle across PJSC Gazprom;
- increasing personal responsibility for health among employees of PJSC Gazprom;

- ensuring that Gazprom’s facilities are duly furnished with advanced and effective emergency care equipment and means for acute complications and diseases;
- providing training to employees of PJSC Gazprom in emergency self-aid measures and emergency help to others in case of an exacerbation.

The Group organizes regular preventive screenings for its staff. As of the end of 2019, 51,275 and 39,319 employees were diagnosed as prone to and having CVDs, respectively. Over the year, these employees took part in 1,617,000 monitoring initiatives (blood pressure measurements, cholesterol tests, electrocardiograms, etc.).

As part of preventive measures, Gazprom’s subsidiaries furnished their dedicated classrooms with 717 state-of-the art emergency simulators, with 117,588 employees taking hands-on first aid training for acute CVD care. All in all, 129,908 people received such training.

Throughout the entire time period during which the measures to reduce CVD mortality among the staff were implemented, PJSC Gazprom’s subsidiaries purchased the required first aid equipment for acute cardiovascular care. As of the end of the reporting period, there were 7,315 units of such equipment (including 381 defibrillators) in operation at PJSC Gazprom’s subsidiaries.

3.6.

Gazprom Group's Social Policy

3.6.4.

Housing

The corporate housing program of PJSC Gazprom serves to retain the Company's key employees for longer periods. The program is funded

by both employees and the employer through bank mortgage schemes (using a co-financing approach).

3.6.5.

Non-Governmental Pension Insurance

In accordance with the Long-Term Development Strategy of the Pension System in the Russian Federation, the Gazprom Group provides a Private pension arrangement for its employees, which offers post-employment social benefits. The arrangement is run through Non-State Pension Fund GAZFOND JSC.

The Private pension arrangement covers employees who have worked at PJSC Gazprom's entities for at least 15 years and by the time of retirement are entitled to receive an old-age pension. As of the end of 2019, 151,800 employees from 86 entities of PJSC Gazprom took part in the pension program, and over 144,000 people were granted pensions under relevant agreements

GRI 201-3

Headcount of participating retired employees of the Gazprom Group's entities, 2016–2019, thousand people

126.8

2016

140.9

2018

133.7

2017

144.5

2019


3.6.6.

Non-Financial Incentives

To drive employee motivation and development, the Company has been holding Labour (Professional Excellence) Festivals since 2018. During the Festivals, competitions in several professional areas of the key operations of PJSC Gazprom's subsidiaries take place in even-numbered years. The reporting year saw the preparation for the 2020 Labour Festival.

The Company's existing remuneration system creates sustainable motivation for the employees to deliver a strong performance. Every year, the Gazprom Group grants various awards to its staff members to recognize their achievements. In 2019, awards for remarkable results in business activities were granted to 4,200 employees.


The health of Gazprom employees is key to the high quality of their lives. It is also the cornerstone of the Company's competitiveness and success.



Nikolai Lebedev

Chief Physician, OKDC PJSC Gazprom

Under his effective management, OKDC PJSC Gazprom – the Company's Industry Clinic and Diagnostic Center – annually helps thousands of employees and their family members care about their health and deal with diseases. In 2019, an industrial medicine department was established at Gazprom Corporate Institute thanks to Nikolai Lebedev, who is now in charge of this department.





Employee Development

236.5 thousand

managers, specialists, and other white-collar staff of the Gazprom Group received further professional training in 2019¹¹⁹

>180 thousand

employees of PJSC Gazprom received remote training in 2019

GRI 404-2

Highly professional staff is one of the key advantages of PJSC Gazprom, which is why it pays a lot of attention to employee training.

In line with the existing Continuous Vocational Education and Training System and on the basis of the competitive selection procedure, PJSC Gazprom annually approves the centralized *Skills Upgrading and Professional Retraining Schedule for Managers and Specialists of PJSC Gazprom, its Subsidiaries and Entities*. The subsidiaries and entities adopt their own training plans for work-study centers and educational institutions in the regions of operation.

Skills upgrading and professional retraining are governed by local regulations, including the Regulation on *PJSC Gazprom's Continuous Vocational Education and Training System*¹¹⁹, and rely on the following principles:

focus on the Company's goals;

continuous training;

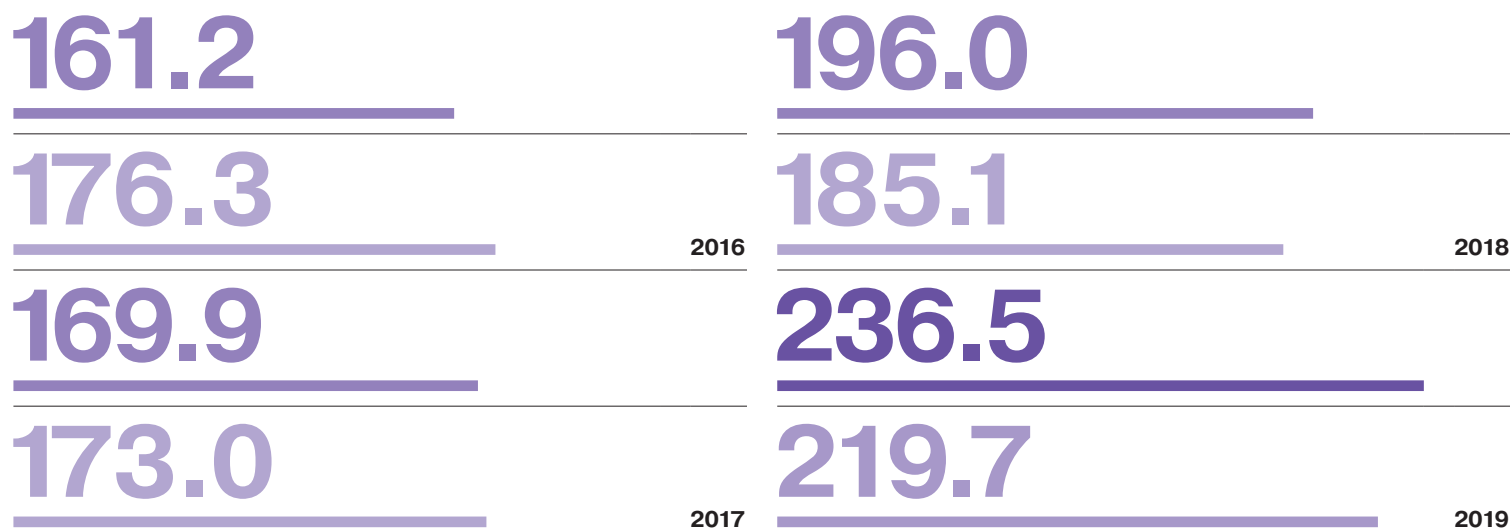
comprehensive and individual approach to staff training;

effectiveness of training and education.

Continuous education helps each employee develop a positive motivation for productive work, as well as a higher efficiency and stronger performance. Results are achieved owing to consistent training throughout the professional life of employees based on educational programs which are designed in advance and include various learning aids, simulators, business games, and training sessions.

Training is conducted by the Company's educational organizations, PJSC Gazprom subsidiaries' work-study centers, as well as at leading Russian universities.

Number of employees¹²¹ covered¹²² by the Gazprom Group's skills upgrading and professional retraining programs, 2016–2019, thousand people



■ Total number of managers, specialists, and other white-collar staff who participated in further professional training programs
 ■ Total number of blue-collar staff who participated in professional development training

GRI 404-1

In 2019, the average duration of training per employee of PJSC Gazprom, its core subsidiaries and entities was 79.4 hours for blue-

collar staff and 46.4 hours for managers, specialists, and other white-collar staff.

(119) The number of employees who completed training is shown in man-courses (if one person received training twice, he/she is counted twice).

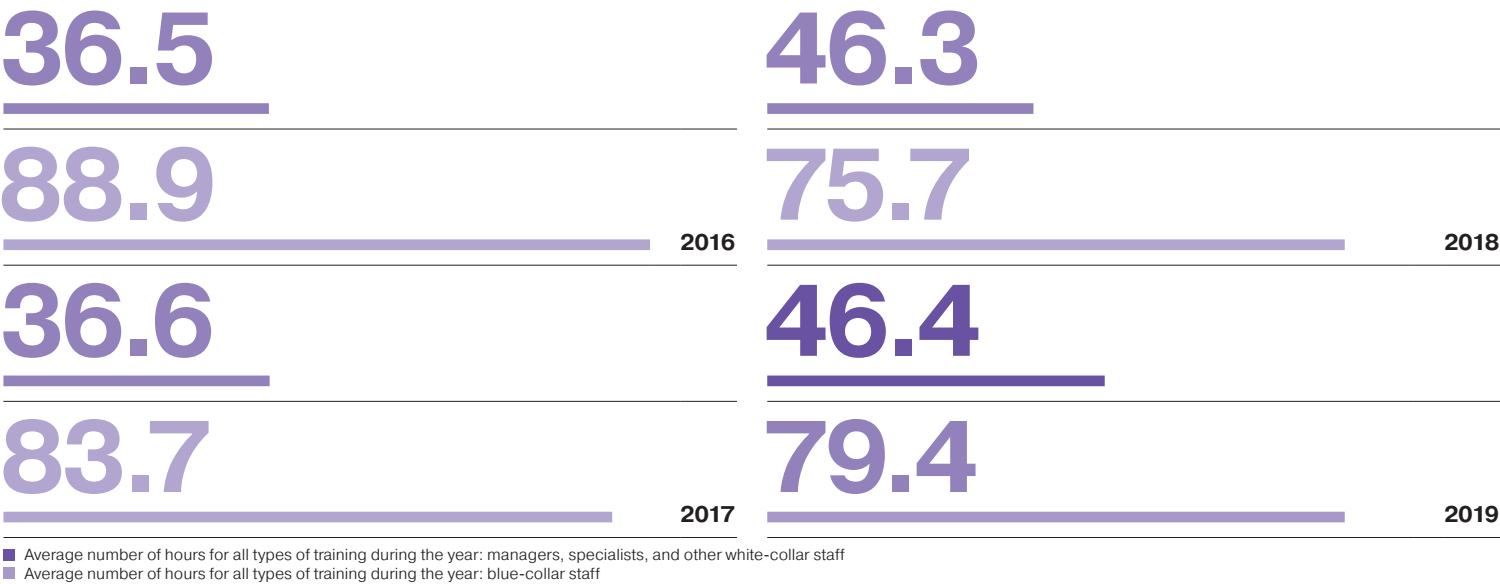
(120) Approved by Order of PJSC Gazprom No. 42 dated January 29, 2016 (as amended by Order of PJSC Gazprom No. 810 dated December 14, 2016).

(121) The number of employees who received training is shown in man-courses (if one person received training twice, he/she is counted twice).

(122) Including remote-learning programs and off-site training forms.

3.7. Employee Development

The average duration of training¹²³ per employee of PJSC Gazprom, its core subsidiaries and entities¹²⁴, 2016–2019, hours



During the reporting period, the changes were driven by a more extensive use of remote-learning and off-site employee training forms. In 2019, over 180,000 of PJSC Gazprom's employees took remote learning courses, which is three times as much as in 2018.

In 2019, the Gazprom Group's employees received training in the following areas, among others:

- anti-corruption (1,444 people);
- corporate ethics (4,988 people);
- targeted MBA program on Sustainable Development and Corporate Social Management at St. Petersburg State University of Economics (21 people)¹²⁵.

(123) Including advisory workshops (programs of less than 16 training hours).
(124) PJSC Gazprom (including branches and representative offices), Gazprom Dobycha Astrakhan LLC, Gazprom Dobycha Irkutsk LLC, Gazprom Dobycha Krasnodar LLC, Gazprom Dobycha Kuznetsk LLC, Gazprom Dobycha Nadym LLC, Gazprom Dobycha Noyabrsk LLC, Gazprom Dobycha Orenburg LLC, Gazprom Dobycha Urengoy LLC, Gazprom Dobycha Shelf Yuzhno-Sakhalinsk LLC, Gazprom Dobycha Yamburg LLC, Gazprom Pererabotka LLC, Gazprom Pererabotka Blagoveshchensk LLC, Gazprom UGS LLC, Gazprom LNG Vladivostok LLC, Gazprom LNG Portovaya LLC, Gazprom Transgaz Volgograd LLC, Gazprom Transgaz Yekaterinburg LLC, Gazprom Transgaz Kazan LLC, Gazprom Transgaz Krasnodar LLC, Gazprom Transgaz Makhachkala LLC, Gazprom Transgaz Moscow LLC, Gazprom Transgaz Nizhny Novgorod LLC, Gazprom Transgaz Samara LLC, Gazprom Transgaz Saint Petersburg LLC, Gazprom Transgaz Saratov LLC, Gazprom Transgaz Stavropol LLC, Gazprom Transgaz Surgut LLC, Gazprom Transgaz Tomsk LLC, Gazprom Transgaz Ufa LLC, Gazprom Transgaz Ukhta LLC, Gazprom Transgaz Tchaikovsky LLC, Gazprom Transgaz Yugorsk LLC, Gazprom Transgaz Grozny LLC, Gazprom Mezhhregiongaz LLC (excluding subsidiaries), Gazprom Export LLC, Gazprom Flot LLC, Gazprom Geologorazvedka LLC, Gazprom Transgaz Belarus OJSC, Gazprom VNIIGAZ LLC, Gazprom Nedra LLC, NIlgazekonomika LLC, Gazprom Proektirovanie LLC, Gazprom Geotekhnologii LLC, Gazpromtrans LLC, Gazprom Komplektatsiya LLC, Novy Urengoy Gas Chemical Complex LLC.
(125) St. Petersburg State University of Economics has been running the targeted MBA program on Sustainable Development and Corporate Social Management since 2014, with the third group of students admitted in 2019.

Future Professionals: Training of Schoolchildren and Students

By collaborating with schools and universities, the Gazprom Group helps train young talents for a professional career in the oil and gas industry, promotes engineering professions, and provides hands-on training for school pupils and university students. This way PJSC Gazprom ensures the supply of adequately qualified staff to its facilities, while also giving young people a confidence in their future career growth and welfare.

3.8.1.

Gazprom Classes

Gazprom Classes seek to train a future talent pool for PJSC Gazprom's subsidiaries and entities from among the most talented school students motivated for a successful professional career. The classes provide a better-quality education, targeted vocational guidance, and support throughout the learning cycle at schools and universities.

At Gazprom Classes, pupils learn about the importance of engineering professions and get an insight into the history, industry specifics and growth prospects of PJSC Gazprom and its subsidiaries. The classes provide additional educational programs and create opportunities for personal growth and self-fulfilment.

Gazprom Classes have been set up by 20 entities of the Group and are now active in 24 schools located in five federal districts of Russia.

In 2019, Gazprom Transgaz Samara LLC helped launch a new Gazprom Class in Samara.

PJSC Gazprom's subsidiaries and entities which actively contributed to the creation of Gazprom Classes arrange various team building and career guidance training sessions along with sports and cultural events for schoolchildren.

GRI 102-44
Questions from Stakeholders

How did the implementation of the Power of Siberia project contribute to the development of education and the labour market in the Russian Far East?

From 2015 to 2019, 245 students completed their internship at the Power of Siberia project, and 103 graduates of secondary vocational and higher education institutions were employed to fill the newly opened positions.

On top of that, every year, in average at least 20 students from Yakutia and the Amur Region selected by Gazprom Transgaz Tomsk LLC receive higher education.

Collaboration with Higher Educational Institutions

10,081

students took an internship at the Gazprom Group entities in 2019

PJSC Gazprom annually assesses the need of its subsidiaries for graduates of secondary vocational educational institutions and higher educational institutions based on 10-year headcount planning, and arranges for proactive targeted training of future talents.

PJSC Gazprom maintains its collaboration with the anchor universities. The fundamental principles of the collaboration are continuity, systemic approach, and innovations. They are included in the approved *University Collaboration Concept* and the *Regulation on Collaboration with Anchor Universities*.

In 2019, PJSC Gazprom had 13 collaboration agreements with anchor universities, including Peter the Great St. Petersburg Polytechnic University.

In order to share hands-on knowledge and build additional competencies in students, specialized departments are established at the anchor universities. The Group’s executives and employees are involved in teaching, supervise graduation papers and internships, and engage students in project and research activities.

As of the end of 2019, 13 higher educational institutions had the status of anchor universities:

- Gubkin Russian State University of Oil and Gas (national research university) (4 specialized departments (SD));
- St. Petersburg State University of Economics (1 SD);
- National Research Tomsk Polytechnic University;

- Ukhta State Technical University (5 SDs);
- Kazan National Research Technological University (1 SD);
- St. Petersburg Mining University;
- Bauman Moscow State Technical University;
- National Research University Higher School of Economics;
- Industrial University of Tyumen;
- Ufa State Petroleum Technological University (4 SDs);
- St. Petersburg State Marine Technical University;
- Lomonosov Moscow State University;
- Peter the Great St. Petersburg Polytechnic University (1 SD).



At all stages of education — at schools, colleges and universities — Gazprom creates the best environment for nurturing future staff and upgrading skills of existing employees. ”

Sergey Suslov

Director, Gazprom College Volgograd

Every year, the college headed by Sergey Suslov organizes classes for hundreds of future oil and gas specialists, as well as professional retraining for Gazprom employees. One strategic goal is to strengthen ties between the educational institution and the Group's companies and offer employment opportunities for the graduates.

As of the end of 2019, there were 16 specialized departments at the anchor universities and 8 additional specialized departments at universities that do not have the anchor university status. On top of that, the following organizations had 4 specialized departments: SevKavNIPigaz JSC, Bank GPB (JSC), Gazprom Gazoraspredelenie Saratovskaya Oblast JSC, and NIlgazeconomica LLC.

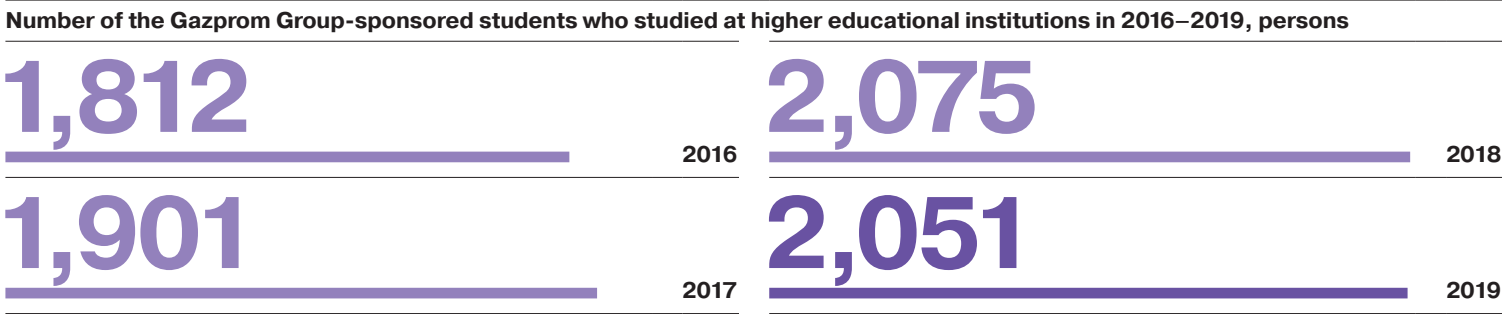
In 2019, PJSC Gazprom was in special partnership with the following four universities:

- Graduate School of Management of St. Petersburg University;
- Admiral Makarov State University of Maritime and Inland Shipping;
- St. Petersburg Electrotechnical University “LETI”;
- Ammosov North-Eastern Federal University.

Each year, PJSC Gazprom provides charity support to the anchor universities in order to enable them to improve teaching quality, give better career advice to students, refine the approaches to educating the students who study under targeted education programs, and develop the material, technical, laboratory, and training resources of the universities.

In 2019, 10,081 students of higher educational institutions took an internship at PJSC Gazprom’s subsidiaries and entities, including 4,150 students from the anchor universities.

As of the end of 2019, the Group’s companies were sponsoring the targeted education of 2,051 students of higher educational institutions.



3.8.

Future Professionals: Training of Schoolchildren and Students

In 2019, another Student Olympiad of PJSC Gazprom was held to find students interested in engineering and technical professions and capable of technical creativity and innovative thinking with an ambition to start a career in the oil and gas sector. The Olympiad was arranged jointly with 14 partner universities of PJSC Gazprom, with the competition spanning the Company's key areas of interest: petroleum engineering, electric power and electrical engineering, economics, energy and resource-saving processes in chemical technology, petrochemistry, and biotechnology.

The partner universities of PJSC Gazprom traditionally host Job Fairs of PJSC Gazprom's subsidiaries – the Gazprom Days. These events give students extensive information about the Group's companies, as well as the internship and employment opportunities available.

Each year, PJSC Gazprom holds a competition for personal scholarships among the students of secondary vocational and higher education institutions. Thus, the Company-sponsored students are given an incentive for remarkable academic achievements.

PJSC Gazprom collaborates with the anchor universities in the sphere of research and development (R&D) to solve the current technological challenges faced by the Company. The R&D projects include a lithofacies model of reservoir rocks in the Vendian–Riphean sediments within the PJSC Gazprom's license blocks in the Lower Angara Region developed by Gubkin Russian State University of Oil and Gas based on a set of lithological and geophysical data, as well as technologies to identify and assess geological risks associated with offshore drilling and construction of offshore oil and gas facilities which are being developed by Lomonosov Moscow State University.

Gazprom Neft Group, in 2019, signed 42 agreements with universities. There are 4 specialized departments, and 182 company-sponsored students. Internships at Gazprom Neft were arranged for 1,948 students.

Gazprom Energoholding prepares specialists with the necessary qualifications by interacting with educational institutions across the entire country. It arranges training programs and practice-oriented training groups, offers company-sponsored education to students, and organizes pre-graduation and industrial work placements for students of secondary vocational and higher education institutions. In 2019, 1,350 students took an internship at the facilities of Gazprom Energoholding.

Gazprom Neftekhim Salavat has been in cooperation with Ufa State Petroleum Technological University for over 70 years. The cooperation is maintained in a number of areas, from procurement activities and maintenance of equipment and technical infrastructure of the University to training of qualified specialists and upgrading the knowledge of the company's technical staff. In 2019, Gazprom Neftekhim Salavat provided financial support for the repairs in the rooms of the laboratory building, as well as the purchase of laboratory furniture and equipment for a total of RUB 5.9 million.

Young Employees of Gazprom

2,896

young specialists were hired
by the Gazprom Group in 2019

One of the key features of PJSC Gazprom's HR management policy is the recruitment and on-boarding of young specialists.

In 2019, the Group hired 2,896 graduates of higher education and secondary vocational institutions.

Total number of graduates of higher education and secondary vocational institutions hired by the Gazprom Group, 2015–2019, persons

Indicator	2016	2017	2018	2019
Total number of graduates of higher education and secondary vocational institutions hired, including:	2,688	3,190	2,931	2,896
graduates of higher education institutions	1,891	2,206	2,048	2,012
graduates of secondary vocational institutions	797	984	883	884
For reference:				
PJSC Gazprom Neft	342	432	283	505
Gazprom Energoholding LLC	307	512	443	433

To attract and retain young specialists, in the year 2019 the subsidiaries approved the *Program for Additional Social Support for Young Employees*¹²⁶.

(126) Approved by Sergey Khomyakov, Deputy Chairman of the Management Committee, on May 17, 2019.

3.9.

Young Employees of Gazprom

3.9.1.

Young Specialists and Scientific Research

PJSC Gazprom takes active steps to engage the young generation in tackling the R&D challenges faced by the oil and gas sector.

In 2019, the Company helped host the 13th All-Russian Conference of Young Scientists, Specialists and Students "New Technologies in the Gas Industry" at Gubkin Russian State University of Oil and Gas. The event brought together over 350 participants and featured 217 presentations.

Gazprom VNIIGAZ LLC hosted the 8th International Youth Scientific and Practical Conference "New Technologies in the Gas Industry: Experience and Continuity".

The Young Session of the 14th RAO/CIS Offshore International Conference and Exhibition also took place in 2019, with 88 young specialists from PJSC Gazprom's subsidiaries, as well as undergraduate and post-graduate students taking part in the Session.

In October 2019, the Work-study center of Gazprom Transgaz Moscow held the Best Young Employee of PJSC Gazprom contest designed to maintain the continuous development of talent capacity at the subsidiaries through improved efficiency of interaction with the young employees.

In 2019, young specialists of the **Gazprom Neft Group** participated in national youth events aimed at promoting the fuel and energy industry: scientific conference Oil and Gas – 2019, international engineering championship CASE-IN, and the Russian Energy Week International Forum. In addition, young employees of Gazprom Neft and the Moscow Refinery were included in the Youth Council under the Ministry of Energy of the Russian Federation.

Gazprom Energoholding involves its young employees in innovation activities. In 2019, the company's young employees took part in the following events:

Contest for young specialists and innovators held by Gazprom Energoholding LLC;

International contest for scientific, R&D and innovative solutions for the development of mining and fuel-and-energy industries;

A Glance into Future – 2019 international competition for young scientists;

All-Russian conference of young scientists, specialists and students at Gubkin Russian State University of Oil and Gas;

All-Russian scientific and practical conference of young specialists at All-Russian Thermal Engineering Institute.

The council of young specialists of Gazprom Energoholding LLC held more than 100 corporate charity, sports, information, and mass cultural events.

As of the end of 2019, the council of young specialists of **Gazprom Neftekhim Salavat** included 96 young employees.



Expanding the list of training areas and topics in sustainable development is our priority.



Alexander Pechenkin
Director of Gazprom Corporate Institute

What is the role of Gazprom Corporate Institute in the Continuous Vocational Education and Training System of PJSC Gazprom?

During the course of 25 years, we have been maintaining the leadership in personnel education and development at Gazprom. Each year, more than 40,000 employees of the Group upgrade their skills at the Institute. We are also actively involved in the implementation of innovative HR management projects and are in charge of targeted (pro-active) training programs.

What are the advantages of studying at the Institute?

Over the years of our work, we have created a multi-tier corporate education system that covers all staff categories, from young specialists to the talent pool for promotion to the executive positions. The system offers training in over 30 educational areas and 700 programs.

We ensure a high standard of education at the Institute by inviting teachers from leading higher education institutions, employees from relevant departments of PJSC Gazprom, federal government representatives, and specialists from training and consulting companies.

Of course, we also work closely with our partner universities. For example, in 2019, we collaborated with St. Petersburg Electrotechnical University "LETI" and Peter the Great St. Petersburg Polytechnic University on a package of digital transformation programs. Together with Gubkin Russian State University of Oil and Gas and St. Petersburg State University of Economics, we carried out a unique professional retraining project entitled "Oil and Gas Trading".

We center our educational activities on the development of independent creative thinking, as well as around fostering and honing practical skills for further application in professional activities.

To what extent are you making use of e-learning programs while training the employees of Gazprom?

E-learning is being successfully developed at the Institute. Each year, more than 30,000 people receive training with the use of remote learning technologies in the Institute, with many e-courses developed by our own efforts. We are also actively promoting the webinar format, and widely use a combination of in-person and remote learning.

What educational programs of the Institute are related to sustainable development topics?

Our professional development and professional retraining programs, including MBA programs, cover the issues of sustainable development and corporate social responsibility, ecology and environmental protection, HR management, occupational safety, corruption prevention and countering, as well as risk management.

It is a priority for us to expand the list of training areas and topics in sustainable development offered by the Institute.

Talent Pool

>15,700 people were included in the Gazprom Group's talent pool in 2019

PJSC Gazprom's talent pool consists of the employees who are prepared to carry out management activities in a modern environment. That ensures succession, continuity and efficiency of the organization management.

In 2019, the talent pool across the Gazprom Group entities was 15,747 people, and 68% of staff were appointed to management positions of all levels.

Talent pool employees are evaluated using a comprehensive approach, which supplements traditional formal qualification methods with new ones, such as the Assessment Center, Development Center,

training sessions, meetings with the management, sociological surveys, participation in project groups, etc.

The employees included in the talent pool for promotion to the executive positions receive training under special corporate programs: Global Energy Company Management and Gazprom MBA Human Resources Management programs at Gazprom Corporate Institute, Gazprom MBA: Oil and Gas Corporation Management in the Global Environment program at St. Petersburg State University of Economics, as well as programs in other leading higher education institutions of Russia.

Participation in the Development of a National System of Qualifications

453

professional standards are implemented at PJSC Gazprom

Gazprom takes an active part in building a national system of qualifications, develops and implements professional standards. In 2019, seven draft professional standards were developed in line with the *PJSC Gazprom's Action Plan to Develop (Update) Professional Standards*¹²⁷. In 2019, five draft professional standards developed by PJSC Gazprom were approved by Orders of the Ministry of Labour and Social Protection of the Russian Federation. In the reporting year, PJSC Gazprom, its subsidiaries and entities continued the implementation of professional standards in their operations.

PJSC Gazprom implements 453 professional standards, out of which 113 are mandatory for application as regards the requirements to staff competence, as is stipulated by the legislation of the Russian Federation and PJSC Gazprom's own instructions. In 2019, the issue of implementation of professional standards in the operations of PJSC Gazprom, its subsidiaries and entities was considered twice at the meetings of PJSC Gazprom Board of Directors.

(127) Approved in 2019 by decree of PJSC Gazprom No. 341 dated October 31, 2018.

Our Workplace Safety

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4



The Gazprom Group companies seek to ensure employee rights for safe working conditions by identifying and analysing risks, investigating the causes of workplace accidents, and reducing the rates of injury and occupational diseases.

4.1.

Labour Safety Management

GRI 403-1

4.1.1.

Integrated System of Process Safety Management of PJSC Gazprom

Activities aimed at ensuring safe labour conditions, protecting lives and health of employees, eliminating or mitigating fire, emergency and accident risks at hazardous industrial facilities, and promoting the process safety culture rely on the Integrated System of Process Safety Management of PJSC Gazprom (ISPSM).

The *Occupational, Industrial, Fire and Road Safety Policy of PJSC Gazprom* ensures a unified approach to industrial safety issues in all companies of the Gazprom Group. In 2019, the Policy was updated to include road safety provisions.

The *Policy* sets the following goals:

to create a safe working environment and to protect the lives and health of the employees;

to reduce the risks of accidents and incidents at hazardous facilities;

to reduce the risks of production-related road accidents;

to ensure fire safety.



For more details on the *Occupational, Industrial, Fire and Road Safety Policy of PJSC Gazprom* see¹²⁸

The ISPSM activities are regulated by a set of documents within PJSC Gazprom's standardization system, with STO Gazprom 18000.

1-001-2014 Integrated System of Process Safety Management. Key Provisions being the fundamental document in this regard.

GRI 403-8

The perimeter of the ISPSM covers PJSC Gazprom Administration, 32 core subsidiaries (specialized in production, transportation, storage, and processing) and 70 entities of the Gazprom Group's gas business responsible for the functioning of the gas supply system. The total headcount of the companies included in the ISPSM's perimeter is about 319,000 people.

For the full list of entities included in the perimeter of the ISPSM see Appendix 6.

The requirements of the ISPSM are implemented in every subsidiary and entity included in its perimeter, with compliance ensured through the internal ISPSM audit and the monitoring of progress against the performance targets set with regard to process safety, risk mitigation plans and risk mitigation plans of actions.

Every year, more and more subsidiaries certify the ISPSM for compliance with OHSAS 18001:2007 international standard. In 2019, the number of subsidiaries certified for compliance with said standard reached 58.

For details on the number of employees in PJSC Gazprom Administration and PJSC Gazprom's subsidiaries certified and not certified for compliance with OHSAS 18000:2007 see Appendix 6.

(128) <https://www.gazprom.com/t/posts/74/562608/2019-09-17-safety-policy-en.pdf>

In order to enhance the ISPSM, the *PJSC Gazprom Process Safety Management System Development Strategy until 2021* has been developed and is currently implemented.

The *Strategy* outlines the following priority development areas:

- commitment and leadership;
- staff motivation;
- safety communications development;
- investigation of incidents and micro injuries;
- management of occupational and industrial safety risks.

To achieve the performance targets set out by the *Strategy*, the Company has developed and approved the *PJSC Gazprom Target Program for Process Safety Assurance until 2020*¹²⁹.

The main objectives of the *Program* are as follows:

- to develop process safety regulations and procedures;
- to establish an efficient process safety management framework;
- to develop qualitative and quantitative criteria for process safety assessment;
- to reduce unplanned losses from accidents.

In the reporting year, 33 process safety by-laws and standardization documents were developed and adopted, and over 30 documents were being drafted.

PJSC Gazprom develops and implements measures aimed at improving each separate element and the overall effectiveness of the ISPSM.

Labour Safety Management Framework at the Gazprom Group

PJSC Gazprom's senior manager in charge of the ISPSM is the Deputy Chairman of the Management Committee. The main body coordinating and overseeing the implementation of the ISPSM is the Process Safety Commission led by the senior manager of PJSC Gazprom. The ISPSM is functioning in close cooperation with the Gazprom Workers' Union.

The Directorate of PJSC Gazprom authorized to manage process safety matters coordinates the ISPSM activities at PJSC Gazprom level. The Directorate collaborates with other structural units of PJSC Gazprom.

The Board of Directors hears annual report on the status of process safety at PJSC Gazprom's facilities and makes assessment of the Company's compliance with the process safety requirements.



For more details on the structure of the Integrated System of Process Safety Management at PJSC Gazprom see¹³⁰

(129) Approved by order of PJSC Gazprom No. 581 dated October 3, 2018.
(130) <https://www.gazprom.com/about/production/safety/>

4.1.

Labour Safety Management

Gazprom Neft has a vertically integrated process safety management system. The fundamental by-law regulating process safety at Gazprom Neft is the *Policy on Industrial and Workplace Health, Safety and Environmental Protection; Fire and Transport Safety; and Civil Defence*¹³¹, which is coordinated by the Process Safety Department.

In 2019, Gazprom Neft restructured its collegial decision-making bodies in charge of process safety.

At **Gazprom Energoholding**, the managing directors of generating and heat supplying entities are responsible for ensuring compliance with process safety requirements, while chief engineers of these entities and power plant branches coordinate relevant activities.

Gazprom Neftekhim Salavat has in place the Occupational and Industrial Safety Management System which was developed in line with the requirements of OHSAS 18001:2007 / ISO 45001:2018, GOST 12.0.230-2007, GOST 12.0.007-2009, GOST R 54934-2012 / OHSAS 18001:2007. The requirements of the System apply to and are mandatory for all employees of Gazprom Neftekhim Salavat LLC. The Deputy Director General – Chief Engineer of Gazprom Neftekhim Salavat LLC performs overall supervision over the functioning of the occupational, industrial, and fire safety system. Supervision over the methods and procedures to be observed is performed by the Environmental, Industrial, and Occupational Safety Directorate.

GRI 419-1

In 2019, the Gazprom Group identified no violations of process safety laws or regulations leading to significant fines or non-monetary sanctions.

4.1.3.

Employee Engagement
in Occupational Safety

GRI 403-4

The Gazprom Group has put in place and keeps developing corporate communications that promote an open dialogue between employees and the management on process safety issues.

As regards process safety, the interests of employees are represented by the Gazprom Workers' Union Interregional Organization, trade unions of subsidiaries and entities, and occupational safety representatives within trade unions. Employees of subsidiaries and entities make suggestions on the ISPSM improvement through their occupational safety representatives and receive the required information about the possibilities to participate in the system.

The *General Collective Agreement of PJSC Gazprom and its Subsidiaries for 2019–2021* sets forth the following obligations:

to ensure health and safety at workplaces for employees;

to provide employees with special clothing, footwear, and other personal protection equipment;

to investigate accidents and cases of occupational diseases;

to conduct preliminary and regular medical examinations (check-ups) and mandatory mental health evaluation of employees;

to provide employees with milk and hot meals.

(131) <https://ir.gazprom-neft.com/disclosure/internal-regulations/#policy-on-industrial-and-workplace-health>

The technical labour inspectors of the Gazprom Workers' Union Interregional Organization, as well as trade unions' officers authorized to manage occupational safety issues (in total 6,300 people) exercise control over the compliance with the labour legislation and other

regulations containing labour law provisions, as well as the compliance with the conditions provided for by collective and labour protection agreements.

Technical labour inspectors conducted 277 inspections of health and safety conditions, identified 1,247 violations, and issued 80 instructions to eliminate the violations of the labour legislation. Twelve written claims from employees concerning the violation of labour protection rights were reviewed; all of these claims were resolved in favour of employees.

Occupational safety committees (commissions) are functioning in all subsidiaries and entities of the Gazprom Group. Representatives of

the employer and representatives of the elected body of a trade union organization are included in them on a parity basis.

4.1.4.

Hazard Identification and Risk Assessment. Investigation of Accidents

GRI 403-2

To prevent or mitigate the impact of hazards on PJSC Gazprom's employees, contractors, visitors and other stakeholders, Gazprom has arranged relevant hazard identification, risk assessment and risk management procedures aimed at ensuring process safety. They are set forth in the corporate standard STO Gazprom 18000.1-002-2020 *Integrated System of Process Safety Management. Hazard Identification and Risk Management for Process Safety Purposes*⁽¹³²⁾.

In 2019, the ISPSM requirements were revised to align with ISO 45001:2018 Occupational health and safety management systems. Requirements with guidance for use, and corporate standard STO Gazprom 18000.1-002-2014 was amended to integrate the procedures of process safety hazard identification and assessment and management of identified process safety risks into PJSC Gazprom's Risk Management and Internal Control System. Apart from that, risk assessment methods were combined and reporting documentation was unified.

In 2019, Gazprom identified its process safety hazards and assessed its process safety risks. The procedure revealed no critical risks.

The following significant risks were identified:

the risk of injury to employees exposed to items and parts that move, fly, or rotate;

the risk of injury in a road accident;

the risk of an industrial safety accident as a result of a loss of containment observed in process equipment and devices at hazardous industrial facilities;

the risk of a fire.

The following insignificant risks were identified:

the risk of an employee being injured when falling on a flat surface: in 2019, the risk was reclassified as insignificant due to a 77% decrease in the number of cases compared to 2018 as a result of the measures planned and subsequently taken at PJSC Gazprom;

the risk of injury as a result of exposure to an electric arc.

(132) Order of PJSC Gazprom No. 37 dated January 30, 2020.

In 2019, in order to identify the causes of accidents, the subsidiaries and entities of PJSC Gazprom introduced a procedure aimed at determining the root causes of accidents and analysing these causes. The procedure was adopted for the development and implementation of measures to prevent process safety accidents and violations¹³³.

The analysis of root causes is designed to help reveal all the factors contributing to accidents, as well as identify the events accompanying them. The findings are used to inform the employees of PJSC Gazprom's structural units, branches, subsidiaries and entities about an accident and its causes, and to develop and implement measures aimed at preventing and/or reducing the possibility of similar accidents.

The Safety Framework is a project of **Gazprom Neft** primarily seeking to prevent accidents with catastrophic consequences by creating relevant protective and preventive barriers. This effort to build and implement barriers to key risks is now being implemented across the entire Gazprom Neft. An independent inspection panel was set up to oversee the presence and quality of the barriers created within the Safety Framework project, as well as to analyse the effectiveness of the actions taken which is measured as the efficiency of the barriers.

In 2019, **Gazprom Energoholding** completed a large-scale effort to identify, assess, and eliminate process safety risks. Each entity of Gazprom Energoholding appointed and trained persons responsible arranging this process. The findings of the risk assessment were included in roadmaps, with consistent work being currently performed to mitigate the identified risks depending on their level of hazard and severity of consequences.

Serious risks are to be addressed first, while most other risks are to be eliminated within a calendar year. The remaining risks were mitigated and will be fully eliminated following the implementation of the measures planned under the repair and investment programs of the Gazprom Energoholding companies.

In **Gazprom Neftekhim Salavat**, hazard identification, risk assessment and development of risks management activities for the purposes of occupational and industrial safety are regulated by STO 18.02.2019-ISO Hazard Identification and Risk Management. Routine hazard identification and risks assessment exercises are carried out on an annual basis. Unscheduled hazard identification and risk assessment are performed in the event of:

upgrade, overhaul or replacement of equipment;

introduction of changes into production processes when planning any special (non-standard) works;

amendments of legal and other requirements related to identified hazards and risks and/or related control measures;

changes in working conditions and/or work procedures;

accidents and incidents.

The results of hazard identification, risk assessment and development of activities are included in the annual report on the functioning of the ISPSM for their review by senior management. Should additional risk

management measures be required, they are selected in a hierarchical order, from the complete elimination of a hazard to the use of personal protective equipment.

GRI 403-7

To prevent occupational, industrial, and fire safety risks, as well as to reduce their impact on employees, PJSC Gazprom develops and carries out activities aimed at eliminating risks, reducing the severity of consequences observed as a result of accidents, introducing safer technologies instead of the existing ones, and implementing administrative barriers within the management procedures.

To improve process safety performance, PJSC Gazprom develops and carries out activities aimed at enhancing each separate element and the overall effectiveness of the ISPSM.

In 2019, a book entitled *Best Process Safety Practices of PJSC Gazprom* was compiled to describe the best activities, technologies and solutions designed to improve the ISPSM in subsidiaries. The book seeks to raise awareness about best practices adopted at the Gazprom Group companies.

(133) STO Gazprom 18000.4-008-2019 Integrated System of Process Safety Management. Analysis of Root Causes of Incidents. Procedure for their Identification and Development of Preventive Measures was approved by order of PJSC Gazprom No. 208 dated May 31, 2019.

Process Safety Goals

For 2019, the Gazprom Group set the following process safety goals for its companies:

- to create a safe working environment and to protect the lives and health of the employees;
- to reduce the risks of accidents and incidents at hazardous facilities;
- to ensure fire safety at the Group's facilities.

89 subsidiaries and entities of PJSC Gazprom were successful in achieving their occupational, industrial and fire safety goals, while 13 subsidiaries did not achieve them. In the companies that failed to accomplish the goals, a variable pay serving as an incentive pay was included into their remuneration in line with the *Methodology for Assessing Delivery of Occupational, Industrial and Fire Safety Objectives at PJSC Gazprom Subsidiaries and Entities*¹³⁴.

PJSC Gazprom developed and implemented the programs aimed at achieving the goals set. All subsidiaries carry out programs of actions seeking to improve the labour conditions, as well as plans of actions designed to ensure industrial safety at hazardous industrial facilities.

The performance against the current goals is monitored on a weekly basis by the authorized Directorate of PJSC Gazprom.

In 2019, the first cycle of implementing a risk-based approach to process safety was put into practice and tested within the perimeter of **Gazprom Neft**. Key risks were identified at the corporate level, with 31 scenarios developed for incidents with catastrophic consequences. For all scenarios, cause-and-effect models were developed to reflect the relations between underlying factors, a potential incident and its consequences.

All companies of **Gazprom Energoholding** monitor the progress and effectiveness of the process safety activities on a quarterly basis.

In terms of process safety, all companies introduce key performance indicators as regards total and fatal injuries. In 2019, the target values were achieved. Zero fatal accidents occurred at production facilities, and there were no accidents at hazardous industrial facilities in the reporting year.

In 2019, **Gazprom Neftekhim Salavat** achieved five process safety goals out of seven. At workplaces, no cases of fatal injuries and no injuries from falling on a flat surface were recorded. The number of employees who saw an improvement in their working conditions increased by more than 5%. The number of accidents and incidents decreased by 50% compared to the medium-term linear forecast over the past five years. No fires were recorded in the reporting year.

Process Safety Plans for 2020

Based on the results of the process safety risk assessment and the analysis of process safety laws, regulations and other requirements and possible improvements, the following process safety goals are set at PJSC Gazprom for 2020 (Executive document No. 03-233 dated October 11, 2019):

- to create a safe working environment and to protect the lives and health of the Company employees;
- to reduce the risks of accidents and incidents at hazardous facilities;
- to ensure fire safety at PJSC Gazprom's facilities.

(134) Approved by Order of PJSC Gazprom No. 196 dated April 23, 2018.

Occupational Safety Performance

In 2019, the companies covered by the ISPSM managed to significantly reduce the number of employees injured as a result of incidents; this number went down by 47% against 2018 (47 persons injured as a result of incidents in 2019 against 89 persons in 2018).

In the reporting year, six incidents were recorded that resulted in seven fatalities at the companies covered by the ISPSM, including four persons at gas and gas condensate processing facilities.

Audits and inspections were conducted at gas and gas condensate processing facilities that determined the root causes of the incidents,

and the results of the audits and inspections were used to develop a set of measures aimed at solving technical, organizational and personnel issues.

Gazprom Energoholding also recorded a decrease in the number of persons injured: 18 injured in 2018 against 8 in 2019. The Gazprom Neft Group reported 68 persons injured in 2019 versus 85 in 2018, while Gazprom Neftekhim Salavat had two injured persons in 2019 compared to zero in 2018.

Number of injuries and fatalities due to incidents in 2016–2019, persons

Indicator	2016	2017	2018	2019
Companies covered by the ISPSM				
Injured	77	61	89	47
Including fatalities	4	6	3	7
Gazprom Neft Group ¹³⁵				
Injured	69	74	85	68
Including fatalities	4	4	1	2
Gazprom Energoholding				
Injured	19	16	18	8
Including fatalities	1	1	0	0
Gazprom Neftekhim Salavat				
Injured	1	2	0	2
Including fatalities	0	1	0	0

Number of injuries and fatalities due to incidents in 2019 in the companies covered by the ISPSM, by gender, persons

Indicator	2019	
	Male	Female
Injured	44	3
Including fatalities	7	0

Number of injuries and fatalities due to incidents in 2019 the companies covered by the ISPSM, by region, persons

	Russian Federation	Republic of Belarus	Republic of Armenia	Kyrgyz Republic
Injured	44	3	0	0
Including fatalities	6	1	0	0

(135) Indicators for 2016–2019 were adjusted taking into account the Gazprom Neft Group's foreign assets in Serbia, Iraq, Italy, Eastern Europe, and Central Asia.

The most common causes of employee injuries were road traffic accidents, with 18 injured persons, or 38% of the total number of persons injured. Notably, all persons were injured in road traffic accidents through a third party's fault. Given that 41 persons were injured in road traffic accidents in 2018, the number of injured persons decreased by 56% year-on-year.

PJSC Gazprom is working towards mitigating those risks. Specifically, a set of measures was developed to reduce the number of road traffic accidents: traffic safety requirements were established for contractors, and regulations were established for all control stages – from trip planning, pre-trip vehicle approval, monitoring of the vehicles' speed and drivers' work and rest time to returning vehicles to their parking areas.

Eight persons, or 17% of the total number of persons injured, received injuries as a result of falls, including five from stairways, two on a flat surface, one with a difference of height. Given that 35 persons were injured due to falls in 2018, the number of injured persons decreased by 77% year-on-year.

Eight persons, or 17% of the total number of persons injured, received injuries due to the impact of moving, flying or rotating items, parts, or machinery – the same number as in 2018.

In 2019, injury frequency rates declined in the subsidiaries of PJSC Gazprom and Gazprom Energoholding LLC, while lost time injury frequency rates decreased in the subsidiaries of PJSC Gazprom, Gazprom Energoholding LLC, and PJSC Gazprom Neft.

Injury frequency rate, Gazprom Group, 2016–2019 ¹³⁶

Item	2016	2017	2018	2019
Subsidiaries of PJSC Gazprom (gas business)	0.24	0.19	0.28	0.15
Gazprom Neft Group	0.70	0.52	0.35	0.59
Gazprom Energoholding	0.52	0.44	0.50	0.21
Gazprom Neftekhim Salavat	0.13	0.25	0	0.24

Lost time injury frequency rates (LTIFR) ¹³⁷, Gazprom Group, 2016–2019

Item	2016	2017	2018	2019
Subsidiaries of PJSC Gazprom (gas business)	0.16	0.11	0.17	0.09
Gazprom Neft Group ¹³⁸	0.56	0.60	0.64	0.50
Gazprom Energoholding	0.30	0.25	0.28	0.12
Gazprom Neftekhim Salavat	0.07	0.14	0	0.13

Fatality rate (FAR) ¹³⁹, resulting from incidents, Gazprom Group, 2016–2019

Item	2016	2017	2018	2019
Subsidiaries of the Gazprom Group (gas business)	0.79	1.17	0.57	1.35
Gazprom Neft Group ¹⁴⁰	3.09	3.08	0.74	1.46
Gazprom Energoholding	1.56	1.57	0	0
Gazprom Neftekhim Salavat	0	6.97	0	0

(136) Number of persons injured as a result of incidents / average headcount of employees × 1,000.

(137) Number of persons injured as a result of incidents where lost time was involved / total man-hours worked × 1,000,000.

(138) Indicators for 2016–2019 were adjusted taking into account the Gazprom Neft Group's foreign assets in Serbia, Iraq, Italy, Eastern Europe, and Central Asia.

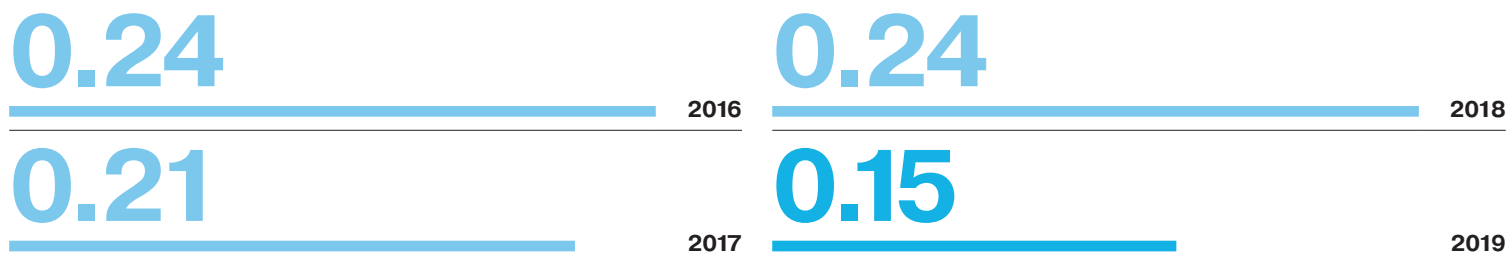
(139) Number of persons who suffered fatal accidents / total man-hours worked × 1,000,000.

(140) Indicators for 2016–2019 adjusted for the Gazprom Neft Group's foreign assets in Serbia, Iraq, Italy, Eastern Europe, and Central Asia.

4.2.

Occupational Safety Performance

Total recordable injury frequency rate (TRIFR)¹⁴¹, companies included in the ISPSM perimeter, 2016–2019



In order to eliminate the causes of workplace emergencies (incidents, accidents, fires, etc.) and prevent them from happening again, 12 plans and programs in the field of occupational, process and fire safety were developed and implemented.

For the prevention of emergencies (incidents, accidents, fires, etc.), “Look out!” leaflets were designed and sent out to subsidiaries.

The executive officers of subsidiaries report on the results of workplace incident investigations and the implementation of remedial and preventive measures at the meetings of PJSC Gazprom’s Process Safety Commission. In 2019, the situation concerning work-related injuries at PJSC Gazprom and the implementation of the measures to prevent them were on the agenda of meetings with directors general and chief engineers of subsidiaries.

4.2.1.

Control over Labour Conditions



GRI 403-3

To ensure workplace safety within the Gazprom Group, special labour conditions assessment (SLCA)¹⁴² is carried out every year according to annually updated schedules. Based on its outcomes, labour conditions are categorized into Classes, and activities aimed at the improvement of the employees’ labour conditions are developed and implemented. The scope of labour conditions control includes all kinds of harmful and hazardous occupational factors (physical, chemical and biological). Physical factors include:

vibroacoustic factors (noise, vibration, infrasound, ultrasound);

non-ionizing radiation (electromagnetic, ultraviolet);

ionizing radiation (radioactive, alpha-, beta-, gamma-, X-ray);

illumination of surfaces at workplaces;

indoor climate (air temperature, speed and humidity; environmental heat load).

(141) Total number of recordable incidents (all lost time injuries, substitute work, and other injuries requiring treatment by a medical professional) / total man-hours worked × 1,000,000.

(142) In accordance with Federal Law No. 426-FZ dated December 28, 2013 “On Special Labour Conditions Assessment”.

Chemical factors are controlled through monitoring and measuring chemicals, compounds and industrial (mostly fibrogenic) aerosols present in the workplace air.

Biological factors are controlled through monitoring and assessing concentrations of microorganism producers and their metabolic products potentially hazardous for people and environment. Such concentrations are measured in the workplace air of the staff members who are mainly involved in health services.

In 2013–2019, the number of workplaces with harmful and hazardous conditions at the subsidiaries and entities of PJSC Gazprom declined from 38% to 14% due to the implementation of measures aimed at improving the working environment.

With a total of 7,000 activities carried out during 2019, labour conditions were improved for 34,600 employees. The measures behind these results included:

repair of buildings and structures at production facilities;

purchase, installation and repair of ventilation equipment;

maintenance of ventilation equipment and dust and gas collectors;

purchase and maintenance of personal alarm devices that detect hazardous and harmful chemicals.

Given the specifics of PJSC Gazprom's activities, key harmful or hazardous occupational factors affecting the employees include hard physical work and vibroacoustic factors. In 2019, 32 employees were diagnosed with occupational diseases resulting from the exposure to vibroacoustic factors (noise).

In order to eliminate noise, pressure snubbers were installed in the pressure control units, noise-proof coating was applied around safety relief valves beyond the pressure control units, and the equipment of gas compressor units was upgraded.

The Company has developed and adopted the *Labour Conditions Improvement Action Plan*¹⁴³, which requires that the causes of harmful noise and vibration conditions at workplaces must be analysed, and the mitigating measures must be implemented.

The Gazprom Group companies record and investigate the cases of occupational diseases as is provided for by the legislation of the Russian Federation¹⁴⁴.

Occupational disease rate (ODR)¹⁴⁵, Gazprom Group, 2016–2019

Item	2016	2017	2018	2019
Subsidiaries of the Gazprom Group (gas business)	0.060	0.045	0.030	0.062
Gazprom Neft Group	0.031	0.009	0.018	0.016
Gazprom Energoholding	0.016	0	0.031	0

Number of Class 3 and 4 workplaces and the number of employees working at such workplaces at the companies included in the ISPSM Perimeter, 2019

Indicator	Class				
	3.1	3.2	3.3	3.4	4
Number of workplaces, units	19,821	9,084	615	44	0
Number of employees, persons	42,973	25,922	2,362	88	0

(143) RD No. 03-157 dated July 1, 2019.

(144) Russian Government Resolution No. 967 dated December 15, 2000 "On Approval of the Regulation for Investigations and Records of Occupational Diseases".

(145) Number of incident cases of occupational diseases / total man-hours worked × 1,000,000.

Industrial Safety Performance

GRI OG 13

In 2019, the number of industrial safety incidents at hazardous production facilities of the Gazprom Group declined. Entities within the ISPSM perimeter reported 5 accidents in 2019, down 37% versus 8 accidents in 2018.

In 2019, no accidents were registered at Gazprom Neft and Gazprom Energoholding, compared to 1 and 0 accidents, respectively, in 2018. At Gazprom Neftekhim Salavat, there was 1 accident in 2019. The number of incidents at the Group's companies also decreased.

Information on the number of industrial accidents and incidents across the Gazprom Group, 2016–2019

Indicator	2016	2017	2018	2019
Companies included in the ISPSM perimeter				
Accidents	9	5	8	5
Incidents	30	21	8	5
Gazprom Neft Group				
Accidents	2	0	1	0
Incidents	2,385	2,183	1,068	920
Gazprom Energoholding				
Accidents	1	0	0	0
Incidents	176	129	99	69
Gazprom Neftekhim Salavat				
Accidents	1	0	0	1
Incidents	2	1	9	1

As of the end of 2019, PJSC Gazprom's subsidiaries included in the ISPSM perimeter operated a total of 4,591 hazardous production facilities.

The following measures were developed and are being carried out to reduce the number of accidents and incidents and eliminate their causes:

subsidiaries have developed and adopted *Industrial Safety Activities Plans*;

following the previous ISPSM analysis by PJSC Gazprom's top management, *Remedial and Preventive Measures Plans* were developed and are now being implemented;

information on the accident rate is communicated to all subsidiaries and entities of PJSC Gazprom in order to prevent accidents and incidents and adjust the existing action plans aimed at improving industrial safety;

investigation of the causes behind accidents and incidents is performed in a timely manner;

pipelines undergo pigging to help identify the most hazardous defects when scheduling diagnostics;

violations identified during the audits by state supervisory agencies and corporate control bodies are remedied in a timely manner.

In addition to that, PJSC Gazprom is working to improve by-laws related to the development of staff expertise, enhancement of the operational control system, and organization and performance of diagnostics.

Industrial safety costs are included in the programs for overhaul, reconstruction, technical upgrade, diagnostics, maintenance, and repair of the capital assets owned by the Gazprom Group companies.

Information on occupational and industrial safety spending across the Gazprom Group, 2016–2019, RUB million

Companies	2016	2017	2018	2019
Companies included in the ISPSM perimeter				
Occupational safety	10,819	10,795	15,450	17,565
Industrial safety	7,113	11,452	5,576	5,299
Gazprom Neft Group ¹⁴⁶				
Occupational safety	1,291	1,592	7,943	–
Industrial safety	5,868	5,964	918	–
Gazprom Energoholding				
Occupational safety	1,438	1,467	1,533	1,626
Industrial safety	522	649	218	467
Gazprom Neftekhim Salavat				
Occupational safety	186	171	228	187
Industrial safety	551	830	478	809

Subsidiaries and entities of PJSC Gazprom take the following steps to plan measures aimed at containing and eliminating the consequences of accidents at hazardous industrial facilities:

establish and operate their own emergency rescue services, as well as volunteer emergency rescue teams;

sign contracts with professional emergency rescue services (teams) to provide services to ensure well blowout, gas, fire, industrial and occupational safety and to perform scheduled gas hazardous works and repair and maintenance works;

set up engineering systems for control and prevention of potential accidents and emergencies, as well as alert, monitoring and communication systems;

develop standards for emergency materials and equipment stock and make financial provisions for containing and eliminating the consequences of accidents;

set up and upgrade training aids and equipment to prepare employees for an adequate response to emergencies;

train their staff at hazardous industrial facilities to contain potential accidents and emergencies and eliminate their consequences, use main protective equipment and safety measures, and provide first aid and self-care in case of injuries; organize trainings and test alerts.

The Gazprom Group implements digital technologies and uses innovative solutions to improve industrial safety. In 2019, PJSC Gazprom Science and Technology Prize was awarded to the authors of the projects “Information analysis system for identifying potentially hazardous sections in gas trunklines due to stress corrosion cracking and for planning major repairs” (Gazprom Transgaz Yugorsk LLC) and “Developing and integrating management information systems to improve technogenic and geo-ecological safety at gas production facilities” (Gazprom Dobrycha Yamburg LLC).

(146) Starting from 2019, no data is collected on the Gazprom Neft Group's occupational and industrial safety spending.

4.4.

Fire Safety Control Performance

In 2019, two fires causing a total property damage for the amount of RUB 7 million were registered at the sites of PJSC Gazprom's subsidiaries and branches (versus 3 fires in 2018 that led to RUB 1.7 million in property damage). No injuries resulting from the fires were reported in 2019 (1 injured in 2018).

To prevent fires across its production facilities, the Gazprom Group holds special tactical exercises attended by the representatives of the

Central Office of the Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor), Ministry for Emergency Situations (EMERCOM) of Russia and PJSC Gazprom, fire drills, including together with the Main Office of EMERCOM, and drills to practice employee evacuation in the event of a gas hazard or a fire.

In 2019, the Group's companies held 3,155 fire exercises and drills in cooperation with the federal executive authorities.

In October 2019, the first international drills on emergency response and cross-border medical evacuation of the injured to China took place at the Amur GPP as part of a cooperation program between PJSC Gazprom and CNPC.

A *Fire Safety Organizational and Technological Activities Plan for PJSC Gazprom Facilities for 2019*¹⁴⁷ was developed and approved based on the results of accident investigation and audits by supervisory

bodies. The plan provided for 49 measures, which were all implemented in full.

In 2019, a PJSC Gazprom team made up of employees from the Company's subsidiaries took the first place in the Russian Competition in Fire and Rescue Sports among Ministries and Agencies, as well as in the World Fire and Rescue Sport Championship in Varna (Bulgaria).

(147) RD No. 03-255 dated December 27, 2018.


**By creating a safe
working environment,
we contribute to maintaining
the health of our employees,
increasing labour productivity,
and supporting consistent
sustainable development.**



Mikhail Yasinsky

Deputy Chief Engineer for Occupational Health, Industrial
and Fire Safety, Gazprom Dobycha Urengoy LLC

Boasts over 30 years of experience in process safety. Took part in the Zapolyarnoye field development project and was involved in ensuring industrial safety of the Pirazlomnaya offshore ice-resistant fixed platform. At present, ensures occupational safety at the unique Urengoyское oil and gas condensate field, one of the top 3 globally.





Process Safety Culture Development

GRI 403-4

Process safety culture is a significant factor of a company's process safety that helps prevent emergencies, incidents, accidents, and fires at the production facilities.

When developing *PJSC Gazprom's Process Safety Management System Development Strategy until 2021*, PJSC Gazprom conducted initial assessment of the process safety culture. *PJSC Gazprom's Target Process Safety Enforcement Program until 2020* is focused on developing process safety culture as a means of achieving the Target Zero goal when reducing the number of incidents.

In 2019, PJSC Gazprom carried out the following activities to improve process safety culture:

organized process safety leadership workshops for the executive management of PJSC Gazprom and its subsidiaries;

established corporate requirements to behavioural safety audits¹⁴⁸;

enhanced operational control over compliance with industrial safety requirements when operating gas and gas condensate processing facilities, gas distribution and consumer networks, oil production, transportation and processing facilities, as well as over compliance with the requirements when operating power generation facilities.

At **Gazprom Neft**, employees play the key role in prioritizing the occupational safety culture, which is why the company pays special attention to establishing a dialogue with its staff. Gazprom Neft holds annual Safety Awareness Days attended by its top management, where the company's employees and contractors exchange knowledge and thoughts on work-related hazards. This yields quality feedback and provides for rapid elimination of workplace safety issues.

In addition, the staff training system of Gazprom Neft also helps build safety culture.

Gazprom Energoholding continues implementing the Safe Operations Culture Project¹⁴⁹.

It also organizes mandatory training, testing and certification of personnel in occupational and industrial safety.

(148) R Gazprom 18000.3-009-2019 Integrated System of Process Safety Management. Behavioural Safety Audit. Guidelines.

(149) For more details see the Gazprom Group Sustainability Report 2018: <https://sustainability.gazpromreport.ru/en/2018/>

4.6.

Staff Training in Process Safety

249,600

people across the Gazprom Group received training in occupational safety in 2019

47,800

people across the Gazprom Group received training in industrial safety in 2019

GRI 403-5

The Gazprom Group companies set requirements to employees' industrial safety knowledge and competence in each type of activity, which are based on federal laws and regulations of the Russian Federation, professional standards and by-laws of Gazprom.

PJSC Gazprom provides occupational safety training to its employees via the Continuous Vocational Education and Training System of PJSC Gazprom. Training and professional development programs have been developed for each employee category at both internal professional training centers and specialized educational institutions.

For the assessment of the occupational safety knowledge and competence of the employees at PJSC Gazprom structural units, as well as of the executives and central examination board members of the Group's companies, PJSC Gazprom has set up a Central Examination Board which tests occupational safety knowledge and conducts industrial safety certification.

The executives and specialists of PJSC Gazprom Administration undergo training in occupational safety, as well as pre-certification briefing in industrial safety at Gazprom Corporate Institute to prepare for further certification by the Central Examination Board of PJSC Gazprom.

In 2019, 256 employees of PJSC Gazprom's structural units and 305 executives and central examination board members of PJSC Gazprom subsidiaries and entities were tested in occupational safety and achieved industrial safety certification.

Gazprom Neft's corporate university has a process safety department where external experts and in-house coaches teach corporate educational programs for the employees of both Gazprom Neft and contractors.

All **Gazprom Energoholding** companies have in place central examination boards to certify and assess (check) the knowledge of the heads and specialists of the companies' power plants and executive offices against the relevant industrial safety and energy security rules. Each board is chaired by a chief engineer. The representatives of the Gazprom Energoholding companies' central examination boards were all certified by the commission of the Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor). In 2019, 30,188 employees of Gazprom Energoholding companies underwent occupational safety training, and 7,289 employees were trained in industrial safety.

Control of Contractors in Relation to Occupational, Industrial, and Fire Safety

GRI 403-7

Safety of Gazprom facilities operation depends to a large extent upon contractor companies that provide services and carry out repair and construction works on behalf of the Group.

Incidents and lack of normal workplace conditions and amenities at contractor companies create risks of delays in repairs and construction and subsequent risk of late commissioning of production facilities and deter highly qualified professionals.

Gazprom requires that the suppliers and contractors strictly adhere to the established occupational, industrial and fire safety standards and procedures while performing the works at Gazprom facilities. During the bidding and procurement stage, the participants are checked for availability of the documents certifying their compliance with occupational, industrial and fire safety requirements.

The subsidiaries and entities of PJSC Gazprom have developed documents regulating the procedures for access to the facilities and control of contractors based on the operational and regional specifics. The contractual documents were amended to include the new requirements that contractors need to comply with.

Prevention of accidents and workplace injuries is one of the key conditions for collaboration with contractors. The contractor companies are notified of and advised on the ISPSM requirements, the identified risks and changes affecting the safety during the introductory briefings, as well as when the work permits (safe work permits, clearance certificates) are issued. PJSC Gazprom, its subsidiaries and contractors¹⁵⁰ have arranged exchange, collection and analysis of statistics of incidents at contractor companies.

Representatives of the contractor companies participate in PJSC Gazprom meetings and workshops on implementation of the process safety policy, process safety culture improvement, and development of management leadership skills.

Number of injuries and fatalities among the contractor employees as a result of incidents in 2019, persons

Indicator	PJSC Gazprom subsidiaries enabling the operation of the Unified Gas Supply System (subject to the ISPSM)	Contractor companies which worked at the Gazprom Group's facilities
Injured	23	142
Including fatalities	2	13

The control over the activities of contractor companies is performed in line with STO Gazprom 18000.3-004-2020 *Integrated System of Process Safety Management. Organizing and Conducting Audits*¹⁵¹, based on the developed program of internal audits of the ISPSM.

Apart from the ISPSM audits, the activities of contractor companies are overseen as part of administrative and production control within subsidiaries.

All contracts concluded by **Gazprom Neft** with its contractors include the requirements on compliance with the rules and regulations established in the regions of operations, as well as the corporate industrial, occupational, and environmental safety requirements. Entering into contracts for essential technical operations is preceded by an evaluation of the technical condition of the equipment, the qualification of the personnel, and the implemented process safety management systems of the contractor.

procedures and holds joint meetings to find the best solutions on how to improve the safety of the works.

As works are carried out, there is continuous monitoring of their compliance with the safety requirements and the contractor performance in terms of safety. If deviations are identified, the parties cooperate to remedy them.

Each year, Gazprom Neft's contractors take part in Safety Days held by the Group.

Gazprom Neft informs its contractors of the applicable rules, norms, and

Gazprom Energoholding implements a number of measures to

(150) For PJSC Gazprom subsidiaries that are part of the Unified Gas Supply System (involved in production, transportation, storage and processing), the main contractor organizations are subsidiaries enabling operation of the UGSS, which are covered by the ISPSM. They include, in particular, the subsidiaries and entities performing overhauls, construction, survey and design works, supplying energy resources and providing motor and railway transportation and special machinery and equipment.

(151) Approved by order of PJSC Gazprom No. 94 dated March 2, 2020; in effect starting from March 12, 2020 instead of STO Gazprom 18000.3-004-2014.

4.7.

Control of Contractors in Relation to Occupational, Industrial, and Fire Safety

promote responsibility among contractors for maintaining a safe working environment and occupational health and safety procedures at the facilities of Gazprom Energoholding. These include mandatory occupational safety induction training, preparation of workplaces with issuance of safe work permits, and checks of whether staff members have received safety training and certification. Occupational Health and Safety Days are another means of encouraging contractors' employees to comply with the requirements of the occupational safety system.

Gazprom Neftekhim Salavat includes the *Procedure of Cooperation in Relation to Compliance with Environmental, Industrial, Occupational, Fire, Road Traffic Safety, Internal Labour Rules and*

*Regulations, On-Site and Access Authorization Procedures*¹⁵² into all contracts with contractors.

The local regulations governing the performance of contractor works at the plant facilities are available on the website of Gazprom Neftekhim Salavat, as is required by the *Procedure of Cooperation*.

Gazprom Neftekhim Salavat also conducts audits of high-hazard operations carried out by contractor companies. The identified deficiencies are recorded in a certificate of high-hazard operations inspection to be subsequently remedied.

There is also a telephone hotline in place for contractor employees.

4.7.1.

Plans for 2020 concerning interaction with contractors

Pursuant to the instruction of the PJSC Gazprom Management Committee, in 2020, it is planned to start using the INTERGAZCERT voluntary certification system for authorizing contractors to perform

works or render services at PJSC Gazprom's facilities, as well as for controlling their compliance with the process safety requirements.

(152) http://www.gpns.ru/sites/default/files/reglament_vzaimodeystviya_storon_pr802.pdf

International Cooperation in Process Safety

PJSC Gazprom maintains long-term relationships with foreign partners, including in the field of process safety. Process safety matters are addressed as part of PJSC Gazprom's joint R&D work with Wintershall Dea, Shell, ENGIE, and CNPC. Partnerships with foreign businesses are aimed at developing long-term and effective cooperation through the exchange of best practices. By joining forces with foreign partners, Gazprom seeks to enhance the process safety system and ensure compliance with the relevant requirements at hazardous facilities. Below are the matters that PJSC Gazprom and its foreign colleagues pay attention to:

- shaping a corporate safety culture;
- improving the process safety management system;

- evaluating the process safety status;
- exchanging practices on how to increase employee motivation, encourage engagement in occupational safety activities, and strengthen the team spirit;
- ensuring safe development and operation of fields with hydrogen sulphide content;
- integrating occupational and industrial safety requirements in the implementation of joint oil and gas projects.

Gazprom's experience is taken into account by the International Labour Organization (ILO) to develop its documents. Specifically, PJSC Gazprom, having been acting as the operator in the Arctic for a number of years now, played a significant role in advising the ILO on occupational health and safety matters for Arctic shelf operations. The Company's representatives were also invited to the Steering Committee of Vision Zero (an international program that aims to enhance road traffic safety and reduce fatalities from road traffic accidents); the Committee has been established to develop process safety culture aimed at eliminating the causes of accidents, workplace injuries, and occupational diseases.

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5



The Gazprom Group is committed to making consistent social investment in more than 80 regions of its operation thus contributing to their sustainable development.

5.1.

Cooperation with the Regions

For more than ten years, PJSC Gazprom has been taking part in a major program for urban improvement of the historic center of St. Petersburg.

In 2019, a set of improvement activities was carried out in a number of streets in the Petrogradsky District of St. Petersburg, and decorative outdoor lighting was upgraded.

In December 2019, LED street lights were installed in Nevsky Prospekt, which became the city's first large street that transitioned to LED lighting. After old sodium lamps were replaced with new LED ones, the power consumption required to light Nevsky Prospekt went down by 30%. Power savings for the year totalled RUB 2 million.

81

**Russian regions
are covered by agreements
with PJSC Gazprom**

10

**new cooperation agreements
and contracts were signed with
Russian regions in 2019**

GRI 203-2

The Gazprom Group's cooperation with Russian regions is based on a balance between the interests of the Group's companies, public authorities of the constituent entities of the Russian Federation, and

organizations operating in the regions. Importantly, this cooperation focuses on the interests of local residents: the Group establishes new jobs, improves local infrastructure, and implements charity projects.

As part of the project on the expansion of UGSS' gas transportation capacity at the Gryazovets–Slavyanskaya CS section in the North-West region, 458 new jobs are to be created in the Kingiseppsky, Volkhovsky, and Boksitogorsky Districts of the Leningrad Region. In 2019, Gazprom Transgaz Saint Petersburg LLC added 256 new jobs as required for the development of the Slavyanskoye Gas Pipeline Operation Center, a new branch involved in implementing PJSC Gazprom's Nord Stream 2 strategic project.

In 2019, the Gazprom Group continued its interaction with public and municipal authorities of the constituent entities of the Russian Federation to create a favourable environment for the Group's business and to develop a legislative framework for cooperation. Existing forms of partnership were improved and steps were taken to find new ones. Gazprom's relevant activities in this area are governed by the *Regional Policy Concept*¹⁵³. The document sets forth a multi-level system of relations between the Company and the constituent entities of the Russian Federation that is based on cooperation agreements.

In the reporting year, the agreements covered 81 Russian regions¹⁵⁴. In 2019, ten new cooperation agreements and contracts were signed.

These documents provide for framework conditions, inter alia, to develop business operations, protect the environment, and support indigenous peoples. In accordance with the documents, the Group's companies are also to take part in developing regions' infrastructure, as well as building and repairing facilities of social importance.

In the Komi Republic, throughout 2019, Gazprom Transgaz Ukhta LLC allocated RUB 194.4 million for an overhaul of Ukhta Town Hospital No. 1, RUB 171.1 million for an overhaul of the Ukhta Children's Hospital, and RUB 53.26 million for an overhaul of the Ukhta Interterritorial Maternity Hospital. The unsatisfactory state of these hospitals prevented residents of Ukhta, Vuktyl, and Sosnogorsk from accessing modern healthcare.

(153) Approved on May 22, 2003 by resolution of OJSC Gazprom Management Committee.

(154) Except the Magadan Region, Chukotka Autonomous Area, Republic of Crimea, and the city of Sevastopol.

The agreements and contracts signed to date take into account PJSC Gazprom's strategic interests in respective regions as regards commercial development of hydrocarbon fields, natural gas transportation, gas infrastructure expansion and gas supplies, and environmental safety and protection in the areas impacted by operations of PJSC Gazprom's subsidiaries. The agreements aim to further promote traditional partnerships and mutually beneficial relations between the parties.

The agreement with the Khanty-Mansi Autonomous Area – Yugra (KhMAA – Yugra) provided for co-financing by PJSC Gazprom (investment program of Gazprom Transgaz Yugorsk LLC) and the Government of KhMAA – Yugra of projects in 2019 to build social and transport infrastructure facilities in municipal districts of the autonomous area such as dormitories for shift personnel, sports and fitness centers, and motor road segments. The expenditures of PJSC Gazprom amounted to RUB 287.48 million.

Pursuant to the agreements, the regional governments will be providing assistance to the Group's companies, among other things in geological exploration of the mineral resource blocks, design, surveying and construction works, timely review of the utility tariffs for services provided by the subsidiary companies to customers, simplifying the procedure for execution of land acquisition documents by the municipal authorities.

Under an agreement of intent for the implementation of PJSC Gazprom's investment project in the Sakhalin Region, an office complex, social and sports infrastructure facilities, and housing for the Gazprom Group personnel will be erected in the city of Yuzhno-Sakhalinsk.

GRI 413-1

The *Home Towns* program of **Gazprom Neft** is one of the most successful and renowned community development initiatives run by Russian companies. It brings together all of Gazprom Neft's social projects, ranging from small-scale volunteer campaigns, town-level celebrations and major international festivals to construction of residential buildings and sports centers.

In 2019, the Home Towns program won the Grand Prix at the Leaders of Corporate Charity, Russia's most widely recognized social investment competition.



The construction of the Amur GPP supports local communities and takes into account their interests.

”

Yury Lebedev

Director General of Gazprom Pererabotka Blagoveshchensk LLC

Gazprom Pererabotka Blagoveshchensk is the investor and customer in the Amur Gas Processing Plant construction project. What does the company do to meet the interests of the people who live in the area influenced by the project?

In our stakeholder engagement, we use a range of tools, with regular public hearings and consultations being the most effective ones. Activities like these help identify the most pressing concerns and expectations of people related to various stages of the project. Also, the Community Council was formed which includes 20 opinion leaders from among local residents representing the government, non-governmental organizations, and cultural institutions.

In 2019, public hearings focused on the amendments to the Amur GPP design documentation. The Community Council also met three times during the year. Matters discussed included the progress in the plant construction, certification for local residents wishing to apply for blue-collar positions open at the project, the project's benefits for the budget and infrastructure of the Svobodny town, tools to help foreign workers socialize, and charity projects.

Is there a grievance mechanism in place for this project?

Any stakeholder has the right submit a query or complaint related to any aspect of the Amur GPP construction. This can be done by mail, e-mail, or by calling the Hot Line of NIPIGAZ, the general contractor of the construction. Another option is to use suggestion boxes. Those are located at the project's information center in Svobodny and at construction and personnel accommodation sites.

In 2018–2019, most of the grievances came from employees and were related to their living conditions and occupational and industrial safety. Queries from local residents focused on employment opportunities offered by the project and concerns about the conduct of those involved in the GPP construction, as well as about territory improvement.

Under the *Regulation on Grievance Processing* of Gazprom Pererabotka Blagoveshchensk LLC, a complaint or query is to be handled within 10 business days. Our experience shows that 85% of issues are resolved within 3–5 business days.

In general, we have managed to build a convenient and effective framework for stakeholder interaction. In addition to quickly addressing ongoing issues, it also lays the foundation to promote a sustainable social partnership.

What activities were carried out in 2019 to support local communities? What are the plans for 2020?

In 2019, charity expenses of Gazprom Pererabotka Blagoveshchensk LLC totalled RUB 7 million. Financial assistance was extended to a dedicated Gazprom Class, rural schools, boarding school, the Svobodny Social Orphanage for Children, and a rehabilitation center. The company provided considerable support to regional authorities by mobilizing construction equipment of contractors engaged in the project to deploy it to fight the summer flood and its consequences in the region. Gazprom Pererabotka Blagoveshchensk LLC also helped residents and educational institutions affected by the flood.

In line with the *Local Communities Development Plan*, the company uses two approaches: the reactive approach, which is based on traditional processing of requests received from various city and district organizations, and the proactive approach, which was first tried out in 2019. As part of the proactive approach, the Community Council developed and then implemented exciting social projects: *Safety and Me* series of interactive lectures for younger people, and *Svobodny: Everyone's Local*, a festival of national cultures. Going forward, once the Amur GPP is put into operation, we plan to expand our local community engagement and implement procedures for selecting social projects and monitoring their efficiency.

In 2020, financing of activities under the *Local Communities Development Plan* is to amount to RUB 7 million, same as last year.

Indigenous Minorities of the North and Gazprom: Constructive Collaboration

RUB 154 million

was allocated by the Gazprom Group companies to provide charity support to indigenous peoples in 2019.

GRI OG 9

The Gazprom Group's regions of operation include areas populated by indigenous small-numbered peoples of the North. In accordance with the legislation of the Russian Federation, in particular, the Federal Law On Areas of Traditional Natural Resources Use of Indigenous Small-Numbered Peoples of the North, Siberia and Far East of the Russian

Federation¹⁵⁵, the Group's companies strive to protect the native habitat and traditional way of life of indigenous minorities, preserve and develop the local culture, as well as maintain biodiversity in the areas of traditional use of natural resources.

GRI OG 12

The Company abides with the overriding priority of the local communities' rights to maintain the traditional lifestyle in their ancestral habitats. Gazprom implements its projects taking into account where and how the indigenous peoples currently live, with no relocation programs being developed.

When collaborating with the indigenous minorities of the North, Gazprom is guided by the following principles:

partnership – establishing partnerships with the unions of indigenous peoples of the North;

ensuring that indigenous peoples and PJSC Gazprom cooperate on an equal basis and share a common interest in delivering on their objectives;

specificity – factoring in the specifics of the economic and social development of the indigenous minorities of the North;

social responsibility – taking part in solving social issues of indigenous peoples.

The Gazprom Group's entities regularly sign cooperation agreements with administrations of municipal districts where the indigenous minorities of the North reside. These agreements formalize mutual obligations in property and business relations, capital construction, energy saving, natural resources use, as well as the social policy and promotion of traditional activities.

The design of subsoil assets factors in solutions and technologies aimed at reducing the impact on the environment, resettlement process, and natural resource use by the local communities, which contributes, in particular, to the protection of the native habitat and traditional way of life of indigenous peoples¹⁵⁶. These activities seek to identify the potential ethnological impact, define the steps to reduce adverse impacts on the native habitat and traditional way of life of indigenous peoples, and measure any potential losses inflicted on the unions of indigenous peoples by the proposed construction.

In June 2019, public hearings were held at the Administration of the Tazovsky District (Yamal-Nenets Autonomous Area) to discuss the Booster Compressor Station at CGTU-3S of the Zapolyarnoye Field (Phase 2). Stage 1. Reconstruction of the Solid Domestic Waste Complex at the Zapolyarnoye OGCF, Inventory Number 240056 project, including its environmental impact assessment (EIA). A community liaison office was set up in the town of Tazovsky for the locals to familiarize themselves with the project.

(155) Federal Law No. 49-FZ dated May 7, 2001 On Areas of Traditional Natural Resources Use of Indigenous Small-Numbered Peoples of the North, Siberia and Far East of the Russian Federation.

(156) As is required by the Order of the Russian Ministry of Natural Resources and Environment No. 639 dated September 20, 2019 On Approval of Rules for Preparing Technical Design Documentation for Hydrocarbon Field Development.

In 2019, the Gazprom Group companies implemented the following activities under cooperation agreements with the Yamal-Nenets Autonomous Area, Khanty-Mansi Autonomous Area – Yugra, Republic of Sakha (Yakutia), Sakhalin Region, and other regions:

holding seminars and round tables attended by representatives of the unions of indigenous minorities of the North living in the territories where the production activities are carried out;

providing financial support to local authorities with the aim of implementing socially important projects related to the development of the indigenous minorities of the North;

providing financial support to national communities to preserve indigenous peoples' way of life and develop national crafts;

organizing traditional national holidays and setting up the prize funds for Reindeer Herders' Day, Fishermen's Day, and World Indigenous Communities' Day;

contributing to the preservation of the traditional habitat of indigenous minorities of the North and their access to essential natural resources;

financing the development of reindeer herding in the North, which is the backbone of indigenous peoples' traditional culture and way of life;

transporting nomadic peoples and supplying food to hard-to-reach areas by air;

providing financial aid to national communities for indigenous peoples' medical treatment;

offering healthcare services provided by subsidiaries' medical units to indigenous peoples.

In 2019, Gazprom Dobycha Yamburg LLC held a traditional Father Frost Visit event, giving 4,000 New Year presents to children of the tundra community, boarding school students, low-income families, veterans, and disabled people. Gifts were delivered to the tundra settlements and the reindeer herders' camps in the Tazovsky, Nadymsky, Purovsky, and Yamalsky Districts.

GRI 411-1

In 2019, no violations involving the rights of indigenous peoples were identified across the Group's license blocks.

GRI OG10

No significant disputes with local communities and indigenous peoples were recorded in the reporting period.

Every year, Gazprom Dobycha Nadym LLC donates more than RUB 8 million to support indigenous peoples' way of life, organize healthcare services, promote national crafts, hold traditional national holidays (Reindeer Herders' Day, Fishermen's Day), and set up the respective prize funds.

The Bovanenkovskoye field is historically crossed by the routes of two reindeer herding brigades (No. 4 and No. 8) of the Yarsalinskoye reindeer herding enterprise. Accordingly, the field's infrastructure was designed to provide for 22 crossings, each with a throughput capacity of some 10 thousand reindeer during the migration period.

Specialists of Gazprom Dobycha Nadym LLC, together with the foremen of the reindeer herding brigades, representatives of the Yamalsky District Administration, non-profit organizations representing and pertaining to indigenous minorities of the North, and contractors, annually inspect the crossings arranged for reindeer herds, assess the readiness of the crossings to the migration, discuss the issues that may have arisen and take measures to resolve them, and organize the migration process.

Charity

Charitable Activities in the Gazprom Group

RUB 27.7 billion PJSC Gazprom’s charity spending in 2019

Charitable activities and social projects are implemented on the basis of the *Regulation on Sponsorship and Charitable Activities*¹⁵⁷.

Social project financing decisions of the Gazprom Group companies are informed by the following criteria:

social significance, importance, and public relevance of the project;

targeted outreach;

PR relevance in terms of contribution towards establishing and enhancing Gazprom’s reputation and creating positive public feedback through projects’ implementation;

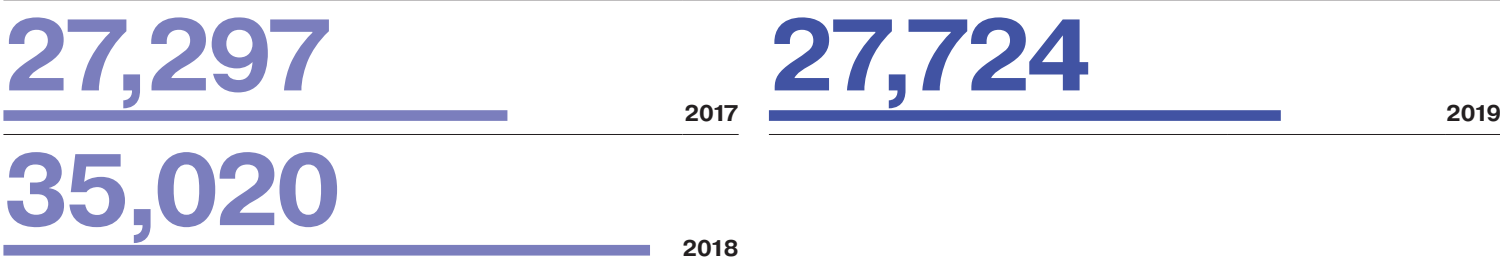
compliance with the social policy priorities of the government authorities of the Russian Federation and regions where the Gazprom Group companies operate; conformity with the state and regional programs for supporting certain areas of social life.

The final decision on the financing of social projects is usually made by the management of the Gazprom Group companies. In a number of PJSC Gazprom’s subsidiaries, the decision on charitable support is

made by charity committees consisting of the subsidiaries’ managers and key employees.

GRI 203-1

PJSC Gazprom’s charity spending, 2017–2019, RUB million



(157) Approved by resolution of PJSC Gazprom Board of Directors No. 2775 dated July 12, 2016.

5.3.

Charity

Allocation of expenses for PJSC Gazprom's charity projects in 2019

Support of sports development (including the construction of sports facilities under *Gazprom for Children* program)

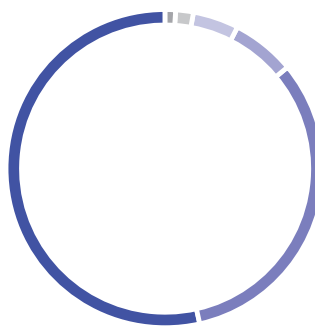
50.5%

Urban infrastructure improvement in the Company's regions of operations

30.7%

Culture support

6.1%



Education support

4.4%

Spiritual values support

1.7%

Other (support for healthcare, science, socially vulnerable groups, and other aspects) — less than 1%

<1% for each area

RUB 2.6 billion

Gazprom Neft's expenditures under social and economic agreements totalled in 2019

RUB 7.5 billion

total amount of Gazprom Neft's social investment made in 2019

RUB 33.1 million

Gazprom Energoholding's charity spending in 2019

Breakdown of Gazprom Energoholding's Expenditures on Charity Projects in 2019

Support for NGOs and religious organizations, ex-servicemen and veterans

30.5%

Cultural projects

20.0%

Support for sport

16.2%

Support for disabled children, orphans and children from low-income families

12.8%



Support for public initiatives and municipal authorities

9.3%

Support for science and education

5.2%

Targeted medical aid

4.3%

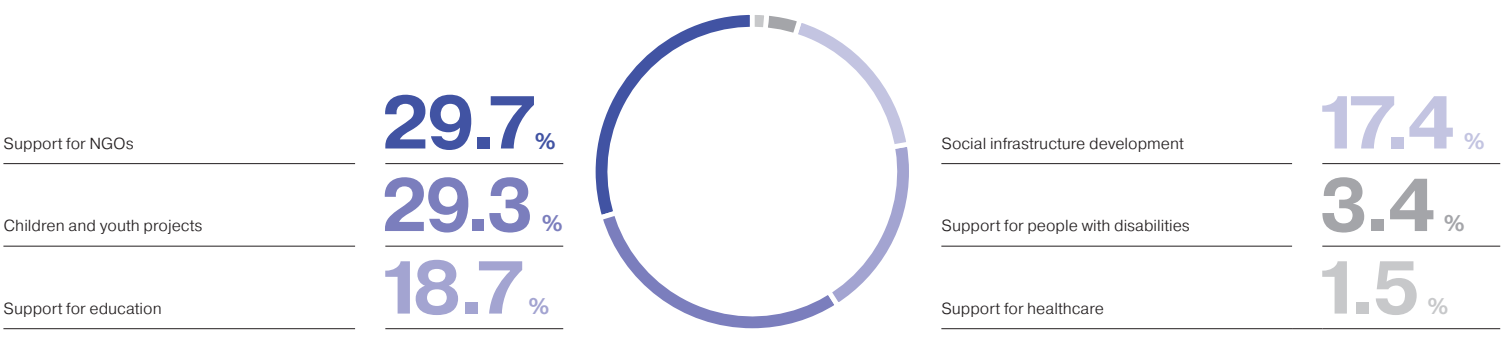
Support for children and youth initiatives

1.7%

RUB **39.9** million

Gazprom Neftekhim Salavat's charity expenses in 2019.

Allocation of expenses for Gazprom Neftekhim Salavat's charity projects in 2019



Most of the social projects supported by the Gazprom Group companies are implemented via non-profit organizations (NPO) of different types. This is primarily due to the active role the NPOs play in Russia by pulling together individual efforts and engaging the business community in achieving socially useful goals.

Since 2016, PJSC Gazprom and the constituent entities of the Russian Federation have been co-financing the creation of historical parks under the *Russia. My History* project. In these parks, the history of the country and its regions is represented in a multimedia format using state-of-the-art technologies. In each of the regions, PJSC Gazprom enters into an agreement with an NPO authorized to implement the project. 2019 saw the launch of multimedia sites in Surgut and Chelyabinsk. The project currently covers 20 cities and is to be rolled out to Vladivostok, Kaliningrad, Pskov, and Pyatigorsk in 2020.

In the reporting year, PJSC Gazprom proceeded with the Eternal Flame project to provide free-of-charge gas supplies to memorials located in Russia's Hero Cities and Cities of Military Glory.

In addition, maintenance services were delivered to 1,331 Eternal Flame memorials across the country. The Company continued working on the gasification of memorial complexes, transition from gas cylinders to network-based gas supply, restoration and reconstruction of monuments honouring fallen soldiers.

5.3.

Charity

5.3.2.

Charity Projects

240

charity projects¹⁵⁸
were carried out
by PJSC Gazprom in 2015–2019

Major charity projects of the reporting year included:

usual support to two non-profit organizations – the Amur Tiger Population Research and Preservation Center and the Eurasian Center for Preservation of Amur Leopards – which implement projects aimed at preserving and increasing the population of rare animal species included in the Red Book of Russia;

round-the-world expedition in 2019–2020 to celebrate the 200th anniversary of the discovery of Antarctica by the Bellingshausen–Lazarev expedition, featuring training sailboats Kruzenshtern, Sedov, and Pallada of the Federal Agency for Fishery (Rosrybolovstvo), and;

a comprehensive research expedition in 2019 to study a potential route for a transpolar railroad in the Yamal-Nenets Autonomous Area and the Krasnoyarsk Territory;

annual financial and other support of the All-Russia Veterans Organization *Russian Veterans Union*.

The Company pays special attention to children without parental support or suffering from serious diseases. In 2019, Gazprom supported the *Registration study of acquired aplastic anemia in the Russian Federation* project, which is being implemented by Dmitry Rogachev National Research Center of Pediatric Hematology, Oncology and Immunology.

For the fourth year running, Gazprom Transgaz Nizhny Novgorod LLC has been holding *Winners Games* for young cancer survivors in Nizhny

Novgorod. The competition focuses on social inclusion and psychological recovery for children who have been staying in a hospital for a long period of time. Over 300 participants take part in the event every year.

Since 2013, Gazprom Transgaz Ufa LLC and the Ministry of Family, Labour and Social Welfare of the Republic of Bashkortostan have been jointly running a social project entitled *Breaking Barriers*. The initiative is aimed at developing creativity and ensuring social adaptation for children with disabilities, breaking down communication barriers between healthy and physically challenged children, as well as erasing common stereotypes about people with disabilities. Every year, the project is concluded with the *Breaking Barriers* festival. Over the past four years, it has evolved into an interregional event, with more than a thousand applications received from over 20 Russian regions and CIS states. In total, more than 5,000 children have been involved in the project since its launch.

Since 2006, Gazprom in Orenburzhye non-commercial partnership has been holding the *Warmth of Children's Hearts* festival. Between 249 and 400 children from orphanages and boarding schools of the Orenburg, Sverdlovsk, Samara and Ulyanovsk Regions, Moscow and the West Kazakhstan Region of the Republic of Kazakhstan took part in the festival in different years. The program of the festival includes an amateur art show, Spartakiad, a competition in the knowledge of local history, a wall newspaper contest, and a competition of decorative and applied arts.

Since 2018, Gazprom Pererabotka LLC and the Committee for Social Policy of St. Petersburg have been implementing a pilot project seeking to socialize orphans and build a new model for an orphanage with a focus on individual development perspectives for future life. For this purpose, Family Upbringing Promotion Center No. 8 was equipped with 12 separate spaces functioning as apartments for independent living. St. Petersburg City Administration has decided to replicate this model.

5.3.3.

Volunteering

The Gazprom Group's employees volunteer in various charitable projects, with such initiatives having become ingrained in the corporate culture.

One of Gazprom's major volunteer projects is the *Do Good* annual charity marathon hosted by Gazprom Dobycha Yamburg LLC and organized and held exclusively through volunteer efforts. The marathon seeks to raise funds to help children with serious genetic disorders. All donations are sent directly to specific families. The tenth marathon took place in 2019 and raised some RUB 8 million.

Another volunteer project called *Territory of Friendship* was implemented in 2019 as part of the charitable activities of Gazprom Transgaz Ukhta LLC. Over 500 children and teenagers from 62 institutions sponsored by the company took part in the project during the summer holidays. A comprehensive approach was applied, according to which a combination of different types of leisure activities was offered, such as pick-up games, educational quest, and competitive sports. The project covered several regions, namely, the Komi Republic and the Arkhangelsk, Vologda, and Yaroslavl Regions.

(158) Excluding projects implemented by the subsidiaries and the Department in charge of information and communication policy.

Support of Culture and Arts

Gazprom actively supports a variety of projects in the realm of culture and arts. Since 2007, the Group has been providing financing for the restoration of the Chinese Palace which forms part of the palace and park ensemble of Oranienbaum and is recognized as a World Heritage

site by UNESCO. Over these past years, the restoration team has made significant progress, with ten interiors of the Chinese Palace fully restored and opened to visitors in 2019.

In 2019, the palace and park ensemble of Oranienbaum and the Chinese Palace (part of the Peterhof State Museum-Reserve) were declared winners in the Best Restoration Project of the Year category at the 7th edition of The Art Newspaper Russia annual award.

Since 2015, PJSC Gazprom and the Tsarskoe Selo State Museum and Heritage Site have been working together to restore the Resurrection Church of the Catherine Palace; these joint efforts continued in the reporting period. In April 2019, the church was opened to visitors. After

that, the project moved forward to a new stage of works – restoration of a painted ceiling piece and 65 church icons slated for completion in 2021. Apart from that, the works on the restoration of interiors were completed in the Lyons Hall of the Catherine Palace.



Gazprom donated over RUB 1 billion to restore unique pieces of cultural heritage in the Tsarskoe Selo State Museum and Heritage Site.



Sergey Kupriyanov
Head of Department – Press Secretary to Chairman of the Gazprom Management Committee

What was the amount of funds allocated by Gazprom for restoration purposes at Tsarskoe Selo?

PJSC Gazprom donated over RUB 1 billion to renovate the Resurrection Church of the Catherine Palace. Around RUB 86.8 million of this amount were saved by the Tsarskoe Selo State Museum and used to reconstruct the interior of the Lyons Hall by restoring a painted ceiling piece and lapis lazuli mosaic panels, ordering and setting up textile wall covers and window drapery, and purchasing curtain braids and adornments.

How has the life of the Catherine Palace changed after the restoration and opening of the Lyons Hall? How much has the number of tourists increased?

More than 100 professionals from different fields of expertise took part in the restoration of the Lyons Hall, including stonemasons, metalwork experts, painters, and textile specialists. They performed a vast amount of technically challenging tasks. It was thanks to their remarkable skills that 74 years after World War II the Lyons Hall, that was once a private suite of Catherine II, reopened to visitors.
Over 600,000 people visited the Lyons Hall from the date of its opening in June to the end of 2019.

Were experts working on the project exclusively from Russia? What makes this restoration project unique?

The Lyons Hall was decorated with unique French bouton d'or silk. The fabric was lost during the war, with only small specimens having survived. Surprisingly enough, we found out that Manufacture Prelle in Lyons, the successor of the textile manufactory that worked for the Russian Imperial Court, had preserved books with old orders. We were therefore happy to entrust experts from Prelle with the restoration of textile decorations. Manufacture Prelle did an astonishing job, producing 320 meters of bouton d'or silk in a relatively short span of time. The French ENGIE Foundation, our old-time partner, provided financing for the order.
The restoration of the Catherine Palace's interiors is an important historical event, which, among other things, contributed to the promotion of cross-border cooperation in the realm of culture and strengthened ties between the leading experts of Russia and France.

Is Gazprom planning to continue cooperation with the Tsarskoe Selo Museum? And with other museums of St. Petersburg, for that matter?

Reconstruction of the Resurrection Church and Lyons Hall served as a starting point for the next joint project of PJSC Gazprom and the Tsarskoe Selo State Museum and Heritage Site entitled *Private Space of Catherine II*. Eight rooms in the Zubov Wing of the Catherine Palace (the Chinese and Domed Halls, Mirror and Silver Studies, Bedroom, Blue Study (Snuffbox), Raphael Room and Dressing Room) are expected to undergo renovation from 2019 to 2023. All of these suites provide fine examples of classicist interiors, with stained glass, gilt bronze, silver and faience plaquettes that were lost during World War II used in the room decoration. The amount of funding will be RUB 636 million.
Additional funds will also be allocated for new restoration projects in the Lyons Hall, including inlaid door panels, mirrors and fireplaces with sculptures and candle trees to be recreated by 2021.
We also collaborate with other museums. Since 2009, Gazprom has been the permanent partner of the Peterhof State Museum-Reserve, contributing to the preservation of Oranienbaum's Chinese Palace, a unique monument of the Russian 18th century architecture. Ten halls of the palace have already been restored and opened to visitors, with restoration works in seven more halls expected to be completed in December 2024.
In 2019, Gazprom supported the initiative of the State Russian Museum to start full-scale restoration of Holy Rus, one of the most significant Russian paintings created by Mikhail Nesterov at the turn of the 20th century, and allocated RUB 3.8 million for these purposes.

Assistance provided by Gazprom Transgaz Saint Petersburg LLC enabled the National Underwater Research Center to continue in 2019 its efforts focusing on the research and preservation of underwater architectural heritage in Russia. Artefacts recovered from the seabed were used to compile a collection of 17th century European household items entitled *Contraband. Three Centuries Underwater*. It was exhibited at the Headquarters of the Russian Geographical Society, National Defence Management Center of the Russian Federation, and Central Naval Museum. Among discovered items dating back to the times of Peter the Great are a number of unique 17th century artefacts that are now housed in the State Hermitage Museum.

In 2019, in an effort to expand the geography of cultural cooperation, Gazprom EP International sponsored *The Sound of a Beautiful Past*, an exhibition of Russian porcelain in the Vietnam National Museum of History. The event was arranged by the joint efforts of the State Hermitage Museum and the Vietnam National Museum of History, with significant contributions made by the Russian Imperial Porcelain Factory and the Vietnamese Gom Chu Dau Ceramic Plant. The exhibition became one of the cultural highlights of the Vietnam-Russia Cross Year in 2019–2020.

In 2019, the Gazprom Group companies also provided support to the following culture and arts projects:

Blue Bird, the 6th Nationwide Contest of Young Talents hosted by the “Rossiya” TV channel;

Stars on Baikal, the 14th International Music Festival held in Irkutsk;

From Masters of World Performing Arts to the Young Talents of Russia, an educational project for musicians;

Children in the Palace, a cultural and awareness-raising project sponsored jointly by PJSC Gazprom, St. Petersburg State Johansson Academic Art Lyceum at the Russian Academy of Arts, and the Tsarskoe Selo State Museum and Heritage Site;

Golden Mask theatre festival, including tours made by Russian artists in the Baltic States and Turkey;

Dobrovidenie 2019 folk song festival held in St. Petersburg in October 2019;

theatrical productions and festival by the Primorsky Stage of the Mariinsky Theatre in Vladivostok;

Treasures of the Gugong Imperial Palace: The Flourishing of China in the 18th Century, an exhibition hosted by the Moscow Kremlin Museums;

Planet Yamal: Inspiration Is Born Here and *Art Kinetics*, exhibitions hosted by the Novy Urengoy City Museum of Fine Arts.

One of major cultural projects supported by the Gazprom Group was the historical and geographical reconstruction of the ancient route from Mangazeya-on-Taz to New Mangazeya (situated on the Turukhan River) via a system of rivers, lakes, and portages. As part of the reconstruction effort, more than 30 lectures, meetings and press conferences were held. Moreover, Portage of Yerofey Khabarov, a full feature documentary, was shot to be premiered at the 7th edition of the Pristine Russia festival.

GRI 102-44
Questions from Stakeholders

How did the construction of Power of Siberia contribute to advancing the archaeological and cultural heritage of Russian regions?

During the implementation of the Power of Siberia project, we performed the work required to identify archaeological and cultural heritage items in a territory with a total area of over 60,000 hectares. PJSC Gazprom’s expenses under this initiative amounted to some RUB 326 million.

As a result, ten heritage sites were identified along the trunk gas pipeline route to be included in the state register. In order to preserve them, the location of some of the structures under design was changed.

Revival of Spiritual Values

The Gazprom Group participates in projects and initiatives aiming to promote and advocate for spiritual and traditional values. In 2019, PJSC Gazprom continued to provide financing for the construction of a church complex in Svobodny (Amur Region) and restoration of the Joy of All Who Sorrow icon in St. Petersburg.

Gazprom Transgaz Saint Petersburg LLC provided assistance to the Cathedral of the Holy Virgin in the city of Gatchina in completing church frescoes and recreating the Spiritual Education Center and the architectural ensemble of buildings within the territory of the Cathedral. Gazprom also helped the Cathedral of Archangel Michael and All the Bodiless Powers in the town of Toksovo to complete construction and

installation works in the Center for Palliative Aid to Children Suffering from Oncology and Cerebral Palsy and purchase equipment required for the commissioning of the Center.

September 2019 saw the opening ceremony of the Life-Giving Trinity Church in the city of Astrakhan. Its construction took ten years and relied on donations from Gazprom Dobycha Astrakhan LLC, its employees and the congregation. In 2017, the project received support from PJSC Gazprom, which made it possible to complete the construction and landscaping works in a very short span of time. The church ranks among the largest in the Astrakhan Region.

Development of Sports Programs

Gazprom for Children

164

sports facilities
were constructed by
the Gazprom Group under
the Gazprom for Children
program in 2019

GRI 413-1

Healthy younger generation is the cornerstone of Russia's future prosperity. Gazprom pays special attention to projects for children and youth. The Gazprom for Children program has been underway in the regions of Russia for as long as 12 years. The purpose of the program is to create the conditions required for a well-balanced intellectual and physical development and spiritual growth of children and teenagers and to engage as many of them as possible in the sports activities.

Since 2007, 1,821 facilities of different types were built in Russia under the Gazprom for Children program. In 2019, the construction of 164 sports facilities was completed, including 10 sports and

fitness complexes and 154 outdoor flatworks. In the reporting period, construction and installation works were underway at 37 capital construction projects. The program covered 34 localities in 21 regions of the Russian Federation.

The largest and the most socially important projects commissioned in 2019 included the Avangard Ice Hockey Academy in Omsk, as well as two sports and fitness complexes with swimming pools in the Khabarovsk Territory and one in Voronezh.

The program's goals for the foreseeable future remain unchanged: to set up sports and fitness infrastructure in Russia and to create the conditions for a healthy lifestyle.

Football for Friendship

Football for Friendship (F4F) is an international children's social program implemented by PJSC Gazprom since 2013 with the aim of supporting children's and junior sports, promoting a healthy and active lifestyle, as well as fostering an attitude of respect toward other cultures among the young generation.

The program participants are young football players and young reporters from various countries. They are girls and boys aged 12-16, including those with disabilities.

2019 saw the seventh season of the program. The final events were held in Madrid from May 20 through June 2 as part of the official program of UEFA Champions League Final. More than 800 children and adults representing Europe, Asia, Africa, and the Americas participated in the activities. The key events of the season's finals were covered by more than 150 reporters from international and national media.

During the final events held in Madrid, young participants of *Football for Friendship* from different countries took part in the most multinational football training session in history, thus setting a new Guinness world record: the football training session held as part of the qualifying games involved children of 57 nationalities.

Over the seven seasons, more than 6,000 children from 211 countries and regions participated in *Football for Friendship* and more than 5 million people took part in sports, educational, and environmental activities of the program worldwide. The program is supported by FIFA and UEFA, Olympic and Paralympic Committees, football federations, children's foundations, hundreds of well-known athletes, and thousands of journalists around the globe. The project has received more than 45 international and national awards in social responsibility, sports, and communications.

In June 2019, the International *Football for Friendship* Coaches Academy was launched. It is a free-of-charge online learning course offering practical sessions aimed at improving the skills of coaches teaching youth teams, sports groups and P.E. classes. The training course is available in 10 languages: Russian, English, German, Spanish,

French, Italian, Turkish, Chinese, Arabic, and Hindi. By the end of 2019, more than 4,000 people completed the Academy's course.

The social impact of the *Football for Friendship* international children's social program implemented by PJSC Gazprom is fully seen in its absolute availability to all people, irrespective of their physical abilities or physical fitness. Starting from the very first season, disabled children have been taking part in *Football for Friendship*. The accessible environment, which is an integral part of the program, enables children with disabilities to participate in the events in full parity with others; and so not only do they play sports, but also socialize, communicate and make friends with peers. The *Football for Friendship* World Championship format provides for mixed teams consisting of participants of different genders and with different physical abilities.

Supporting Sports Federations

In 2019, Gazprom maintained fruitful cooperation with sports federations. PJSC Gazprom is the sponsor of the Russian Rhythmic Gymnastics Federation, All-Russian Volleyball Federation, All-Russian Swimming Federation, as well as the Russian Biathlon Union, Russian Canoe Federation, Federation Of Billiard Sports Of Russia, and the Russian Football Union (RFU).

Using the funds granted by PJSC Gazprom, the federations held a variety of national championships and sports events, stages of international competitions, and training activities for promising young athletes.

A highlight of the reporting year was the launch of the Company's cooperation with the RFU. Gazprom became the title sponsor of the Youth Football League (YFL) run by the RFU. In 2019–2020, the YFL matches are to be played by 12 best Russian football academies from Moscow, St. Petersburg, Kazan, Krasnodar, as well as the Samara and Moscow Regions. The winner of the YFL will be eligible to play in the UEFA Youth League.

In 2019, PJSC Gazprom continued its cooperation with the UEFA. The status of the global partner of the most popular and prestigious sports club tournament in Europe enables the Company to improve brand

recognition, enhance its reputation in the key international markets, and implement large-scale social initiatives.

The Company efficiently carries out the projects aimed at interacting with various target groups:

conducting the international TV advertising campaign We Light up the Football incorporated in the UEFA Champions League broadcasts in the key markets;

communicating with the audience via the dedicated website www.gazprom-football.com and the social media: Facebook, Instagram, Twitter, YouTube, promotional events: Ticketmania, Gazprom Football Experience, campaigns involving public opinion makers, leveraging high-exposure UEFA digital channels;

direct interaction with the audience: Gazprom House of Champions area at the UEFA Champions Festival, an event of the Champions League Final in Madrid.

The instruments provided for by the partnership agreement enable the Company to efficiently inform the audience about its production activities and its efforts to support a host of initiatives in education, culture, sports, promotion of healthy lifestyle, and environmental responsibility. To fuel this drive, the Company launched cooperation with the UEFA Foundation for Children. Together with the Foundation, Gazprom is to ensure the construction of a football pitch for a school in Pancevo (Serbia).

According to regular sociological surveys conducted by PJSC Gazprom with the assistance of independent public opinion services, Gazprom's brand image and its appeal remain invariably high. The partnership with the UEFA has a positive influence on such emotionally coloured associations as "an appealing company", "a reliable partner", "a company passionate about its mission" and "a trustworthy company". The trend is particularly strong among the people interested in football, whose share in the key international markets is over 50%.

Gazprom Pererabotka LLC is the title sponsor of the events held by the St. Petersburg Federation of Sports for Persons with Disabilities: seated beach volleyball and volleyball festivals for physically challenged athletes, the *I Choose Sport!* public event, and the city's special Olympics in sailing. The events are attended by over 2,500 participants from various Russian regions and over 5,000 spectators. In 2019, Gazprom Pererabotka LLC received the Best Partner award from the St. Petersburg City Administration for the second time in a row for its contribution to the development of the adaptive physical education.

Sponsorship of Business Events

PJSC Gazprom traditionally sponsors a number of major Russian forums and congresses, featuring the top state officials of Russia and attracting participants from around the globe.

In 2019, one of the most important business events for the Company was the 9th St. Petersburg International Gas Forum – the leading platform to discuss the topical industry issues.

In addition, the Gazprom Group companies backed the following events in 2019:

Russian Investment Forum in Sochi;

23rd St. Petersburg International Economic Forum;

5th Eastern Economic Forum in Vladivostok;

10th Anniversary Gaidar Forum Russia and the World: National Development Goals and Global Trends in Moscow;

Russian Energy Week 2019 International Forum in Moscow;

Global Manufacturing & Industrialisation Summit in Yekaterinburg;

5th International Forum The Arctic: Territory of Dialogue in St. Petersburg.

In the medium-term, PJSC Gazprom intends to continue the implementation of the Gazprom for Children program, the biggest social project of the Company spanning to 2024, inclusive.

Our Responsibility to the Planet

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6



Gazprom respects the human right to a healthy environment with clean water, fresh air, and biological diversity and takes steps to preserve access to the natural resources of the Earth for the current and future generations. As an environmentally sustainable power source, natural gas plays an important role in supporting the UN Sustainable Development Goals and the Paris climate accord¹⁵⁹, contributing to the low-carbon economy development in Russia and the countries that import Russian gas. Gazprom implements the best available technologies (BAT) and pays close attention to improving energy efficiency, implementing large-scale water treatment initiatives, reducing air emissions and the generation and dumping of production and consumption waste, along with remediating land and restoring biodiversity.

(159) https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf

6.1.

Environmental Sustainability Management and Environmental Control

6.1.1.

System of Management

Environmental protection at PJSC Gazprom is governed by the *Environmental Policy* that reflects the Company's commitment to the sustainable development principles. It sets forth Gazprom's key obligations: to guarantee compliance with the environmental standards and requirements set by the Russian laws and international regulations related to environmental protection, as well as the laws of the countries where the Company runs its business; to reduce adverse environmental impacts; to implement a resource-saving policy; to make every effort to preserve the climate and

biodiversity and compensate for possible environmental damage; and more.

As per the resolution of the Board of Directors of PJSC Gazprom, the *Environmental Policy* of PJSC Gazprom is recommended to be followed by all the Gazprom Group companies.



For more details on the Environmental Policy see ¹⁶⁰

In 1995, PJSC Gazprom became the first energy company in Russia to adopt an *Environmental policy*.

The Environmental Management System (EMS) is the mainstay of Gazprom's *Environmental Policy*. It is designed to set and pursue environmental goals, manage environmental aspects of PJSC Gazprom's operations, and fulfil assumed obligations.

The EMS of PJSC Gazprom is certified for compliance with the requirements of the ISO 14001:2015 international standard "Environmental management systems – Requirements with guidance for use". Based on the re-certification audit held in 2019, the EMS of PJSC Gazprom was certified for compliance with the requirements of ISO 14001:2015 until December 2020.

PJSC Gazprom's EMS encompasses all management levels ranging from the Company's Board of Directors to branches and production facilities

of its subsidiaries. It covers the structural subdivisions of PJSC Gazprom Administration, PJSC Gazprom Environmental Inspectorate, and 34 fully-owned subsidiaries involved in core activities, namely, exploration, production, transportation, storage, and processing of gas and gas condensate, as well as investment project management in construction.

EMSs of 26 subsidiaries of the Gazprom Group are also certified for compliance with the ISO 14001:2015 requirements.



For more details on the scope of PJSC Gazprom's EMS see PJSC Gazprom Environmental Report 2019¹⁶¹

PJSC Gazprom is the only Russian company that has an in-house Environmental Inspectorate. In 2019, it conducted 168 EMS audits in line with internal EMS audit programs of PJSC Gazprom and its subsidiaries. The EMS audit program of PJSC Gazprom has been completed in full.



For details on the structure of PJSC Gazprom's EMS see PJSC Gazprom Environmental Report 2019¹⁶²

The EMS in place at **Gazprom Neft** is certified for compliance with the requirements of the ISO 14001:2015 international standard, with the certification scope covering the key production assets of Gazprom Neft. Apart from that, 12 subsidiaries of the company have individual compliance certificates.

Environmental protection management at **Gazprom Energoholding** covers all stages of the production process and relies on the environmental protection functional units.

The Office of the Production Director of Gazprom Energoholding oversees environmental protection management across the company, while the Coordinating Committee for Environmental Protection ensures a comprehensive approach and coordination of the activities of the company's subsidiaries ¹⁶³.

Gazprom Energoholding arranges regular annual extended offsite meetings of technical and environmental managers of its subsidiaries to share their achievements and targets in environmental protection.

Technical audits of environmental safety conducted by the Gazprom Energoholding companies on a cross-company basis enable the experts of Gazprom Energoholding to assess the organization of environmental protection activities and compliance with environmental legislation at its subsidiaries.

The environmental protection management system at **Gazprom Neftekhim Salavat** is certified for compliance with the requirements of the ISO 14001:2015 international standard, as is confirmed by the results of the compliance audit conducted by SAI GLOBAL in 2019.

(160) https://www.gazprom.com/f/posts/39/502580/environmental_policy_en.pdf

(161) Page 9, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

(162) Page 9, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

(163) Operates as a standing committee since 2016 (updated Order No. 112-GEH dated December 28, 2018).

6.1.2.

Corporate Environmental Targets and Their Achievement

Within its EMS, PJSC Gazprom sets environmental targets based on significant environmental aspects identified on an annual basis and develops and implements environmental protection programs. The

corporate environmental targets of the Company are set for a three-year period.

Achievement of the 2017–2019 Corporate Environmental Targets by PJSC Gazprom in 2019, %

Nº	Corporate Environmental Target	Organizations in scope of the EMS application	Target achievement status	Actual performance in the reporting period	Baseline (2014)
1.	Reduce methane emissions in the atmosphere (during repair works at GTS), %	All subsidiaries involved in natural gas transportation	Reduction by 13.1 p. p.	49.58%	In 2014, the actual volume of gas exhausted during GTS repairs was 62.7% of the planned volume
2.	Reduce specific NOx emissions in the atmosphere, t/mcm	All subsidiaries involved in natural gas transportation	Reduction by 5.0%	4.1 t/mcm	In 2014, NOx unit emissions from gas transportation amounted to 4.32 t/mcm of fuel gas
3.	Decrease discharge of polluted and insufficiently treated wastewater into surface water bodies, %	All subsidiaries	Reduction by 28.2 p. p.	11.94%	In 2014, 40.13% of wastewater discharged by subsidiaries into surface water bodies was classified as polluted and insufficiently treated
4.	Decrease the share of waste sent for burial, %	All subsidiaries	Reduction by 52.9%	20.55%	In 2014, the share of waste sent for burial was 43.6% of the total waste managed
5.	Reduce the fees for excessive impact, %	All subsidiaries	Reduction by 7.5 p. p.	8.26%	In 2014, the share of the fees for excessive negative environmental impact was 15.8% of the total fees paid
6.	Reduce specific consumption of fuel and energy resources for internal operating needs, kg of reference fuel per mcm • km	All subsidiaries involved in natural gas transportation	Reduction by 0.4%	26.93 kg of reference fuel per mcm • km	In 2014, specific consumption of fuel and energy resources (natural gas and electric power) for internal operating needs during gas transportation via gas trunklines amounted to 27.03 kg of reference fuel per mcm km

In 2019, all of the target values set within the Corporate Environmental Targets of PJSC Gazprom for 2017–2019 were achieved.



For details on the achievement of Corporate Environmental Targets by the Gazprom Neft Group see Sustainable Development Report 2019 of Gazprom Neft¹⁶⁴

(164) Page 91, Sustainable Development Report 2019 of Gazprom Neft <https://csr2019.gazprom-neft.com/#future-oriented-company>

6.1.

Environmental Sustainability Management and Environmental Control

Gazprom Energoholding

Achievement of the 2017–2019 Corporate Environmental Targets by Gazprom Energoholding in 2019, %

Nº	Target environmental performance indicator	Baseline (2014)	Target (2019)	Actual (2019)	Target achievement status
1.	Reduce specific NOx emissions in the atmosphere in 2019 (versus the baseline level of 2014) by 0.02 t / million kWh	0.41 t / million kWh	0.39 t / million kWh	0.34 t / million kWh	–0.04 (versus the target level) / –0.07 (versus the baseline level) t / million kWh The target was achieved.
2.	Reduce the share of waste sent for burial in 2019 (versus the baseline level of 2014) by 2.11%	95.4%	93.3%	88.1%	–5.2% (versus the baseline level) / 7.3% (versus the target level) The target was achieved. Measures aimed at the subsequent use of bottom ash waste in economic activities are being carried out. Bottom ash waste production was reduced due to lower share of coal in the fuel mix.
3.	Reduce the share of excess fees for negative environmental impact in 2019 (versus the baseline level of 2014) by 8.38%	23.6%	15.3%	11.5%	–12.1% (versus the baseline level) / –3.8% (versus the target level) The target was achieved.

Gazprom Neftekhim Salavat

Achievement of the 2017–2019 Corporate Environmental Targets by Gazprom Neftekhim Salavat in 2019, %

Nº	Environmental target	Target		Target achievement status in the reporting year (achieved / not achieved), key activities performed
		Baseline (2015)	Actual, reported (2019)	
1.	Reduce nitrogen dioxide emissions in the atmosphere	1,050.459 t	945.770 t	Achieved. Emissions were reduced by 10.0%.
2.	Reduce ammonia emissions in the atmosphere	3,517.377 t	1,047.815 t	Achieved. Emissions were reduced by 70.2%.
3.	Reduce hydrogen sulphide emissions in the atmosphere	9.210 t	6.714 t	Achieved. Emissions were reduced by 27.1%.
4.	Stabilize fees for pollutant air emissions of the stationary facilities made since 2017, keeping them at the level of 2015	RUB 3,710,000	RUB 1,259,577,000	Achieved. Fees were reduced by 66.05%.
5.	Improve environmental protection capabilities of the company's employees	73 employees	12 employees	Achieved. As part of the company's cost optimization, the required number of employees were trained in compliance with the legislation of the Russian Federation

6.1.2.1.

Plans

In 2019, PJSC Gazprom approved its 2020–2022 Corporate Environmental Targets using the levels of 2018 as the new baseline.
In 2019, the Company developed and approved *PJSC Gazprom’s Comprehensive Environmental Program for 2020–2024* to implement the measures aimed at achieving the 2020–2022 Corporate Environmental Targets. The *Program* serves as a mid-term planning tool that streamlines all actions and activities aiming to boost the efficiency of environmental management, ensure environmental safety, and maintain the rational use of natural resources along with energy saving. It takes into account the key provisions of the previously adopted BAT roadmaps of PJSC Gazprom and the GHG emissions management systems until 2030 of the Gazprom Group.

2020–2022 Corporate Environmental Targets of PJSC Gazprom			
No.	Corporate Environmental Target	Organizations in scope of the EMS application	Baseline (2018)
1.	Reduce GHG emissions during transportation of natural gas, t of CO ₂ equivalent / bcm•km	All subsidiaries involved in natural gas transportation	55.3
2.	Reduce nitrogen oxide emissions in the atmosphere during transportation of natural gas, t/mcm	All subsidiaries involved in natural gas transportation	4.23
3.	Reduce excessive discharges of pollutants into surface water bodies, %	All subsidiaries	5.29
4.	Reduce the share of waste sent for burial in the total waste managed, %	All subsidiaries	38.28
5.	Reduce the share of subsidiaries whose fees for excessive negative environmental impact are above 5%, %	All subsidiaries	35

6.1.3.

Precautionary Principle

GRI 102-11
PJSC Gazprom shares the key provisions of the precautionary principle (Principle 15 of the UN Rio Declaration on Environment and Development, 1992) and takes steps to minimize potential technogenic impact on the natural environment, especially when needed to preserve rare and endangered species of flora and fauna along with unique natural areas and sites.

During the environmental impact assessment performed as part of the investment projects’ development, the Company identifies the most vulnerable ecosystems and defines solutions to prevent disturbance of natural balance in the course of the construction and operation of its facilities. Operational environmental monitoring (OEM) is being carried out to track various environmental parameters, including the state of flora and fauna. The Company implements compensatory initiatives to preserve natural ecosystems, including measures to restore fish stocks.

6.1.

Environmental Sustainability Management and Environmental Control

6.1.4.

Environmental Control at the Gazprom Group

RUB **2,528.35** million

was allocated by the Gazprom Group companies to operational environmental monitoring and control in 2019

>8,000

of the Gazprom Group's facilities were subject to environmental control in 2019

The OEM system of Gazprom serves to control the environmental situation, namely, the parameters of water, air, and soil. It includes stationary and mobile environmental laboratories, meteorological and hydrological stations, automated control points, and observation wells.

The OEM system enables the Company to promptly receive reliable information about the environmental conditions of its facilities and the area influenced by them, conduct timely engineering review of the current environmental situation in the course of production and business activities, plan environmental protection activities, monitor their implementation, and make effective environmental management decisions.

In some cases, the OEM systems of the Gazprom Group are integrated with regional environmental monitoring systems.

If any specially protected natural sites or areas with a special environmental status are located within the territory influenced by the Gazprom Group's business activities, the Group includes special provisions into the OEM programs so that the condition of these sites and/or areas can be duly monitored.

Over 8,000 of the Gazprom Group's facilities were subject to environmental control in 2019.

The Gazprom Group's expenses for operational environmental monitoring and environmental control amounted to RUB 2,528.35 million in 2019.

Gazprom Group's expenses for operational environmental monitoring and environmental control, 2016–2019, RUB million

2,505.00

2016

2,602.79

2018

2,705.73

2017

2,528.35

2019

6.1.4.1.

Plans

In 2020, the plan is to allocate over RUB 2.2 billion for operational environmental control (monitoring).

6.1.5.

Control by Public Authorities

In 2019, state supervisory bodies held 628 checks of compliance with environmental requirements by the Gazprom Group's facilities and identified 527 breaches, whereas 388 checks showed no breaches of environmental requirements.

Out of 527 breaches identified, 50 breaches (9.5%) were overturned by courts of law, 284 breaches (54%) were remedied within the

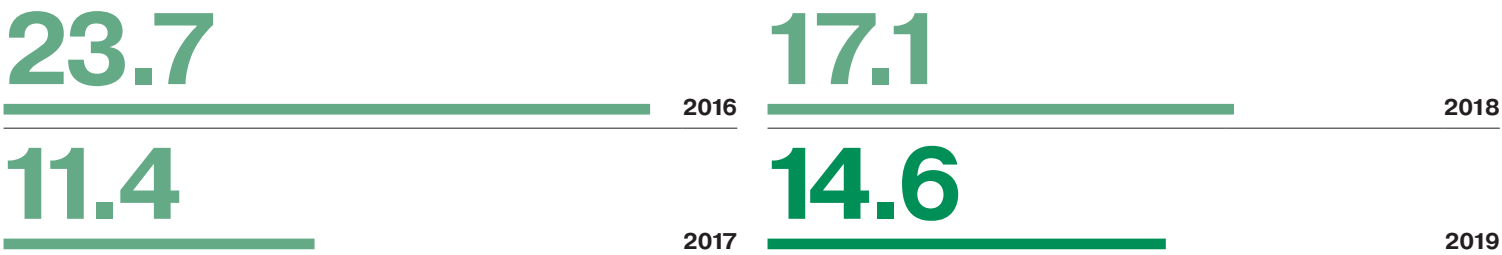
established timeframes, and the period for remedying 103 breaches did not expire during the reporting year. In total 377 breaches were eliminated in 2019, including 93 breaches identified in the previous years.

269 breaches (51%) posed no threat to the environment and did not entail any penalties for legal entities.

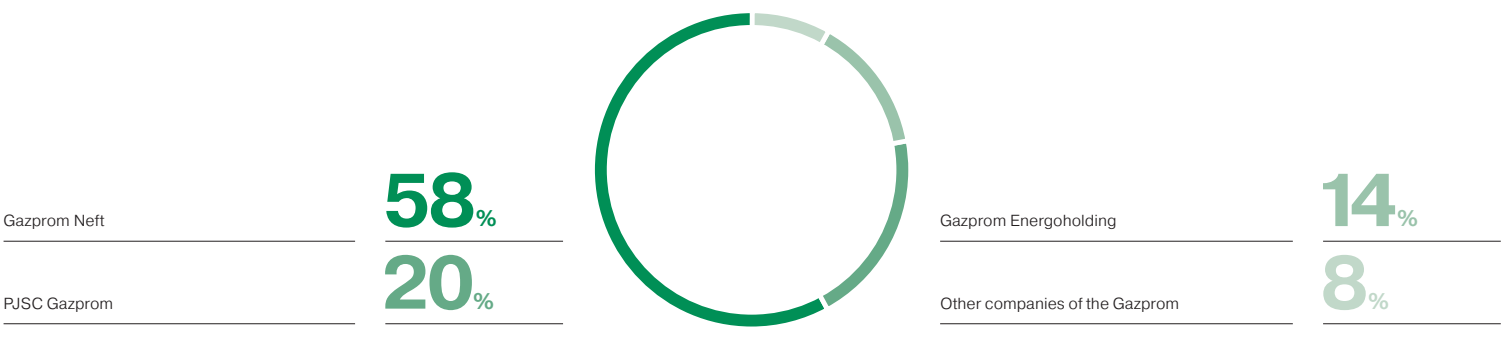
GRI 307-1

In 2019, the penalties paid by the Gazprom Group amounted to RUB 14.63 million, including RUB 2.25 million paid for the breaches identified in the previous years.

Environmental penalties paid by the Gazprom Group (excluding joint operations) in the Russian Federation, 2016–2019, RUB million



Gazprom Group's penalties by company, 2019, %



6.1.6.

Gazprom Group's Spending on Environmental Protection in 2019

In 2019, the Gazprom Group's environmental protection expenditures totalled RUB 53.22 billion, down 22.8% versus 2018.

Gazprom Group's environmental protection expenditures, 2016–2019, RUB million

Indicator	2016	2017	2018	2019
Investments in capital assets aimed at environmental protection and rational use of natural resources	22,542	35,585	29,189	20,421
Current environmental protection expenditures	34,103	34,468	39,154	32,180
Negative environmental impact fees	825	768	616	618
Total environmental protection expenditures across the Gazprom Group	57,470	70,820	68,959	53,219

The decrease in the Gazprom Group's investments in capital assets aimed at environmental protection and rational use of natural resources as compared to 2018 is attributable to the completion of a number of investment projects by the Gazprom Neft Group.

In 2019, the Gazprom Group's current environmental protection expenditures declined by 17.8% versus 2018 due to a change in the cost accounting methodology at Gazprom Neftekhim Salavat. In general, the reduction in the expenditures did not have a negative impact on the implementation of environmental protection activities.


Gazprom has seen its negative environmental impact fees go down in recent years. This was mainly driven by lower pollutant emissions from APG flaring at the Gazprom Neft fields, elimination of mark-up factors, and offset of previous excessive payments.



For more details on the environmental protection expenditures breakdown see PJSC Gazprom Environmental Report 2019¹⁶⁵

(165) Page 16–19, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

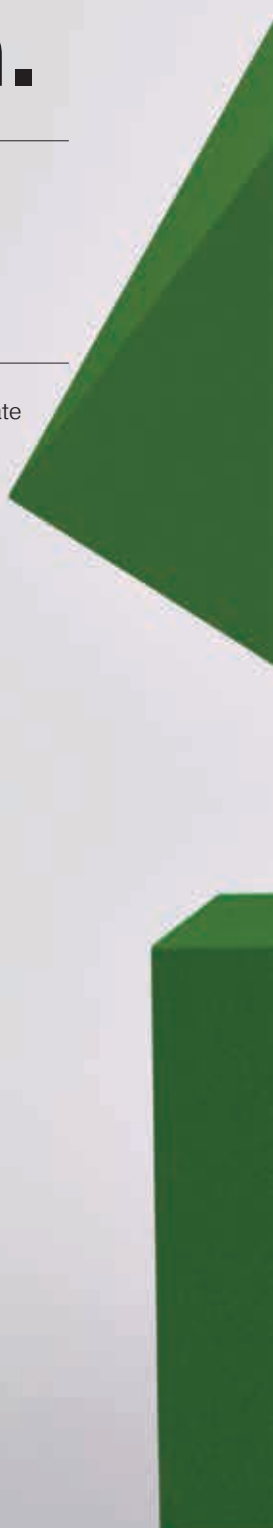
**Natural gas is the basis
of a low-carbon energy .
It represents an effective
solution for reducing
greenhouse gas emissions
in both the short and long term.**



Konstantin Romanov

Head of Division, Secretary of Coordinating Committee
for rational use of natural resources , PJSC Gazprom

Ensures the implementation of innovative projects to reduce the carbon footprint of production activities, including those related to hydrogen energy. Coordinates international collaboration on climate issues, including technical dialogues with foreign partners. Participant in UN Climate Change Conferences.





Combating Climate Change

Corporate Targets for Preserving the Climate

GHG emissions management is part of the Gazprom Group’s corporate strategy on environmental protection and climate change prevention. The reduction of specific GHG emissions is the main driver behind the improvement of the environmental friendliness of production processes. The innovative development programs of PJSC Gazprom, PJSC Gazprom Neft, and Gazprom Energoholding LLC set respective key performance indicators (KPIs) until 2025. The *Roadmap of Greenhouse Gases Emissions Management* establishes the estimated

indicators of specific GHG emissions until 2030 proceeding from different development scenarios. 2019 saw work start on developing sustainable development scenarios for PJSC Gazprom through 2050, taking into account the global shift to a low-carbon economy, with respective climate goals to be set. PJSC Gazprom contributes significantly to the low-carbon economy development in Russia and the countries that import Russian gas thanks to gas infrastructure expansion and conversion of various vehicles to natural gas, thus helping reduce emissions made by energy consumers.

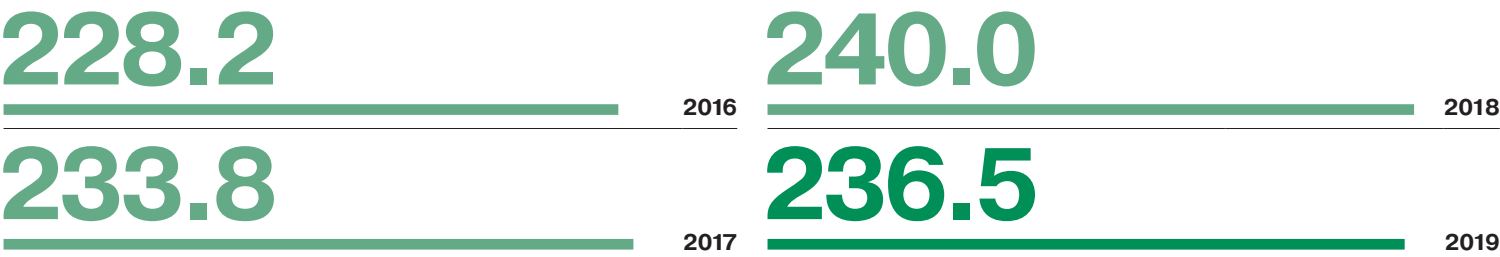
Reduction of Greenhouse Gas Emissions across the Gazprom Group



Direct GHG Emissions

GRI 305-1
In 2019, GHG emissions of the Gazprom Group’s facilities amounted to 236.5 mmt of CO₂ equivalent, 14% of them were methane emissions.

Gazprom Group’s GHG emissions, 2016–2019, mmt of CO₂ equivalent



Information on the GHG emissions of the Gazprom Group companies is provided in Appendix 7.

6.2.

Combating Climate Change

All companies of the Gazprom Group carry out control and accounting of GHG emissions. Since 2016, all Group subsidiaries regardless of their business activities have been monitoring and calculating the quantity of GHG emissions according to a uniform procedure described in the

Methodological Guidance on the Quantification of Greenhouse Gas Emissions by Entities engaging in Business and other Activities in the Russian Federation¹⁶⁶.

Gazprom was the first Russian company to calculate the amount of its emissions using the 100-year Global Temperature change Potential. As a result, the actual carbon footprint from Gazprom's production activities proved to be lower by another 25.2 million tons of CO₂ equivalent. This calculation was meant to provide a more accurate picture of the impacts made by emissions on the climate system, taking into account the recommendations of the Intergovernmental Panel on Climate Change (IPCC).

With account of the Global Temperature change Potential, GHG emissions of the Gazprom Group totalled 211.2 million tons of CO₂ equivalent in 2019.

GRI 305-5

In 2019, absolute GHG emissions across the Gazprom Group reduced by 1.5% as compared to 2018, which corresponds to the criteria of climate targets under the SBT initiative within the CDP.

The gas business reported a reduction in specific GHG emissions from 0.275 tons of CO₂ equivalent per ton of oil equivalent in 2014

to 0.259 tons of CO₂ equivalent per ton of oil equivalent in 2019, which was made possible thanks to the implementation of the *Gazprom Group GHG Emissions Management Roadmap in the long term until 2030* and the *Energy Saving and Energy Efficiency Program*.

The methane detection at facilities of the Russian gas industry is addressed by using either stationary equipment or detectors installed in helicopters or unmanned aerial vehicles. In 2017–2019, PJSC Gazprom performed pilot testing of the gas leak tracing technology with the use of unmanned aerial vehicles.

To make more efficient use of modern space technologies, PJSC Gazprom is implementing a project to build a spacecraft assembly facility in Shchelkovo (Moscow Region). The first spacecraft to be assembled and tested at the new cutting-edge facility in 2022–2024 is Smotr-B earth remote sensing satellite that is planned to have a gas analyser installed on board. With the launch of the satellite, the Gazprom Group will be able to trace gas leaks from gas pipelines and its other production facilities more efficiently directly from space.

6.2.2.2.

Energy Indirect GHG Emissions

GRI 305-2

To keep stakeholders updated on emissions along the entire production chain, PJSC Gazprom discloses its indirect GHG emissions. These are

GHG emissions from the generation of purchased or acquired electricity or heating consumed by an organization.

Energy indirect GHG emissions at PJSC Gazprom by types of activities, 2018–2019, mmt of CO₂ equivalent

Activity	2018	2019
Natural gas production	0,51	0,35
Natural gas transportation	4,62	3,33
Natural gas processing	2,98	2,34
Underground natural gas storage	0,10	0,06

(166) Approved by Order of the Russian Ministry of Natural Resources and Environment No. 300 dated June 30, 2015.

In 2019, the **Gazprom Neft Group**'s indirect (Scope 2) GHG emissions within the perimeter of Russian subsidiaries amounted to 5.22 million tons of CO₂ equivalent (in 2018: 4.38 million tons of CO₂ equivalent). The growth in indirect GHG emissions in the reporting year is attributable to the fact that Gazprom Neft is expanding its geography of operations through prospecting for and evaluation of hydrocarbon reserves and is

building up its infrastructure needed to produce and treat hydrocarbons and transport them to key customers, which results in more facilities generating additional GHG emissions. Indirect (Scope 2) GHG emissions by PJSC Gazprom, PJSC Gazprom Neft, Gazprom Energoholding LLC, and Gazprom Neftekhim Salavat LLC stood at 13.8 million tons of CO₂ equivalent.

GRI 305-3

2019 was the first year the Gazprom Group assessed indirect (Scope 3) GHG emissions resulting from the use of products as fuels or feedstock both in Russia and abroad. The calculation included GHG emissions

from all types of products sold – natural gas, oil and gas condensate, automotive gasoline, diesel and jet fuel, LPG, and fuel oil¹⁶⁷.

Gazprom Group's GHG emissions (Scope 3), 2018–2019, mmt of CO₂ equivalent

Product sold	2018	2019
Gas	956.15	930.09
Oil and gas condensate	78.71	83.84
Other energy resources	144.12	140.61
Total	1,178.98	1,154.54

GRI 305-6

The Company does not use ozone-depleting substances on an industrial scale.

Flaring Reduction

90.1%

was reached by the APG utilization across the Gazprom Group's assets in Russia in 2019¹⁶⁸

GRI OG 6

The reduction in APG flaring plays a significant role in decreasing emissions of pollutants and greenhouse gases and saving resources. The Gazprom Group is implementing APG utilization investment projects at its fields with the aim of achieving an APG utilization level of at least 95%¹⁶⁹.

In 2019, APG utilization was 98.5% at the fields of PJSC Gazprom's gas production subsidiaries (including OJSC Tomskgazprom), 89.0% at the Gazprom Neft Group, 98.0% at Sakhalin Energy.

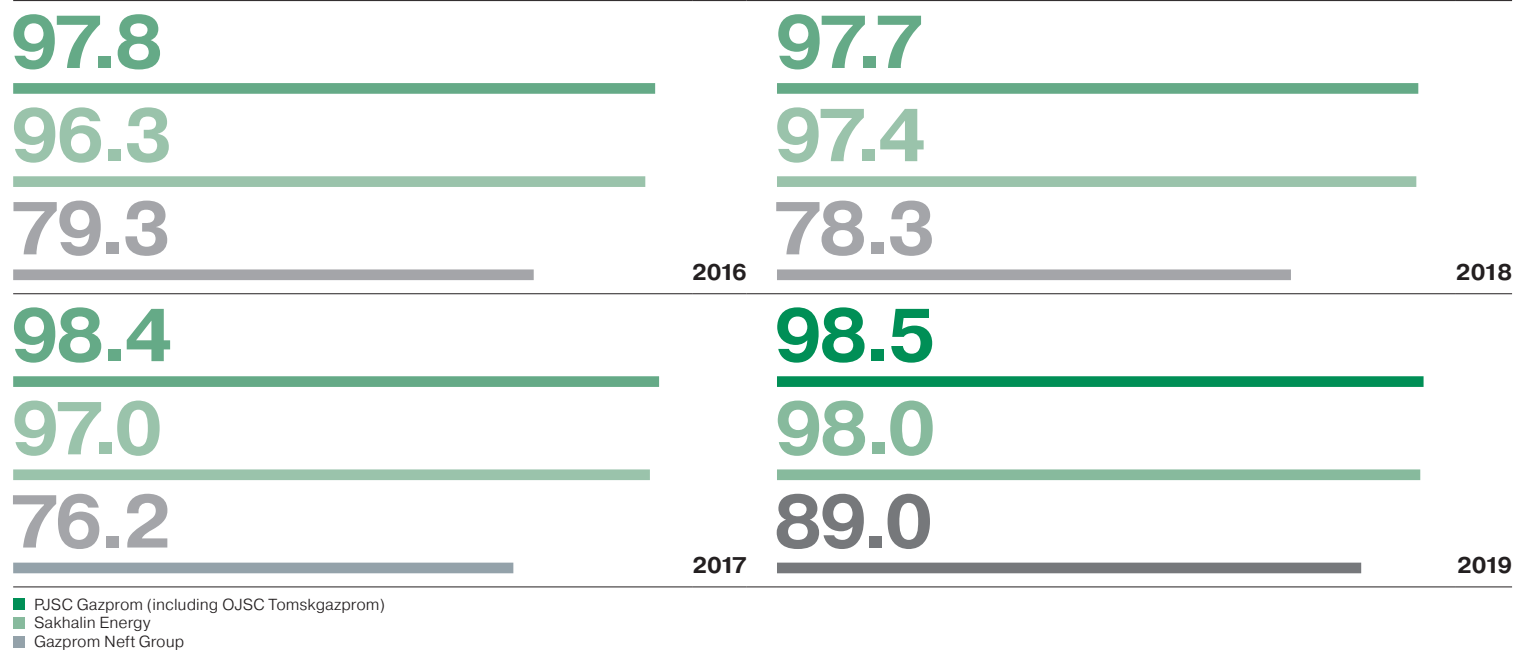
The actual APG utilization at the operating facilities of the **Gazprom Neft Group** reached 89.0% in 2019, i.e. increased by 10.6% versus 2018, with an actual rise in APG production amounting to 2.242 bcm (up 15.6%). An upward trend in APG utilization is attributable to the commissioning of facilities under the *Gas program* of Gazprom Neft and organizational and technological activities at the assets with well-developed gas infrastructure.

(167) To account for all possible emissions when using Gazprom Group products, emission factors were applied in accordance with the Methodological Guidance on the Quantification of Greenhouse Gas Emissions by Entities engaging in Business and other Activities in the Russian Federation approved by Order No. 300 of the Ministry of Natural Resources and Environment of the Russian Federation dated June 30, 2015.

(168) Including the share in production of organizations in which Gazprom has investments classified as joint operations.

(169) As per Resolution No. 1148 of the Government of the Russian Federation dated November 8, 2012.

Dynamics of APG utilization at the Gazprom Group companies, 2016–2019, %



In 2019, APG utilization across the Gazprom Group's assets in Russia (including the share in production of organizations in which Gazprom has investments classified as joint operations) reached 90.1% (whereas in 2018 it was 81.8%).

For more details on hydrocarbon flaring across the Gazprom Group see Appendix 7.

6.2.3.1.

Plans

The Gazprom Neft Group is aiming to ensure the required level of APG utilization along with the start of commercial development of new fields and an increase in oil and gas production volumes. Pursuant to the resolution of the Board of Directors of Gazprom Neft, APG utilization level of 95% is to be ensured at the assets with well-developed gas

infrastructure in 2020 and throughout Gazprom Neft in general, including new assets, in 2022. To achieve the approved goals, the *APG Utilization and Efficiency Program* was developed that provides for the implementation of investment projects to build gas infrastructure.

6.2.4.

Energy Saving and Energy Efficiency

1,830.98

million GJ

**fuel and energy consumption
by PJSC Gazprom subsidiaries**

3.94

million tons

**of reference fuel – fuel
and energy savings
by PJSC Gazprom in 2019**

RUB 7,391

million

**cost of fuel and energy saved
by Gazprom Energoholding**

Gazprom's primary aim is to ensure reliable and efficient supply of natural gas and other energy resources to consumers, with efficient use of energy and fuel at all stages of the production cycle underpinning its sustainable development goals.

The Company's energy efficiency activities are governed by the *Energy Efficiency and Energy Saving Policy of PJSC Gazprom*¹⁷⁰.

The 2019 Corporate Targets required lower consumption and higher savings of fuel and energy resources, as well as measures to prepare for ISO 50001:2018 certification. These goals were met.



For more details on the Energy Efficiency and Energy Saving Policy of PJSC Gazprom see¹⁷¹



For more details on the energy management system of PJSC Gazprom see¹⁷²

6.2.4.1.

Energy consumption within the organization¹⁷³

Fuel and energy consumption at PJSC Gazprom by energy resource, 2016–2019, million GJ¹⁷⁴

Resource	2016	2017	2018	2019
Natural gas	1,357.30	1,571.21	1,698.57	1,614.72
Electric power	101.53	119.03	123.42	121.46
Heat energy	92.01	93.42	94.48	94.80
Total fuel and energy resources	1,550.83	1,783.66	1,916.47	1,830.98

2019 saw changes to the energy conversion formulae as per Rosstat Order No. 713 dated November 28, 2019 which introduced the requirement to use reference fuel units: "For all types of fuel, physical units shall be converted into units of reference fuel typically using their

actual calorific values determined as the ratio of the net calorific value of fuel in an as-received condition to the calorific value of 1 kg of reference fuel, i.e. 7,000 kcal/kg".

(170) Approved by resolution of the Management Committee of PJSC Gazprom No. 39 dated October 11, 2018.

(171) <https://www.gazprom.com/f/posts/74/562608/2018-10-11-energetic-policy-eng.pdf>

(172) <https://www.gazprom.com/nature/energy-conservation/>

(173) Based on corporate reporting forms approved by a relevant order PJSC Gazprom on an annual basis. PJSC Gazprom's Order No. 348 dated April 11, 2019 approved the following corporate reporting forms for 2019:

- 103-gas Fuel and Energy Efficiency Report of a Gas Transmission Subsidiary;
- 105-gas Fuel and Energy Efficiency Report of Underground Gas Storage Stations;
- 106-gas Fuel and Energy Efficiency Report of Gas, Gas Condensate and Oil Processing Entities;
- 107-gas Fuel and Energy Efficiency Report in Gas Distribution and Supply;
- 143-gas Fuel and Energy Efficiency Report of a Gas Producing Subsidiary;
- 142-gas Progress under the Energy Saving and Energy Efficiency Improvement Program;

– Rosstat Order No. 713 dated November 28, 2019 "On Approval of Guidelines for Completing Federal Statistical Monitoring Form No. 4-TER Details of Fuel and Energy Utilization".

(174) Physical units of fuel and energy consumption (mcm, million kWh, thousand Gcal) were converted into units of energy (million GJ) using the following coefficients: 1 mcm × 1.155 = 1,000 tons of reference fuel; 1 million kWh × 0.325 = 1,000 tons of reference fuel; 1,000 Gcal / 7 = 1,000 tons of reference fuel. 1,000 tons of reference fuel = 0.0293076 million GJ.

Fuel and energy consumption at PJSC Gazprom by business activity in 2019, million GJ

Activity	2019
Gas production	268.06
Trunkline gas transportation	1,374.61
Underground gas storage	20.48
Gas, gas condensate and oil processing	141.89
Gas distribution	25.95
Total fuel and energy resources	1,830.98

PJSC Gazprom reduced its consumption of natural gas by 4.8% and that of electric power by 1.6% on the back of lower energy consumption in gas transportation as gas transportation volumes declined by 1.4% and energy intensity dropped by 3.2%.

Heat consumption rose by 0.3% due to higher heat utilization in gas condensate processing at the plants of Gazprom Pererabotka LLC caused by an 8.5% increase in volumes of unstable gas condensate processed.

Electric power and heat energy consumption for internal process needs in the core production activities of PJSC Gazprom, 2016–2019¹⁷⁵

Resource	2016	2017	2018	2019
Electric power, million kWh	10,659.1	12,496.9	12,958.0	12,886.6
Heat energy, million GJ	92.01	93.42	94.48	94.80

In 2019, energy consumption for internal needs at **Gazprom Neft** totalled 229.2 million GJ.

Energy consumption by the Gazprom Neft Group, 2016–2019, million GJ

Energy consumption	2016	2017	2018	2019
Electric power	57.0	69.1	66.7	66.9
Heat energy	43.7	43.1	44.7	42.4
Gas	97.7	100.3	112.7	118.2
Diesel fuel	0.9	2.7	2.4	1.7
Total	199.3	215.2	226.5	229.2

Gazprom Neft generated a total of 28.2 MWh of energy from renewable sources (solar energy).

(175) No separate records are maintained to track energy consumption for the cooling of buildings and facilities. No information is available on the actual energy consumed for cooling. Assuming the overall consumption mix and domains, the share of energy consumed for cooling might be marginal.
No separate records are maintained to track steam consumption. Assuming the overall consumption mix and domains, the share of steam consumption might be marginal.

In 2019, **Gazprom Energoholding's** energy consumption for internal needs totalled 4.8 million tons of reference fuel (140.85 million GJ).

Energy consumption for internal needs at Gazprom Energoholding, 2016–2019

Indicator	2016	2017	2018	2019
Total electric power consumption, million kWh	12,229	12,186	11,815	11,590
Total electric power consumption, thousand tons of reference fuel	3,625	3,597	3,448	3,352
Total heat energy consumption, thousand Gcal	10,327	10,152	11,087	9,907
Total heat energy consumption, thousand tons of reference fuel	1,524	1,491	1,631	1,455
Total gas consumption, mcm	0.64	0.67	0.03	0.02
Total gas consumption, thousand tons of reference fuel	0.75	0.78	0.04	0.02
Total, thousand tons of reference fuel	5,150	5,089	5,079	4,807

In 2019, Gazprom Energoholding's fuel consumption from non-renewable resources totalled 51.6 million tons of reference fuel (1,511.85 million GJ).

Fuel consumption from non-renewable sources at Gazprom Energoholding, 2016–2019, million tons of reference fuel

Fuel type	2016	2017	2018	2019
Coal	7.5	7.1	5.9	4.9
Gas	48.9	47.5	47.7	46.2
Fuel oil	0.4	0.4	0.5	0.5
Diesel fuel	0.0	0.0	0.0	0.0
Other fuels	0.0	0.0	–	–
Total	56.9	55.1	54.1	51.6

In 2019, **Gazprom Neftekhim Salavat's** energy consumption for internal needs totalled 66.251 million GJ.

Energy consumption for internal needs at Gazprom Neftekhim Salavat LLC, 2016–2019

	2016	2017	2018	2019
Electric power, million kWh	1,358	1,336	1,434	1,336
Energy for heating, thousand GJ	1,389	1,403	1,349	1,269
Energy for cooling, million kWh	232	216	245	231
Steam consumption, thousand GJ	34,022	35,105	38,177	37,024
Energy sold for heating, thousand GJ	258	274	273	0
Steam sold, thousand GJ	1,482	1,769	1,749	1,949
Overall energy consumption, including natural gas as a fuel, thousand GJ	66,666	65,075	69,223	66,251

6.2.

Combating Climate Change

Fuel consumption from non-renewable resources at Gazprom Neftekhim Salavat LLC, 2016–2019, thousand GJ

Fuel type	2016	2017	2018	2019
Natural gas for production	16,451.2	14,508.2	15,733.6	15,019.4
Natural gas as a fuel	18,316.4	15,838.5	16,041.6	15,232.6
Total	34,767.6	30,346.7	31,775.2	30,252.0

In 2019, total energy consumption by Gazprom Neftekhim Salavat LLC amounted to 81.27 million GJ.

6.2.4.2.

Electric Power Sold

Gazprom Energoholding sells electric power produced by its generating companies – PJSC Mosenergo, PJSC OGK-2, and PJSC TGC-1. In 2019, it sold a total of 152,833.80 million kWh.

Electric power sold by Gazprom Energoholding, 2016–2019, million kWh

Company	2016	2017	2018	2019
PJSC Mosenergo	60,858.4	60,250.6	60,195.4	62,096.0
PJSC OGK-2	72,939.0	69,722.2	64,982.1	58,389.8
PJSC TGC-1	30,590.9	32,579.2	32,579.7	32,348.0
Total	164,388.3	162,552.0	157,757.2	152,833.8

PJSC OGK-2 tends to lower its electric power generation and sales, which is mainly caused by the fact that energy prices are growing faster than selling prices for electricity.

GRI 302-4

In 2011–2019, **PJSC Gazprom** saved fuel and energy resources for a total of 26.4 million tons of reference fuel (773.5 million GJ), including:

- 22.4 bcm of natural gas;
- 2.5 billion kWh of electric power;
- 2.0 million Gcal of heat.

For more details on fuel and energy cumulatively saved by PJSC Gazprom see Appendix 7.
For the full list of entities covered by the PJSC Gazprom Energy Saving and Energy Efficiency Improvement Program see Appendix 7.

At **Gazprom Neft**, the Downstream and Upstream Divisions' energy saving and energy efficiency programs helped save 4.1 million GJ of energy and 1.2 million GJ of electric power, respectively, in 2019. In 2019, **Gazprom Energoholding**'s energy saving programs helped save fuel and energy resources in the amount of 1.61 million tons of reference fuel (47.33 million GJ):

- fuel savings: 1,375.6 thousand tons of reference fuel, including 1,172.9 mcm of natural gas;
- electric power savings: 670.8 million kWh;
- heat savings: 297.2 thousand Gcal.

The cost of energy resources saved is RUB 7,391 million.

In 2019, PJSC Gazprom's energy saving program helped save fuel and energy resources in the amount of 3.94 million tons of reference fuel (115.5 million GJ), demonstrating that the Company delivers on its commitments to continuously improve the energy efficiency of its production processes and save natural energy resources across its production assets.

In 2019, **Gazprom Neftekhim Salavat**'s energy saving programs helped save fuel and energy resources in the amount of 55,199 thousand tons of reference fuel (1.6 million GJ):

- natural gas savings: 43.5 mcm;
- electric power savings: 1.3 million kWh;
- heat savings: 35.6 thousand Gcal.

GRI 302-4

In all of its business activities, PJSC Gazprom implements energy saving program initiatives aimed at enhancing (maintaining) energy efficiency and reducing fuel and energy consumption, including energy losses.

Measures being taken under corporate energy saving programs seek to save natural gas, electric power and heat.

PJSC Gazprom Energy Saving and Energy Efficiency Improvement Program implementation outcomes as of 2019
Activity*

* for the list of corresponding subsidiaries see Appendix 7, p. 269

	Natural gas savings, mcm	Electric power savings, million kWh	Heat savings, thousand Gcal
Gas, gas condensate and oil production	392.74	28.67	16.37
Gas transportation	2,810.36	236.79	42.02
Underground gas storage	19.76	3.57	0.00
Gas, gas condensate and oil processing	40.83	40.71	192.15
Gas distribution	22.56	8.91	1.72
Non-core business	0.67	11.84	0.48
Total	3,286.91	330.48	252.74
Total, thousand tons of reference fuel	3,796.38	107.41	36.11
Total, million GJ	111.263	3.148	1.058

Fuel and energy savings resulting from the implementation of PJSC Gazprom's energy saving programs^{176, 177}

Period	Natural gas		Electric power		Heat energy		Fuel and energy	Fr
	mcm	million GJ	million kWh	million GJ	thousand Gcal	million GJ	million GJ	%
2016	2,286.6	77.4	260.0	2.5	254.9	1.1	80.9	5.2
2017	3,013.5	102.0	331.5	3.2	268.4	1.1	106.3	6.9
2018	2,951.9	99.9	364.2	3.5	235.9	1.0	104.4	5.9
2019	3,286.9	111.3	330.5	3.1	252.7	1.1	115.5	6.0

In the table below, Fr (expressed in %) means the reduction factor for fuel and energy consumption resulting from the implementation of an energy saving program.

The factor variance is due to higher actual energy savings in 2019 versus previous periods as a result of additional natural gas saving initiatives in trunkline gas transportation and a lower total consumption of fuel and energy at PJSC Gazprom for internal process needs.



For the list of most important energy saving initiatives of PJSC Gazprom, Gazprom Neft and Gazprom Energoholding see PJSC Gazprom Environmental Report 2019¹⁷⁸

(176) The following industry standards were used to calculate the fuel and energy savings:

1. STO Gazprom 2-3.5-113-2007 Methodology for Assessing Energy Efficiency of Gas Transportation Facilities and Systems;

2. R Gazprom 2-1.20-819-2014 Methodology for Calculating Fuel and Energy Savings Resulting from the Implementation of Energy Saving Initiatives at Subsidiaries. The baseline is the previous year's fuel and energy consumption.

(177) The consumption reduction results are calculated with due consideration of the data on natural gas, electric power, and heat energy used by PJSC Gazprom subsidiaries for internal process needs.

(178) Pages 46–49, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

Gazprom Neft's Downstream Division was implementing energy saving and energy efficiency programs for 2019–2021 aiming to save 619 million kWh of electric power in the reporting year. In 2019, the Upstream Division met its targets set for specific electric power consumption – namely, 24.57 kWh per ton of liquid, and also exceeded the targets under its Energy Efficiency Program by 39%, and achieved energy savings of 330 million kWh (versus the set target of 236 million kWh) across the Division. The values achieved in terms of specific electric power consumption per ton of produced liquid were 2.2% below the target level and amounted to 24.78 kWh (versus the target level of 25.34 kWh).

Gazprom Energoholding uses specific consumption in terms of reference fuel for power generation as an industry energy-efficiency metric. In 2016–2019, the overall reduction in specific consumption

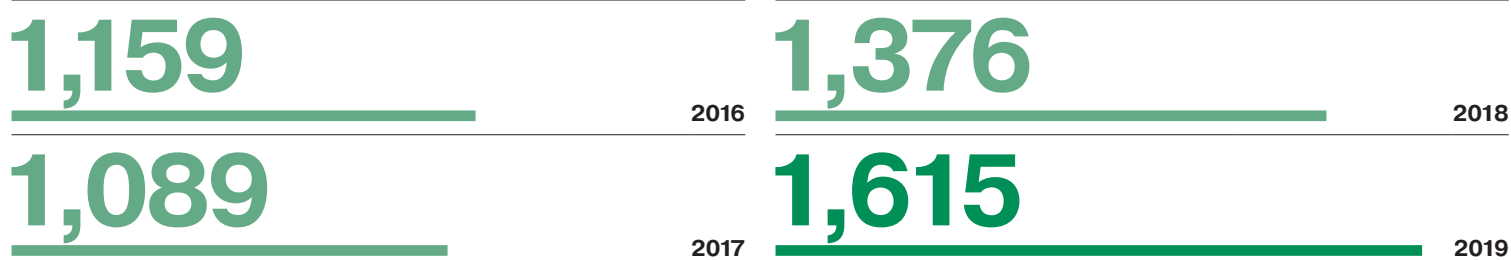
in terms of reference fuel for power generation across Gazprom Energoholding amounted to 10.9 g/kWh, or 3.6%.

Over the same period, specific consumption in terms of reference fuel for heat generation rose by 0.3 kg/Gcal, or 0.2%.

The total fuel savings due to changes in specific consumption in terms of reference fuel were driven by the launch of facilities under capacity supply agreements (CSAs), as well as by other measures taken, including the decommissioning of inefficient equipment, shifting of thermal capacity from boiler houses to power plants, and implementation of energy saving technologies.

The measures provided for by energy saving programs aim to reduce the consumption of fuel and energy resources, including fuel, electric power, heat, water, etc

Total reduction in energy consumption as a direct result of energy saving initiatives at Gazprom Energoholding, 2016–2019, thousand tons of reference fuel



Outcomes of energy saving and energy efficiency improvement programs' implementation at Gazprom Energoholding in 2019

	Fuel savings, thousand tons of reference fuel		Electric power savings, million kWh	Heat energy savings, thousand Gcal
	Total	Incl. gas		
Total	1,375.6	1,364.6	670.8	297.2
Total, million GJ	40.3	40.0	2.4	1.2

Gazprom Neftekhim Salavat achieved the following results through its energy saving and energy efficiency improvement initiatives.

Results of energy saving and energy efficiency improvement programs' implementation at Gazprom Neftekhim Salavat LLC, 2016–2019

Indicator	2016	2017	2018	2019
Natural gas savings, mcm	0.000	49.935	43.783	43.511
Electric power savings, million kWh	0.286	0.880	0.440	1.311
Heat energy savings, thousand Gcal	4.799	21.503	49.675	35.559
Total, thousand tons of reference fuel	0.779	61.033	57.809	55.761
Total, million GJ	0.023	1.789	1.694	1.634

6.2.

Combating Climate Change

6.2.4.4.

Goals and Targets for 2020–2022

2020–2022 Corporate Energy Targets of PJSC Gazprom

No. Target	Energy Performance Indicator (EPI), unit of measurement	EPI values			
		Reference period, 2018	Target period, 2020	Target period, 2021	Target period, 2022
1. Improve the energy efficiency of PJSC Gazprom's business operations	Reduce specific consumption of fuel and energy resources in production activities	100	–1.2	–1.2	–1.2
2. Save fuel and energy resources in natural gas production, transportation, underground storage, processing, and distribution	Natural gas savings, mcm	2,951.9	2,096.8	4,182.5	6,306.4
	Electric power savings, million kWh	364.2	221.2	407.8	613.7
	Heat energy savings, thousand Gcal	235.9	158.2	295.4	428.1
3. Develop, implement, prepare for certification, maintain and improve PJSC Gazprom's Energy Management System (EnMS) in line with ISO 50001:2018	Certification of conformity within the scope and perimeter of PJSC Gazprom's EnMS (international certificate)	No certificate.	Certificate obtained in line with the EnMS scope and perimeter.	Certificate confirmed in line with the EnMS scope and perimeter.	Certificate confirmed in line with the EnMS scope and perimeter.

6.2.4.5.

Energy Intensity

GRI 302-3

PJSC Gazprom assesses the energy intensity of its process operations through specific energy consumption, which is defined as the ratio of total energy resources consumption converted into reference fuel (tons of reference fuel) to the work being performed. Since production processes vary significantly across PJSC Gazprom subsidiaries involved in gas production, transportation, underground storage, processing, and distribution, as well as the Gazprom Group companies, each business activity requires an individual approach when setting energy intensity indicators, making it impossible to consolidate them into a single indicator either for PJSC Gazprom or the Gazprom Group.

Energy intensity in gas production, transportation, and underground storage is measured using natural gas and electric power consumption for internal process needs, while in gas and liquid hydrocarbons processing it factors in consumption of gas, electric power and heat energy.

The output is expressed in volumes of gas produced (thousand m³) in gas production, volumes of gas transported (mcm • km) in gas transportation, total volumes of gas withdrawn and injected (thousand m³) in underground gas storage, volumes of gaseous and liquid hydrocarbons processed (tons of reference fuel) in gas processing.

Decline in specific consumption of natural gas for internal process needs during transportation

The target for 2011–2020 is at least 11.4% (compared to the level of 2011).

The actual reduction in 2011–2019 was 22.0%.

Target achieved.

Energy intensity of the core activities of PJSC Gazprom, 2016–2019

Activity	2016	2017	2018	2019
Gas production, kg of reference fuel per thousand m ³	17.79	17.95	18.99	19.99
Gas transportation, kg of reference fuel per mcm·km	26.30	27.30	27.86	26.97
Underground gas storage, kg of reference fuel per thousand m ³	5.68	7.15	6.91	8.20
Gas processing, kg of reference fuel per ton of reference fuel	45.91	46.99	50.52	50.53

In gas transportation, specific energy consumption went down by 3.2% as a result of a 1.4% reduction in the volumes of gas transported, as well as due to the measures taken under the energy saving program. In underground gas storage, specific energy consumption increased due to the fluctuations in natural gas demand that required utilization of energy-consuming equipment and a higher consumption of fuel gas. In natural gas production, energy intensity rose on the back of a higher consumption of gas as an energy source at the fields in the Nadym-Pur-

Taz Region. Production volumes started falling across the majority of the region's fields, resulting in a higher energy consumption for subsequent natural gas compressing.

Energy intensity is calculated on the basis of the energy consumption within PJSC Gazprom.

Gazprom Neft's Downstream Division achieved an energy intensity ratio of 134 kg of reference fuel per ton in relation to its goods (energy used per unit of goods).

Energy intensity across the Downstream Division of Gazprom Neft, 2016–2019

Indicator	2016	2017	2018	2019
<i>Energy intensity ratio</i>				
based on goods (energy used per unit of goods), kg of reference fuel per ton	137	143	145	134
<i>Metric (denominator) used to calculate the ratio</i>				
output, mmt	49	48	50	49
<i>Energy types included in the energy intensity ratio</i>				
fuel	83	85	87	79
electricity	25	24	24	24
steam	33	34	34	32

Figures are based on the energy consumption within the organization.

In 2019, **Gazprom Energoholding's** energy intensity was 1.67.

Energy intensity of Gazprom Energoholding's companies, 2016–2019

Indicator	Unit	2016	2017	2018	2019
Power plant busbar output (other than HPPs)	million kWh	130,801	126,944	124,068	121,919
Productive supply of heat energy to end customers (net of intercompany balances)	thousand Gcal	119,119	116,276	119,048	110,749
Reference fuel consumption at sources	thousand tons of reference fuel	56,863	55,066	54,085	51,586
Third-party heat energy procurement	thousand Gcal	4,105	3,259	3,791	3,322
Electric power consumption at boiler houses	million kWh	522	572	556	510
Electric power consumption at heat networks	million kWh	946	969	954	971
Power output by hydro generators at HPPs	million kWh	12,863	13,686	12,819	11,674
Busbar output at HPPs	million kWh	12,775	13,595	12,730	11,585
Energy intensity of TPPs		1.74	1.73	1.70	1.70
Energy intensity of HPPs		1.12	1.12	1.12	1.12
Total energy intensity		1.71	1.70	1.67	1.67

The energy intensity of Gazprom Energoholding's companies is defined as the ratio of fuel consumption at power plants and boiler houses of the subsidiaries, heat energy supplied to the subsidiaries' networks by third parties, electric power consumed at boiler houses and heat networks facilities of the subsidiaries to the total busbar output of the power plants and heat energy supply to end customers (all intragroup balances of heat energy are excluded).

The energy intensity of HPPs is defined as the ratio of electric power generated multiplied by the average efficiency ratio of hydroturbine units (assumed at 0.9) to HPP busbar output.

Gazprom Neftekhim Salavat does not calculate energy intensity ratio.

6.2.5.**Renewable and Secondary Energy Resources**

11,703,055 MWh

of electric power was generated by the Gazprom Group using renewable and secondary energy resources in 2019

3.44 billion RUB

was invested by the Gazprom Group in renewable and secondary energy resources in 2019

GRI OG 2

The Gazprom Group relies on alternative energy sources wherever it is economically and technically feasible, particularly in remote or technologically isolated areas.

The Gazprom Group uses renewable energy resources and secondary energy resources to generate energy for internal needs

and for sale to third-party consumers. Solar and wind generators, as well as gas flow heat and energy power converters are widely used at production facilities, gas trunkline facilities, and gas distribution networks for ensuring, inter alia, routine power supply to telemetry systems, electrochemical protection of pipelines, lighting, etc.

Depending on energy consumption modes, standalone complete renewable energy resources-based power units can be effectively used to supply power to various process facilities of PJSC Gazprom. These include automatic environmental monitoring stations, rust protection systems, warning lighting at communications towers and power line supports, lighting systems of helicopter pads, block valve stations,

communications equipment, small-scale gas distribution stations, etc. In terms of heat and power generation, secondary energy resources have a huge energy-saving potential as their use helps reduce the consumption of primary energy resources.

Power generation from renewable and secondary energy resources at the Gazprom Group, MWh, 2016–2019

13,036,783	2016	12,844,199	2018
13,723,908	2017	11,703,055	2019

In 2019, the Omsk Refinery completed the construction of a 1 MW solar power plant (the first phase of the project). The new station covers an area of 2.5 hectares and consists of 2,500 solar panels manufactured by Hevel, a Russian company. This investment project introducing green energy technologies is unique to the Russian industry and forms part of a large-scale program for the development of the Omsk Refinery. This pilot facility fully supplies electricity to all administrative buildings of the Omsk Refinery, including a single amenity building for 2,600 employees. Based on the results of inspections and measurements, a decision will be made on the construction of a 20 MW solar power plant at the Omsk Refinery which is planned for 2021.

In 2019, PJSC TGC-1 (Gazprom Energoholding) and Nugush Hydroengineering Complex LLC (Gazprom Neftkhim Salavat) produced 11.70 billion kWh of electric power by means of

hydrogenation. The HPPs of PJSC TGC-1 account for the bulk of power generation and contribute significantly to the green energy of the Northwestern Federal District of Russia.

Gazprom Energoholding (PJSC TGC-1) plans to put into operation 100 MW of renewable energy resources in 2023–2025.

In 2019, the Gazprom Group operated 2,240 secondary energy resources- and renewable energy resources-based power generation units (other than hydroelectric units) such as turbo expanders,

thermoelectric generators, solar modules and batteries, and wind turbines. The total electric power generated by these power units amounted to 686,200 kWh.

For the total amount of renewable energy generated by source see Appendix 7.

6.2.

Combating Climate Change

6.2.6.

Promotion of NGV Fuel

The development of the NGV fuel market in Russia is one of the most important sustainable development projects run by PJSC Gazprom. Thanks to the environmental friendliness of methane, the use of natural gas as a motor fuel instead of gasoline and diesel fuel offers a number of positive effects on the quality of life.

Conversion of vehicles to natural gas helps significantly reduce emissions both during the utilization of fuel and along the entire production chain. From production to refilling, CNG generates four times less GHG emissions than conventional petroleum motor fuels. According to the estimates, if 50% of vehicles are converted to natural gas, GHG emissions will go down by 65 mmt of CO₂ per year.

Most importantly, natural gas does not generate emissions of solid soot particulates that are extremely detrimental to human health. Thus,

the use of methane as a motor fuel improves the urban environment and has a positive effect on the health condition of the population.

PJSC Gazprom pursues the long-term goals of the NGV fuel market development in Russia in cooperation with other market players and industry NGOs such as the National Gas Vehicle Association which brings together over 120 participants of the Russian NGV fuel market with a view to promoting the use of natural gas as motor fuel and shaping a consolidated position on its development.

In 2019, the Gazprom Group's representatives took an active part in events related to the NGV fuel market. The Group also helped establish discussion platforms dedicated to proactively addressing the most urgent market issues.

Backed by PJSC Gazprom, the National Gas Vehicle Association publishes the Alternative Fuel Transport, an international scientific and technical journal which is the only printed and online source in the CIS offering research and analysis information on the NGV fuel market development and the only publication devoted to alternative fuel transport technologies which is included in the list of the leading peer-reviewed scholarly journals and publications of the Higher Attestation Commission of the Russian Ministry of Science and Higher Education.

6.2.7.

Gazprom's Risks and Opportunities due to Climate Change

GRI 201-2, GRI 102-15

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), PJSC Gazprom voluntarily identifies and evaluates climate-related risks in two key areas:

risks related to the transition to a low-carbon development scenario (transition risks);

risks related to physical changes in the environment due to climate changes (physical risks).

Risk assessment covers three time periods: short-term (up to 1 year), medium-term (from 1 to 3 years), and long-term (from 3 to 10 years and more). Risk assessment is performed at the level of both the Company in general and its subsidiaries. Information is published on the CDP platform, in environmental reports and sustainable development reports. The scenario analysis also recommended by the TCFD relies on simulations to assess the impact of various climate factors on the future financial performance.

In 2019, the Group developed the draft *Program for adaptation of PJSC Gazprom's operational activities to changing climatic and geocryological conditions taking into account probable scenarios of climate changes in the areas where Company's facilities are located*. Risk assessment was performed in cooperation with the institutions of the Russian Academy of Sciences (RAS), such as the Institute of Environmental Geoscience of RAS, the Institute of Petroleum Geology and Geophysics of RAS, etc. The results of this work are based on the analysis of accumulated and new data obtained using hi-tech tools. They helped to identify regularities in natural and industrial evolution of the permafrost soils, classify territories according to geocryological hazards, and optimize the design of structures and costs of their engineering protection. Moreover, coupled thermo-mechanical calculation methods at different levels of synthesis were developed. The geotechnical monitoring system was improved with the help of the national instrumental base. The conducted investigations contributed to the development of comprehensive measures on adapting Gazprom's operating activities to changing climatic and geocryological conditions, including regulatory, methodological, technological, informational and administrative aspects.

The Gazprom Group companies implement a set of measures to minimize the negative climate change consequences for its production activities, including:

- climate change assessment in the areas where the Group's process facilities are located;
- regular monitoring of machinery and equipment, as well as predictability assessment of the production processes in the areas susceptible to climate change impacts;

- use of extra-durable pipe products in the areas susceptible to climate change impacts;
- construction of sheltered compressor shops in the areas with adverse weather and climate conditions;
- construction of backup power supply plants at the gas production facilities located in the permafrost areas;
- development of projects for the construction of gas production facilities with due consideration of weather and climate conditions;
- laying pipelines deeper into the ground at their landfall sections to ensure protection of their offshore segments;
- management of geocryological conditions within the construction area during the pre-development of fields in the Yamal Peninsula to ensure reliability of foundations and base structures using advanced temperature-stabilizing technical aids for permafrost soils, with adjustment made for perennial warming;
- development of comprehensive insurance schemes covering the Group's environmental risks, including compensation for environmental damage.

In 2019, PJSC Gazprom also started developing its sustainable development scenarios through 2050, taking into account the global shift to a low-carbon economy.



For more details on Gazprom's risks and opportunities due to climate change see PJSC Gazprom Environmental Report 2019 ⁽⁷⁹⁾

(179) Pages 52–53, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

6.3.

Environmental Protection¹⁸⁰

As part of its sustainable development activities, the Gazprom Group protects water, land and forest resources while also seeking to ensure biodiversity preservation and reduce waste and pollutant emissions.

Environmental protection measures, both mandatory and voluntary, are on a compulsory basis included in cooperation agreements with regional authorities and major investment projects.

In 2019, over 750 people took part in 31 environmental activities carried out as part of the Power of Siberia project implementation, resulting in 27.7 hectares of land cleaned, 13.2 tons of waste collected, and 275 trees and shrubs planted.

At the Svobodnenskoye Gas Pipeline Operation Center, more than 245 young common carp and sturgeons were released into commercial water bodies in the reporting year.

Operational environmental monitoring was conducted at the Lenskoye, Neryungrinskoye, Skovorodinskoye, and Svobodnenskoye Gas Pipeline Operation Centers.

6.3.1.

Water: Sustainable Use and Treatment

11,409.12_{mcm}

volume of recycled and reused water across the Gazprom Group in 2019

145

wastewater treatment plants and one recirculated water system with a daily capacity of 0.39 thousand m³ were put into operation in the Group in 2019

11.4%

decrease in water discharges into surface water bodies across the Gazprom Group in 2019 versus 2018

97.3%

share of partially clean (untreated) water and water partially treated at purification plants in the total volume of wastewater discharged by the Gazprom Group's facilities into surface water bodies in 2019

6.3.1.1.

Management of Water-Related Impacts

GRI 303-1, GRI 303-2

The main goal of PJSC Gazprom in water resources management is to discharge less water into surface water bodies and improve wastewater treatment.

Efficient water resources management is part of the measures taken to implement the *Environmental Policy* of the Company, which facilitates, apart from other things, cooperation with local communities, the government, and investors. In water resources protection, the EMS of PJSC Gazprom sets the Corporate Environmental Target for

2017–2019 to achieve a lower share of polluted and insufficiently treated wastewater discharged into surface water bodies as compared to the baseline level of 40.13%. The status of achieving the Corporate Environmental Target is evaluated annually. In 2019, the target was achieved.

The Company continues to implement the “*Water of Life*” *Water Resources Utilization System Development Program of PJSC Gazprom for 2016–2020*.

(180) In this subsection, PJSC Gazprom and gas business companies mean the list of companies from PJSC Gazprom Environmental Report 2019, page 6–7, <https://www.gazprom.com/t/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

The expected results of the “*Water of Life*” Program in 2020:

increasing the share of water purification plants that ensure conformity to the existing sanitary and epidemiological requirements to the quality of potable water from 70% in 2014 to 90%;

increasing the share of wastewater purified at sewage treatment facilities to match the standard parameters in the total volume of wastewater discharged into water bodies from 60.7% in 2014 to 72%;

decreasing the water intensity of commercial products manufacturing by 6%;

increasing the volume of water reused for process purposes by 25%.

PJSC Gazprom's Comprehensive Environmental Program for 2020–2024 envisages a set of measures to reduce the share of excess discharges into surface water bodies to 4%.

6.3.1.2.

Water Consumption

GRI 303-3

The Gazprom Group companies seek to decrease the negative impact on water resources through such measures as lowering water consumption for production purposes and reducing wastewater discharges into surface water bodies.

In 2019, the Group's companies received 3,921.41 mcm of water for water supply purposes, which is 8.4% less than in 2018.

GRI 303-1, GRI 303-3

Water is withdrawn from the surface and subterranean sources solely in accordance with the effective legislation and pursuant to water use agreements and extraction licenses, without causing any significant

impact on the environment. None of the regions of the Company's production operations are classified as areas with water stress.

Gazprom Group's water consumption structure by types of sources in 2019, mcm

	Gazprom Group	Gas business companies	incl. PJSC Gazprom	Gazprom Neft Group	Gazprom Neftekhim Salavat	Gazprom Energoholding
■ Surface sources	3,484.33	58.32	27.66	30.75	33.25	3,362.01
■ Ground water sources	86.95	30.60	25.06	32.17	0.65	23.53
■ Public water supply utilities	143.11	26.63	8.79	2.57	3.49	110.42
■ Other water supply systems	207.02	7.17	6.39	129.08	3.88	66.89

Natural sources account for 91% of the Group's water withdrawal, with the shares of surface water bodies and underground water sources accounting for 97.6% and 2.4%, respectively. The Group's water

consumption structure by types of sources depends upon specific features of production operations and location of the facilities.

6.3.

Environmental Protection

Gazprom Group's water use indicators, 2016–2019, mcm

	2016	2017	2018	2019
Water withdrawn and received, total	4,538	4,523	4,280	3,921
including water from natural sources	4,301	4,284	4,065	3,571

Gazprom Energoholding accounts for 91% of the Group's total water consumption, while the Group's gas business accounts for 3.1% (including 1.7% at PJSC Gazprom) of total water consumption.

GRI 303-5

Gazprom Group's water resources use indicators, 2016–2019, mcm

	2016	2017	2018	2019
Water used, total, including water used for:	4,449.27	4,421.11	4,180.89	3,863.11
household and drinking purposes	39.60	47.25	63.09	54.98
production purposes	4,192.10	4,164.84	3,947.36	3,678.12
other purposes	217.57	209.01	170.44	130.01

6.3.1.3.

Wastewater Disposal

GRI 306-5

None of water bodies and related habitats are significantly affected by water discharges and/or runoff due to the operations of the Gazprom Group facilities.

The Group disposes of wastewater pursuant to the Decisions on Granting Water Bodies for Use for Wastewater Disposal Purposes in accordance with Pollutants Discharge Norms.

GRI 303-4

In 2016–2019, the Gazprom Group reduced its wastewater discharge into surface water bodies by 16%, with partially clean (untreated) water

and water partially treated at purification plants accounting for 97.3% of its total discharges into surface water bodies.

Gazprom Group's wastewater discharge into surface water bodies, 2016–2019, mcm


Company	2016	2017	2018	2019
Gazprom Group	3,855.45	3,905.26	3,658.44	3,241.79
Gas business companies	35.10	33.87	31.80	41.83
including PJSC Gazprom	11.69	10.74	9.78	18.89
Gazprom Neft Group	0.11	0.12	0.11	0.09
Gazprom Energoholding	3,781.85	3,832.00	3,587.15	3,161.88
Gazprom Neftekhim Salavat	38.39	39.26	39.38	37.99

The increase in the volumes of wastewater discharged by the Gazprom Group companies into surface water bodies was mainly attributable to

wastewater discharged during the construction of the Kaliningradskoye UGS facility.



Fresh water is one of our most precious natural resources. It has a direct impact on our health and quality of life. Saving water and developing modern technologies for its purification are an integral part of Gazprom's Environmental Policy.



Maria Karpova

Chief Expert, Heat Supply Facilities Operation Division,
Energy and Water Supply Facilities Operation Department,
Gazprom Energo LLC

Oversees performance of production and chemical laboratories of the company's branches that monitor water bodies, and ensures that accredited laboratories timely undergo competence verification procedures. Heads the working group for implementation and functioning of a risk-oriented approach in production and chemical laboratories.

Gazprom Group's wastewater disposal indicators, 2016–2019, mcm

Indicator	2016	2017	2018	2019
Discharges into surface water bodies	3,855	3,905	3,658	3,242
including partially clean and partially treated water	3,691	3,782	3,579	3,153

GRI 306-1

Information on the total volumes of water discharge, including the wastewater quality and the receiving body, is provided in Appendix 7.

The Gazprom Group carried out a large number of environmental protection activities to boost the efficiency of water use for production and household purposes and improve the wastewater treatment quality. In 2019, the Group put into operation treatment plants with an aggregate daily throughput capacity of 26,660 m³ (70 plants at the Gazprom Neft

companies, 5 plants at Gazprom Energoholding, and 70 plants at gas business companies). Out of the total number of the treatment plants put into operation in 2019, 68 purification plants with an aggregate daily throughput capacity of 17,220 m³ were launched at PJSC Gazprom.

In 2019, Gazprom Transgaz Volgograd LLC became one of the winners in the contest for the Vernadsky National Environmental Award in the Social and Environmental Initiatives category. The company presented the Day of Joint Action – Clean Shores project, which aims to rehabilitate natural sites and environments. This spring, its participants cleaned the shores of 15 water bodies and 12 km of waterfronts, removing 68 m³ of waste.

Information on the volume of formation water produced and its use and the volumes of recycled and reused water at the Gazprom Group is provided in Appendix 7.

6.3.2.

Land: Preservation and Restoration

By performing geological exploration, construction and repair works and operating wells, pipelines and other facilities, the Gazprom Group affects vegetation and soil.

Adhering to precautionary principles, the Gazprom Group companies use land in ways that ensure preservation and restoration of soils'

fertility and environmental functions. If any damage is made to land, the Group's companies follow the required remediation and rehabilitation procedures to put it back into economic use, as is provided for by the legislation.

GRI 304-3**Gazprom Group's land protection performance, 2016–2019, hectares**

Indicator	2016	2017	2018	2019
Territory of lands disturbed during the year	27,027.45	42,162.29	25,786.97	22,885.37
including polluted lands	71.31	87.33	111.26	73.16
Disturbed lands remediated during the year	42,450.24	19,600.05	15,767.52	17,670.50
including polluted lands	94.08	89.10	96.13	65.69

In the reporting year, the Gazprom Group companies disturbed 22,890 hectares of land, 11% less than in 2018. The decrease observed in 2019 was mainly attributable to the completion of a number of construction works at PJSC Gazprom's facilities. At **Gazprom Neft**, the area of disturbed lands grew due to gaining legal rights to land plots for the pre-development of the field of Gazpromneft-Yamal LLC, and

the construction of cluster pads at Gazpromneft-Orenburg LLC and Gazpromneft-Vostok LLC. The completion of repair and construction works within lands leased in previous periods, including those performed as part of the construction of the Power of Siberia gas trunkline's facilities, resulted in a 12% increase in the area of land remediated in 2019.

6.3.

The reporting year saw remediation of 17,700 hectares of lands, including those disturbed or polluted in previous years. The applied remediation methods seek to prevent adverse erosive processes, stabilize landscapes, and restore vegetation and soil.

The Group's companies take all necessary steps to stop pollutants from infiltrating soils and prevent soil degradation due to erosion or other causes. As part of operational environmental control and monitoring, remediated soils are checked for conformity to

environmental standards during the construction and reconstruction of the Gazprom Group's facilities. This includes soil, geobotanical, agrochemical, and other surveys.

The reliability of pipeline systems under construction is key to land preservation. Gazprom takes systemic measures to improve their reliability, which has a positive impact on the preservation of soils and other components of the natural environment.

6.3.3.

Air: Reducing Pollutant Emissions

Reducing pollutant emissions in the atmosphere is a priority environmental target for Gazprom.

GRI 305-7

In 2019, gross pollutant air emissions from stationary sources of the Gazprom Group companies amounted to 2,862.70 thousand tons, which is slightly lower than in 2018.

The structure of the Group's emissions is determined by the specifics of the production activities of PJSC Gazprom and other gas business companies. Main pollutants in Gazprom's gross emissions are

hydrocarbons (including methane), carbon monoxide, nitrogen oxides, and sulphur dioxide. Solid emissions come mostly from Gazprom's energy segment, while emissions of volatile organic compounds are commonly associated with the Gazprom Neft Group and gas business companies.

Component structure of air emissions across the Gazprom Group in 2019, thousand tons

	Gazprom Group	Gas business companies	including PJSC Gazprom	Gazprom Neft Group	Gazprom Energoholding	Gazprom Neftekhim Salavat
Hydrocarbons (including methane)	1,542.64	1,478.94	1,400.73	62.59	0.24	0.87
Carbon monoxide	596.42	365.70	344.19	199.46	26.67	4.59
Nitrogen oxides	307.71	184.13	172.34	23.18	94.42	5.98
Sulphur dioxide	221.46	59.48	59.29	37.55	109.89	14.54
Volatile organic compounds	124.76	26.40	18.82	92.97	0.30	5.09
Solids	67.47	3.78	2.41	16.60	46.33	0.76
Other gaseous and liquid substances	2.24	0.86	0.45	0.23	0.01	1.15

Sulphur dioxide emissions decreased the most because of natural gas replacing coal and fuel oil in the fuel mix of Gazprom Energoholding's generating facilities.



For more details on pollutant emissions see PJSC Gazprom Environmental Report 2019⁽¹⁸¹⁾

6.3.4.

Biodiversity Preservation

RUB **451.55** million
26 million

was allocated by the Gazprom Group for the preservation of biodiversity, protection of designated natural areas, as well as protection and replacement of fish reserves in 2019

fish were released into water bodies in 2019

The Gazprom Group companies contribute to international, Russian and local programs on plant and animal life protection in their regions of operation.

PJSC Gazprom subsidiaries provide financing to the projects implemented in the Arctic in collaboration with the Russian Geographic Society, including the monitoring of island ecosystems, preservation of populations of rare marine mammal species and the polar bear within the designated conservation areas in the north-eastern part of the Barents Sea.

Gazprom is implementing the *Biodiversity Preservation Program Based on the List of Flora and Fauna Species Being Indicators of Marine Ecosystems Stability in the Arctic Zone of the Russian Federation*⁽¹⁸²⁾. The *Program* contains PJSC Gazprom's biodiversity preservation strategy and *Actions plans to be carried out in the course of the Gazprom Group's projects implementation at the Arctic continental shelf of the Russian Federation, at inland sea waters, in the territorial waters, and contiguous zone of the Russian Federation*.

The *Program* was developed with the participation of leading research and scientific institutes of the Russian Academy of Sciences, Russian Arctic National Park Federal State Budgetary Institution, and Marine Mammal Council Regional Public Organization.

The reporting year saw the following activities performed as part of the action plan to implement the *Program*:

- studies of bacterial plankton, phytoplankton, zooplankton, ichthyoplankton, and benthos;
- ichthyological research;
- observations of marine mammals and bird fauna;
- Atlantic and Pacific walrus studies;
- polar bear studies;
- vegetation studies;
- toxicological research.

GRI 304-3

Preservation of biodiversity and habitat of rare and endangered plant and animal species is an integral part of the environmental activities carried out by Gazprom. Preventing damage to marine and terrestrial ecosystems is a precondition for the implementation of Gazprom's projects.

The Company takes action in several areas:

- modern technological solutions are applied to mitigate the environmental impact of the production operations;
- continuous environmental monitoring is performed;
- biodiversity preservation programs are implemented both in the Company's area of responsibility and in other Russian regions.

(181) Page 20–22, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-environmental-report-2019-en.pdf>
(182) Developed in furtherance of the Order of the President of the Russian Federation following the meeting on effective and safe exploration of the Arctic held on June 5, 2014.

6.3.

Environmental Protection

In 2019, RUB 451.55 million was allocated for the preservation of biodiversity and protection of designated natural areas, as well as for the protection and replacement of fish reserves.

The Gazprom Group's OEM programs include environmental monitoring of designated conservation areas or sites with a special environmental status located on the territories potentially affected by the Group's companies.

In order to preserve biodiversity, construction works are suspended during spring nesting season, water intake facilities are equipped with fish protection devices, and overhead power lines are equipped with bird protection devices. Linear structures are equipped with special passages so that not to hinder reindeer migration.

GRI 304-2

2019 saw no significant direct or indirect impact of the Group entities' operations on vulnerable ecosystems and biodiversity.

6.3.4.1.

Aquatic Animals

In 2019, Gazprom companies completed a number of environmental projects aimed at replenishing biological resources and restoring fish populations.

In 2019, over 26 million fish of various species were released, including highly valuable species.

Over 1.5 million fingerlings of grayling, Pacific salmon, and Russian sturgeon were released into several commercial water bodies in the Irkutsk, Sakhalin and Tyumen Regions. Of that amount, over 580,000 fingerlings were released into the Krasnoyarsk river, over 90,000 fingerlings of Russian sturgeon – into the rivers of the Ob-Irtys

Basin, over 38,000 larvae of peled – into the Aannyaakh river of Vilyuisk Water Reservoir, and over 111,000 fingerlings of peled and grayling and 27,000 fingerlings of sterlet – into the Belaya river in Usolsky District.

Over 170,000 fingerlings of carp were released into the Zeya river, and 118,000 young-of-the-year carps were released into the Bolshoi Milashevsky basin in the Slavyansky District of the Krasnodar Territory.

Under the *Preservation of Siberian Sturgeon* project in the Khanty-Mansi Autonomous Area – Yugra, the first batch of young sturgeons – 2,000 fingerlings – was released into the Irtys river as part of the 17th International Environmental Initiative *To Save and Preserve*.


Sakhalin Energy has been monitoring gray whales since 2002. In 2018, Gazpromneft-Sakhalin joined the monitoring program. Gray whales use the areas in close vicinity to hydrocarbon fields for their summer feeding, and when Sakhalin Energy commenced the construction of its offshore facilities, the offshore pipelines had to be laid 30 km further away, bypassing the areas frequented by the giant mammals. In the mid-80s, about two dozen gray whales belonging, according to scientists, to the endangered Okhotsk-Korean (western) population were discovered. Partially due to the measures taken to reduce the impact, the number of these whales in the area is now almost 300. On the basis of data obtained through many years of monitoring, the International Union for Conservation of Nature changed the status of grey whales west subpopulation in the Red List from critically endangered (CR) to endangered (EN).

To preserve protected animal species and perform works safely, the Company takes a set of measures, such as the setting of corridors and speed restriction for marine vessels, determination of safe distances from marine mammals to be observed, and obligatory presence of observers onboard to mitigate the risk of possible collision.

Gazprom Neft successfully completed the first expedition under the *Narwhal: Legend of the Arctic* project. Part of the company's large-scale *Time of the Arctic* program, this environmental project helped study the condition of the narwhal population in the western sector of Russia's Arctic Zone, determine the number and distribution area of

the species, and develop a conservation program for their habitat. Up to now, there has been no comprehensive research of the narwhal. New data obtained during the expedition will allow scientist to develop a program for further study of narwhals and their habitat in the high-latitude Arctic.

The development of LNG trade and fields on the continental shelf makes marine ecosystems, including coastal ones, vulnerable to man-made impact. We must minimize our impact on them and use the world's ocean and subsoil resources rationally and with care.



Anton Chumakov

Head of Environmental Protection and Energy Saving Division,
Gazprom Flot LLC

Ensures compliance of Gazprom Flot LLC's activities with environmental protection and energy saving laws as regards the operation of ships, floating drilling rigs, and production sites. Co-author of a number of scientific articles on algology.



To preserve biodiversity in the northern-latitude areas of its operations, the Group uses bird protective devices. Suspension insulators are equipped with polymeric covers, and their cross-arms are grounded.

Since 2004, Sakhalin Energy has been studying the population of the Steller's sea eagle in the areas of its production activities and has been protecting these birds of prey starting from the construction stage of its facilities. For the duration of the nesting season and the period when nestlings begin flying, the company established buffer zones where operations and movement of vehicles were prohibited. Zones of this kind are also used now during the repair works at the facilities.

Helicopter routes are set to avoid any harm to nesting sites. Bioengineering initiatives proposed by scientists are also in place to preserve the bird population, including artificial roost sites and nesting tree protection measures. To assess the efficiency of the activities carried out, the current monitoring results are compared against the data obtained in previous years, as well as against the values of the same type observed in the control area which is not affected by the production facilities.

GRI 304-1

The Gazprom Group's facilities are located, inter alia, in or near environmentally vulnerable and designated conservation areas (DCA). In this regard, mention must be made of the below territories:

Anyuysky, Kislovodsky, Losiny Ostrov, Meshchersky, Nechkinsky, Orlovskoye Polesye, Pleshcheevo Ozero, Pripyshminskiye Bory, Sochinsky, Ugra, Khvalynsky, Yugyd Va national parks;

Klyazminsky, Nadymsky, Priazovsky, Ryazansky, Saratovsky, Severo-Osetinsky, Kurgalsky, Utrish state nature reserves and federal reservations;

some regional DCAs.

The Group performs its activities in DCAs in full compliance with the national environmental protection legislation and land use terms and conditions specified for a relevant DCA.

Gazprom Transgaz Stavropol LLC developed a unique environmental project for the creation of a virtual 3D tour of the Strizhament state nature reserve. The tour is designed primarily for people with disabilities. The project became the first-degree winner in the Environmental Education, Awareness and Culture category of the **EcoWorld international environmental competition** established by the Russian Academy of Natural Sciences.

6.3.

Environmental Protection

6.3.5.

Waste Reduction

95.3%

of the Gazprom Group's
production waste are low-
hazard and virtually non-
hazardous waste

22%

waste reduction
by the Gazprom Group
in 2016–2019

Among other things, the Corporate Environmental Targets for 2017–2019 seek to reduce the share of waste sent for burial. In 2019, this target was achieved.

The activities are governed by the *Master Plan for Production and Consumption Waste Management at PJSC Gazprom's Facilities in*

Various Regions of Russia. To reduce the share of waste sent for burial, the Group optimizes its waste treatment activities adapting them to regional specifics and leverages the best available technologies in waste disposal and neutralization.

The *Master Plan* addresses the following key challenges which have an impact on the environmental management system of PJSC Gazprom, including waste treatment:

challenging environmental situation in some regions of Russia as a result of a considerable man-caused impact on the environment;

location of the Company's production capacities in areas with harsh natural and climatic conditions (the Far North, Eastern Siberia, Far East, sea shelf) with no waste treatment infrastructure available;

regulatory amendments which introduce considerable changes into waste treatment legislation, as well as into standards and norms set out for the negative environmental impact.

PJSC Gazprom's priority areas of waste management activities are as follows:

achieving maximum beneficial use of generated waste through waste recovery and recycling for subsequent use in the production process;

introducing the best available technologies or zero waste solutions to minimize waste generation in the course of PJSC Gazprom's core activities.

GRI 306-2

In 2019, the Gazprom Group companies produced 3,337.08 thousand tons of waste, which is 6.1% less than in 2018, as Gazprom Energoholding

replaced coal with natural gas in its fuel mix, thus reducing the generation of Hazard Class V bottom ash waste by 22%.

Gazprom Group's waste generation, 2016–2019, thousand tons

4,289.81

2016

3,555.09

2018

4,130.29

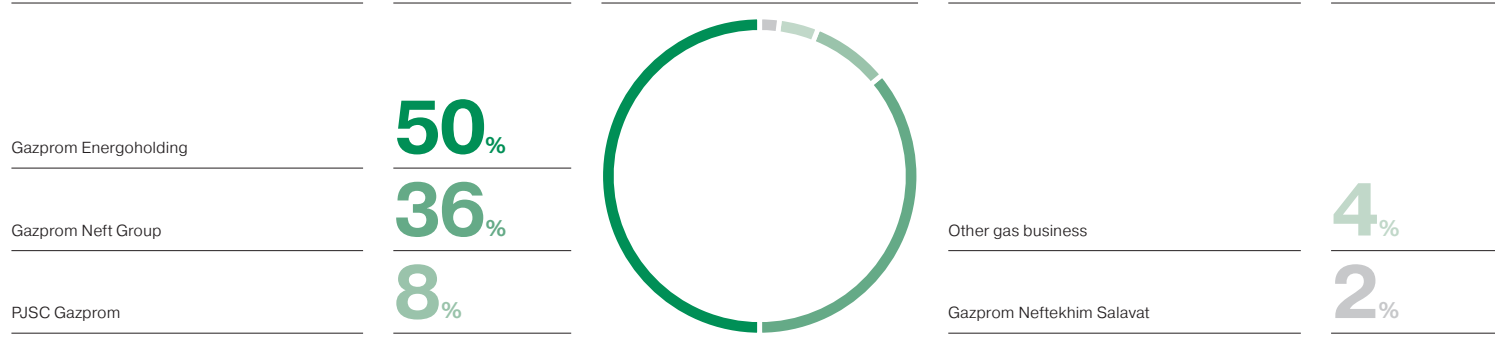
2017

3,337.08

2019

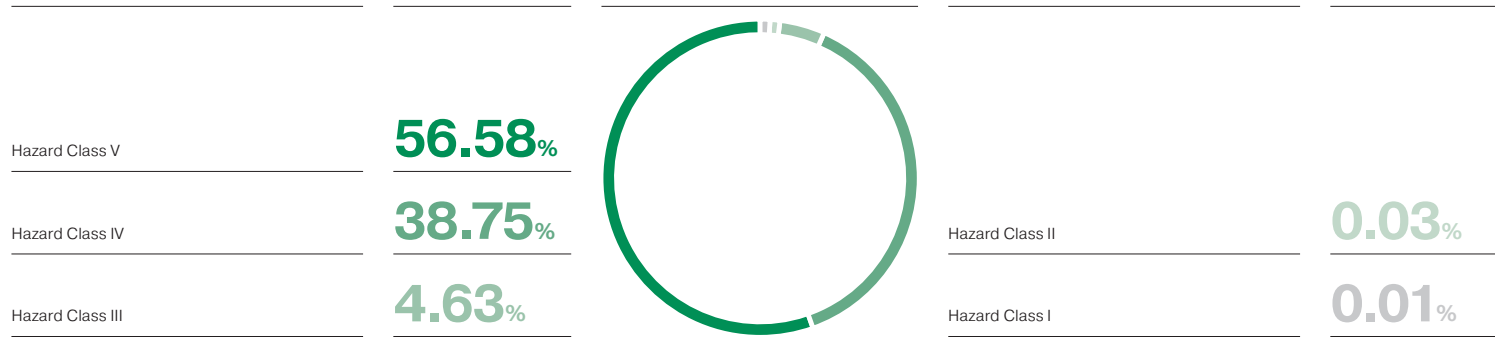
Gazprom Energoholding, Gazprom Neft, and PJSC Gazprom account for 50%, 36% and 8% of total waste generated, respectively.

Gazprom Group companies' share in waste generation, 2019, %



The majority of waste belongs to Hazard Classes IV and V.

Gazprom Group's waste production by hazard class, 2019, %



Gazprom Group companies' waste generation trend by hazard class, 2016–2019, thousand tons

	2016	2017	2018	2019
Total waste generated in the reporting period	4,289.81	4,130.29	3,555.09	3,337.08
Hazard Class I	0.21	0.27	0.21	0.24
Hazard Class II	8.81	0.75	0.78	0.83
Hazard Class III	102.11	94.26	84.82	154.59
Hazard Class IV	1,036.46	1,294.65	1,200.48	1,293.21
Hazard Class V	3,142.22	2,740.36	2,268.80	1,888.21

For more details on generation and handling of production and consumption waste by the Gazprom Group see Appendix 7.

At the Gazprom Group, most of the waste are bottom ash waste of Gazprom Energoholding (solid coal combustion products generated by TPPs), as well as drilling waste and oil sludge mainly generated by oil and gas production and processing facilities.

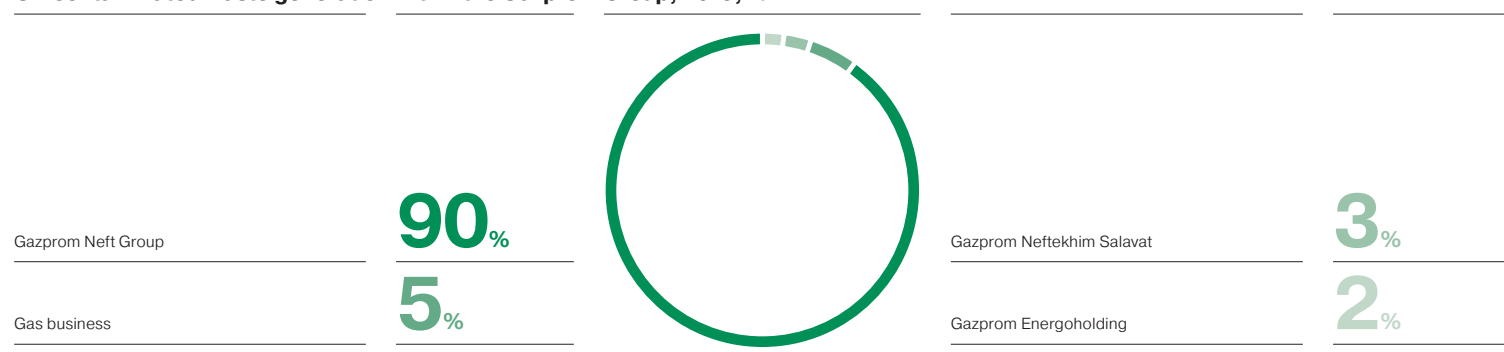
In 2019, the Gazprom Group brought onstream 10 waste neutralization and recycling facilities with a total annual capacity of

93.96 thousand tons, including 9 facilities at the Gazprom Neft Group and one facility at PJSC Gazprom (waste thermal treatment facility at Gazprom Energo LLC). OJSC Tomskgazprom put into operation one landfill site with an annual capacity of 0.23 thousand tons for the disposal, neutralization and dumping of industrial, household and other waste.

6.3.**Environmental Protection****6.3.5.1.****Oil-Contaminated Waste**

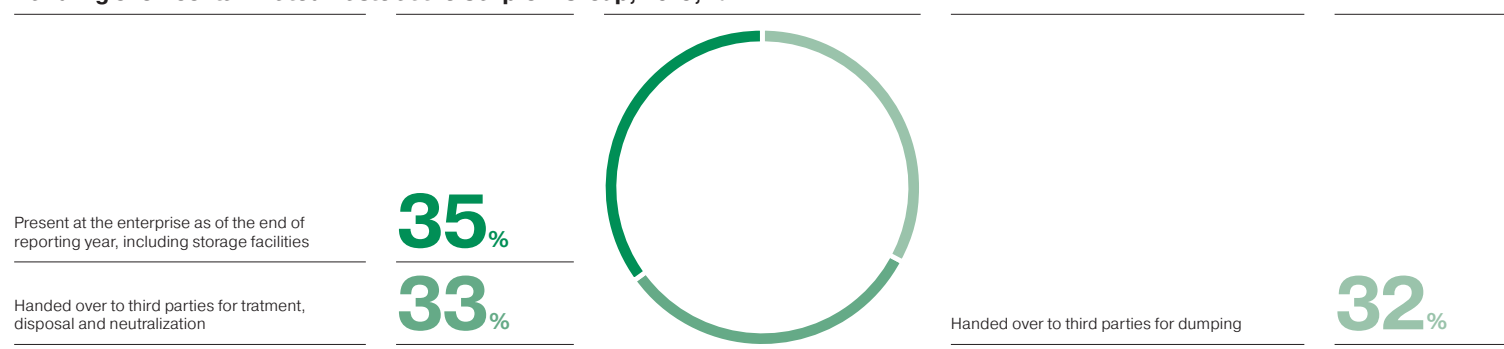
The Gazprom Group companies pay close attention to the environmentally safe treatment of oil-contaminated waste.

In the reporting year, the Group produced 216.55 thousand tons of oil-contaminated waste (with the Gazprom Neft Group accounting for 90% of this volume), which is marginally (1.5%) less than in 2018.

Oil-contaminated waste generation within the Gazprom Group, 2019, %

In 2019, a total of 291.35 thousand tons of oil-contaminated waste (including 74.67 thousand tons present at the beginning of the year, 216.55 thousand tons generated, and 0.13 thousand tons received from

other entities) were in circulation at the Gazprom Group's facilities. Of this total volume, 65% of waste was handed over to specialized organizations for utilization, neutralization, and safe dumping.

Handling of oil-contaminated waste at the Gazprom Group, 2019, %**6.3.5.2.****Drilling Waste****GRI OG 7**

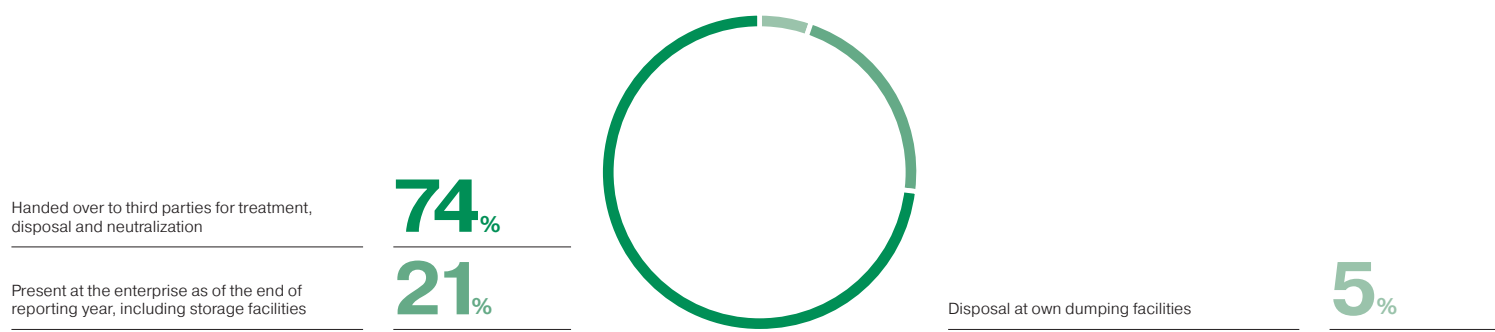
Environmentally safe disposal of drilling waste during the construction and operation of wells is a top priority for the Group's oil and gas production companies.

Gazprom Group's drilling waste generation and handling trend, 2016–2019, thousand tons

Indicator	2016	2017	2018	2019
Drilling waste generated	752.12	947.60	748.00	887.85
Received from other business entities	0.00	0.00	9.14	61.83
Treated at the enterprise	0.00	0.00	0.00	0.00
Recycled at the enterprise	121.34	86.84	0.00	0.00
Neutralized at the enterprise	9.75	5.14	1.27	0.00
Handed over to third parties, total, including:	561.34	731.29	688.88	790.43
for treatment	0.00	0.00	0.33	0.00
for recycling	242.80	620.41	596.45	727.32
for neutralization	318.54	110.88	92.10	63.11
for storage	0.00	0.00	0.00	0.00
for burial	0.00	0.00	0.00	0.00
Placed at own storage facilities	2.37	6.80	0.00	61.83
Disposed at own waste burial facilities	77.00	49.76	59.28	57.03

In 2019, a total of 1,065.9 thousand tons of drilling waste (including 116.2 thousand tons present at the beginning of the year, 887.9 thousand tons generated, and 61.8 thousand tons received from other entities)

were in circulation; of this total volume, 74% (790.4 thousand tons) of waste was handed over to specialized licensed organizations for recycling and neutralization, as well as for safe dumping.

Handling of drilling waste at the Gazprom Group, 2019, %


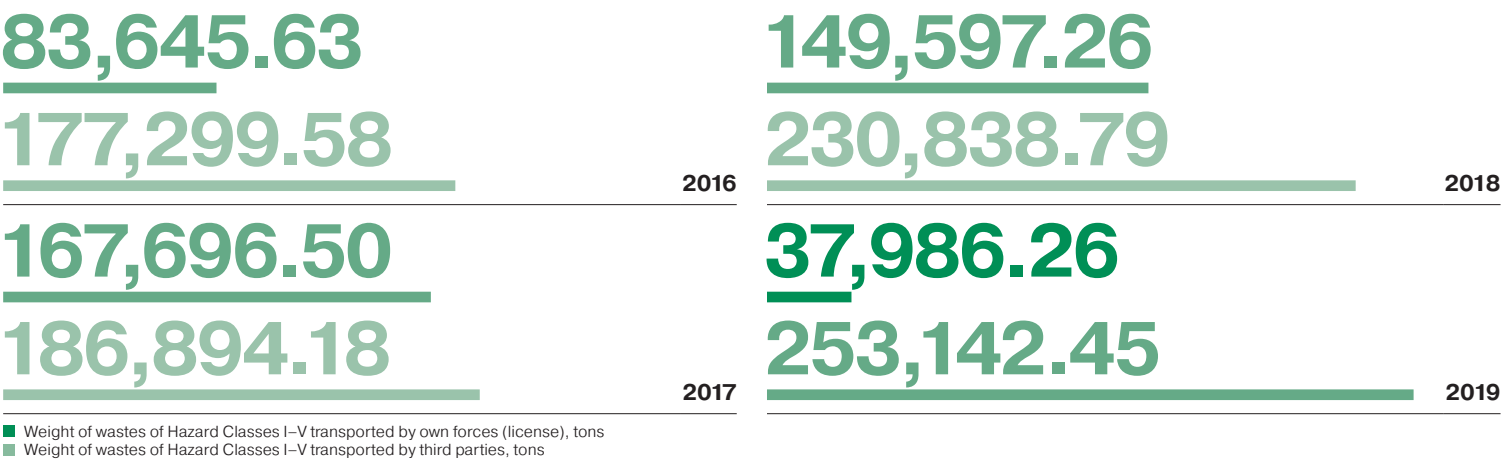
During the pre-development of fields in the challenging natural and climatic conditions of the Far North, the Gazprom Group actively implements design solutions to mitigate the impact of drilling operations on ecosystems. The Group develops and uses low toxic drilling muds

and pit-free drilling method for the construction of wells. The drilling waste recycling technologies that produce mineral construction materials for general construction works in the course of field pre-development are increasingly being used.

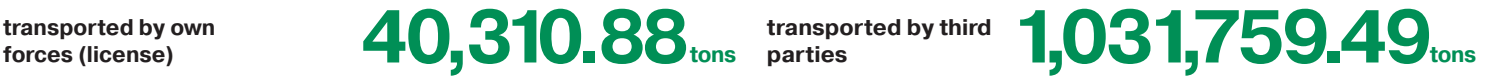
6.3.5.3.
Transportation of Hazardous Waste

Waste is transported and handed over to third parties for subsequent use, neutralization, or dumping by the forces of specialized organizations licensed for these activities.

Weight of wastes (Hazard Classes I–V) transported by PJSC Gazprom subsidiaries in Russia, 2016–2019



The weight of wastes of Hazard Classes I–V transported by the Gazprom Group companies in Russia totalled



6.3.6.

Prevention of and Response to Oil Spills

Adhering to the precautionary principle, the Gazprom Group organizes the activities to be carried out to prevent oil spills. The Group also has in place a system of efficient measures for oil spill response.

Gazprom Neft continues the implementation of its targeted pipeline reliability program, including the *Clean Territory* project. The program includes the measures required to assess, monitor, forecast, and extend the operational life of pipeline systems, as well as to perform preventive replacement of pipeline sections proceeding from the results of their diagnostics.

2019 saw 3,939 km of pipelines diagnosed, 110 km reconstructed and replaced, 6,325 km monitored for corrosion, and 4,238 km treated with rust preventers as part of the *Clean Territory* project.

Oil spill management and response bodies are also in place at Gazprom Neft. Volunteer emergency response teams are maintained in constant readiness at all production facilities. Members of crisis and emergency management units - the Crisis Response Team and the Emergency Situations (ES) Coordination Team - are on duty on a 24/7 basis. The Duty Dispatcher Service operates on a 24/7 basis. To prepare the staff for emergency situations of various categories, classroom trainings, drills and emergency response exercises are held regularly with the participation of the representatives of state executive bodies. Each year, the Gazprom Neft Group conducts a wide variety of oil spill response drills and exercises across its production facilities.

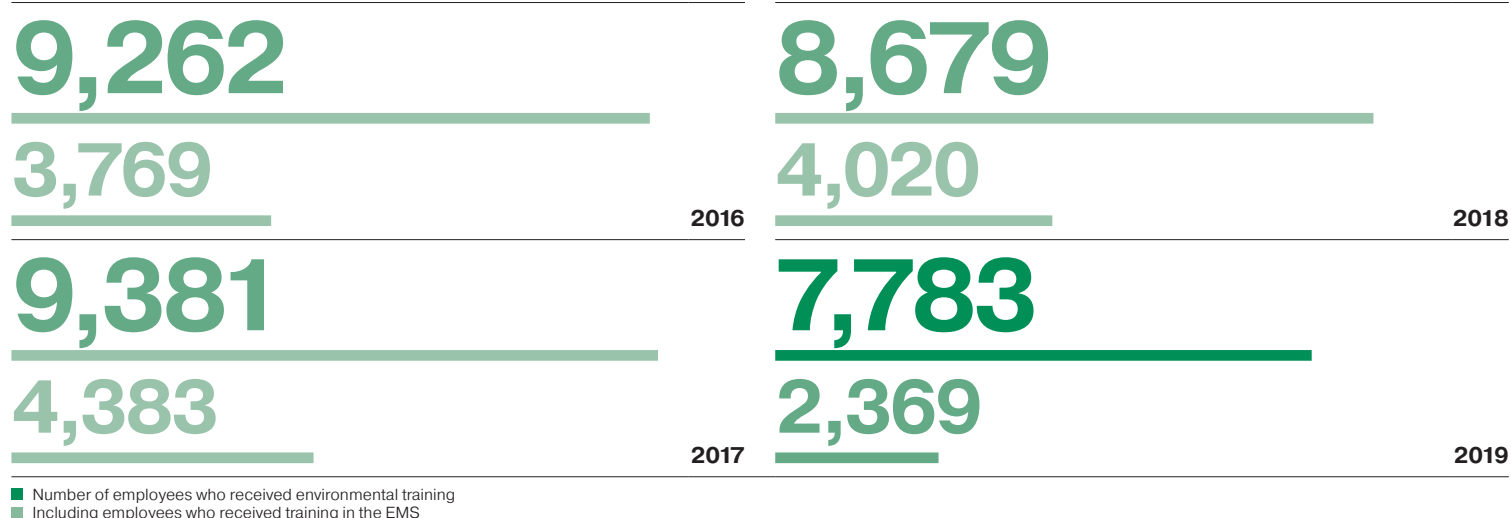
- Gazprom's policy designed for application in the event of oil spills at ice-resistant offshore platforms seeks to:
- protect the lives and health of the employees and local communities;
 - stop an oil spill at its source;
 - contain an oil spill as fast as possible and as close to its source as possible;
 - make the best use of oil spill containment and response resources and manpower; mobilize additional resources, manpower, material resources and financial resources;
 - minimize environmental damage and avoid causing more damage than an oil spill when addressing it;
 - minimize waste generation;
 - compensate for environmental damage from oil spills.

Initiatives to Increase Employee Engagement in Environmental Conservation

The Company's responsibility for the health of our planet starts with personal responsibility of each employee. The Gazprom Group takes systemic steps to increase environmental awareness among its managers and specialists, environmental officers, and employees of the structural units which are not directly involved in environmental protection.

In 2019, Gazprom Corporate Institute and other educational institutions provided training and professional development courses to 7,783 employees of Gazprom (2,369 of them received training in the EMS), including 5,205 employees of PJSC Gazprom and its subsidiaries (2,250 of them received training in the EMS), 1,553 employees of the Gazprom Neft Group (75 of them received training in the EMS), and 295 employees of Gazprom Energoholding.

Environmental training of the Gazprom Group's employees, 2016–2019, persons



At PJSC Gazprom, managers and new hires received training in the EMS and corporate environmental policy.



For more details on training programs completed by the managers and experts of environmental services at PJSC Gazprom subsidiaries and environmental protection courses within the scope of professional development programs see PJSC Gazprom Environmental Report 2019¹⁸³

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Questions from Stakeholders

What environmental initiatives are run by the Gazprom Group? What projects were implemented in 2019?

PJSC Gazprom promotes the strategy of voluntary environmental commitment and for many years has been implementing extensive action plans for additional environmental protection activities across its regions of operation. These activities include both organization of and participation in environmental contests, workshops, meetings, campaigns, and clean-up days. Projects of this kind aim to develop ecological culture, education, training, and help PJSC Gazprom create reputation of a green and socially responsible company.

Throughout 2019, employees of PJSC Gazprom subsidiaries jointly with the Vernadsky Non-Governmental Environmental Foundation participated in such projects as the *Best Eco-Volunteer Team* National Contest, *Green Spring 2019* National Environmental Clean-up, *Bike to Work* National Days, *Environmental Culture. Peace and Harmony* International Contest, contest for the Vernadsky National Environmental Award, and *#TogetherBrighter* All-Russian Energy Conservation Festival.

Each year, PJSC Gazprom's green production initiatives and voluntary environmental commitments win recognition from non-profit organizations and local and regional authorities.

(183) Pages 10–11, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

Environmental Information Transparency

Information on the Gazprom Group's environmental activities is available to a wide range of stakeholders and is based on such criteria as reliability, prompt disclosure, regularity, and impartiality.



For more details on Gazprom's environmental information transparency see PJSC Gazprom Environmental Report 2019¹⁸⁴

2019 saw 10,657 positive publications in mass media and on the Internet associated with environmental aspects of the Gazprom Group's activities.

Public hearings and discussions. Under the Russian laws, public discussions are mandatory for the majority of PJSC Gazprom's investment projects, although there are no regulations stipulating the procedure of such discussions. In 2014, PJSC Gazprom addressed this legal gap by adopting a corporate standardization document which provides the recommendations for conducting public hearings and discussions based on the results of environmental impact assessment of prospective business activities.

Books. In September 2019, the Novy Urengoy City Museum of Fine Arts presented the *Untouched Yamal. Wondrous Gydan* photo album. The book contains about 500 pictures shot during a 2016 expedition to the Gydansky State Nature Reserve – a project initiated by Gazprom Dobycha Yamburg LLC and supported by the Vernadsky Non-Governmental Environmental Foundation – and introduces the unknown chapters of the Arctic North history, unique landscapes, and inhabitants of these remote territories, many of which are Red List species.

June 2019 saw presentation of the book entitled *Exciting Ecology or Boomerang Effect* in Moscow. Published with the financial support from Gazprom Transgaz Ukhta LLC, the book is intended for a broad audience interested in ecology. The project is well-timed as it looks to promote environmental awareness and education among the younger generation and help Russian people understand the significance of an environmental culture and personal responsibility for the future of our planet.

Gazprom presenting its position at industry-specific business events.

The representatives of the Gazprom Group take an active part in conferences, forums, and round tables on environmental protection matters. For instance, in December 2019, Gazprom VNIIGAZ LLC hosted the 6th *Environmental Safety in Gas Industry* International Conference (ESGI-2019), which was attended by 176 leading specialists from 94 companies and 7 countries of the world.

Gazprom's information transparency as viewed by experts.

The efficiency of the corporate policy in this sphere has been confirmed by independent experts.

By taking part in the climate and water programs of the Carbon Disclosure Project (CDP), PJSC Gazprom demonstrates its corporate strategy on GHG emissions and water resource management to global financial institutions and investors that rely on such information when building investment portfolios.

Sakhalin Energy topped the Environmental Transparency Rating of Oil and Gas Companies (a joint project of CREON Group and WWF Russia), showing strong performance in its three sections: Environmental Management, Environmental Impact, and Disclosure of Information.

Gazprom's efforts to improve the environmental situation in its regions of operation have been recognized by numerous awards, certificates of merit, diplomas, and letters of appreciation from federal, regional, and local authorities, educational institutions and NGOs.

(184) Pages 70-71, PJSC Gazprom Environmental Report 2019, <https://www.gazprom.com/t/posts/72/802627/gazprom-environmental-report-2019-en.pdf>

For Gazprom, mitigating negative environmental impacts and preserving precious natural resources is not just a task, but rather a conscious choice. We are responsible for the well-being of the planet.

”

Andrey Teplyakov

Head of PR Service, Gazprom Dobycha Nadym LLC

In his work, actively implements environmental projects. One of the initiators and organizers of the Ecopark interactive educational platform in Nadym. Coordinator of Gazprom's effort to support an environmental expedition to clean up Bely Island in the Kara Sea in 2014. Participant in the *Arghish Disappears over the Horizon* project to arrange the crossing of the Bovanenkovo oil and gas condensate field's utility lines by reindeer herds (an award winner of the Peace and Harmony international contest of environmental initiatives).



International Environmental and Climate Cooperation

PJSC Gazprom takes an active part in international events to communicate its position on sustainable development to its foreign peers, and to exchange experience with them.

The role of natural gas in low-carbon development.

PJSC Gazprom provided information on its nature protection activities and the role of natural gas in low-carbon development at, inter alia, target meetings with investors and road shows with the participation of an independent director of PJSC Gazprom.

The 22nd annual General Meeting of the International Business Congress (IBC) held in May 2019 in Bonn, Germany, declared “Natural Gas – Paving the Way to an Ecological Economy” as its key topic. Environmental benefits of natural gas were discussed at the sessions of dedicated IBC committees, namely, the “Industry, Innovations, and Prospective Development”, “Ecology and Healthcare”, and “Energy” committees.

New opportunities for the natural gas market in the context of the low-carbon trend in the global economy were also discussed as part of the activities of the International Gas Union (IGU). Among other things, this dialogue took place at the task force sessions “Long-term strategy in environment-conscious market” and “Supporting hydrogen economy”.

The representatives of PJSC Gazprom delivered reports on natural gas potential to meet climate goals at the following focus events: the 12th Russian-German Resource Forum, Energy Dialogue at the Reichstag, Session of the UNECE Committee on Sustainable Energy, Workshop of the International Energy Agency.

PJSC Gazprom’s experience in low-carbon development and possible contribution of natural gas to the EU Green Deal were addressed at events held by the Global Gas Centre (GGC) in 2019.

The Company and its key foreign partners run standing Joint Coordination Committees and Joint Working Groups to deliberate on the role of natural gas in low-carbon development.

Hydrogen technologies. PJSC Gazprom’s activities in the sphere of hydrogen technologies were discussed at the sessions of the Work Stream “Internal markets” of the EU – Russia Gas Advisory Council, the French Gas Association Conference “Hydrogen and Natural Gas — the Way towards Low Carbon Economy”, the International Partner Meeting of the Energy Delta Institute “Hydrogen — a Paradigm Shift in the Energy Sector, the Future?”, session of the Group “Economy, Trade and Resources” of the Russia – Republic of Korea Dialogue, and at other events.

Hydrogen production and utilization technologies, using hydrogen to decarbonize natural gas, and other hydrogen-related topics are discussed with foreign partners at the meetings of Joint Coordination Committees and Joint Working Groups.

In 2019, negotiations on hydrogen-related issues were ongoing with foreign companies and stakeholders, including the negotiations under the R&D cooperation programs with VNG AG, Uniper, Wintershall Dea, Gasunie, ENGIE, Shell, Linde, and BASF.

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GRI Content Index

GRI 102-55

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GRI 102-1	Name of the organization	Our Operations / <i>Gazprom Group's Business Model</i>	63
GRI 102-2 SDG 2, 7, 8, 9, 16, 17	Activities, brands, products, and services	Our Operations / <i>Gazprom Group's Business Model</i> See p. 236–260, Quarterly Issuer's Report as of Q1 2020 (in Russian): https://www.gazprom.ru/f/posts/05/118974/gazprom-emitent-report-1q-2020.pdf	63
GRI 102-3	Location of headquarters	Our Operations / <i>Gazprom Group's Business Model</i>	63
GRI 102-4 SDG 7, 17	Location of operations	Our Operations / <i>Gazprom Group's Business Model</i> See p. 32–33, Operations and Marketing Geography, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 95–98, Gazprom in Figures 2015–2019 Factbook, https://www.gazprom.com/f/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf	63
GRI 102-5	Ownership and legal form	Our Operations / <i>Gazprom Group's Business Model</i>	63
GRI 102-6 SDG 7, 17	Markets served	See p. 25, Quarterly Issuer's Report as of Q4 2019 (in Russian): https://www.gazprom.ru/f/posts/77/885487/gazprom-emitent-report-4q-2019.pdf See p. 32–33, Operations and Marketing Geography, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 95–98, Gazprom in Figures 2015–2019 Factbook, https://www.gazprom.com/f/posts/72/802627/gazprom-in-figures-2015-2019-en.pdf	–

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		Our Personnel / <i>Headcount</i>	112
		Appendix 4. To Our Operations section	258–261
		As of December 31, 2019, the IFRS consolidated financial statements included the indicators of the following number of organizations: subsidiaries – 333, joint operations – 7, associated organizations and joint ventures – 53. See p. 8 of the Balance sheet in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as of December 31, 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-ifrs-2019-12m-en.pdf	
GRI 102-8 RUIE – 3.1.1. SDG 8	Information on employees and other workers	Our Personnel / <i>Headcount</i> See p. 141, Personnel, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	112, 114
GRI 102-9	Supply chain	Our Operations / <i>Contribution to National Industrial Development</i> See p. 40, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 50–52, Quarterly Issuer's Report as of Q1 2020 (in Russian): https://www.gazprom.ru/f/posts/05/118974/gazprom-emitent-report-1q-2020.pdf	101
GRI 102-10	Significant changes to the organization and its supply chain	Our Operations / <i>Gazprom Group's Business Model</i>	63
		Our Operations / <i>Heat and Electricity Generation</i>	99
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GRI 102-12 RUIE – 3.3.4. SDG 16, 17	External initiatives	Our Report / <i>Gazprom Group's Contribution to the Achievement of UN SDGs</i>	22
		Our Personnel / <i>HR Management</i> See p. 23, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	111
GRI 102-13 RUIE – 3.3.5. SDG 16, 17	Membership of associations	Our Governance / <i>Sustainability Management</i> See p. 95, Quarterly Issuer's Report as of Q1 2019 (in Russian): https://www.gazprom.ru/f/posts/77/885487/gazprom-emitent-report-1q-2019.pdf	49–50
GRI 102: General Disclosures (2016). Strategy			
GRI 102-14	Statement from senior decision-maker	Message from the Chairman of the Gazprom Management Committee	5–6

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GRI 102-15	Key impacts, risks, and opportunities	Our Report / <i>Gazprom Group's Contribution to the Achievement of UN SDGs</i> Our Governance / <i>Sustainability Management</i> Our Responsibility to the Planet / <i>Gazprom's risks and opportunities due to climate change</i> Appendix 3. To Our Governance section	22–40 49 209–210 253–256
GRI 102: General Disclosures (2016). Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behaviour	Our Governance / <i>Sustainability Management</i> Our Governance / <i>Values, Standards, and Norms of Behaviour</i> Our Operations / <i>Mission and Strategy</i>	42 54 62
GRI 102-17 SDG 16	Mechanisms for advice and concerns about ethics	Our Governance / <i>Values, Standards, and Norms of Behaviour</i>	54, 59
GRI 102: General Disclosures (2016). Governance			
GRI 102-18	Governance structure	Our Governance / <i>Corporate Governance</i> See p. 170, PJSC Gazprom's Corporate Governance Model, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	51
GRI 102-19	Delegating authority	Our Governance / <i>Sustainability Management</i>	48
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Our Governance / <i>Sustainability Management</i>	48
GRI 102-21 SDG 17	Consulting stakeholders on economic, environmental, and social topics	Our Governance / <i>Corporate Governance</i>	52
GRI 102-22 SDG 5	Composition of the highest governance body and its committees	Our Governance / <i>Corporate Governance</i> See p. 187–208, Quarterly Issuer's Report as of Q4 2019 (in Russian): https://www.gazprom.ru/f/posts/77/885487/gazprom-emitent-report-4q-2019.pdf See p. 41–47, PJSC Gazprom's Board of Directors and PJSC Gazprom's Management Committee, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 171–176, PJSC Gazprom's Corporate Governance Model, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	51
GRI 102-23	Chair of the highest governance body	The chair of the highest governance body is not an executive officer in the organization.	–
GRI 102-24 SDG 5	Nominating and selecting the highest governance body	Our Governance / <i>Corporate Governance</i>	51

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GRI 102-25 SDG 16	Conflicts of interest	Our Governance / <i>Values, Principles, Standards, and Norms of Behaviour</i> See clauses 5.5 and 5.7 of the Regulation on Board of Directors of PJSC Gazprom https://www.gazprom.com/f/posts/74/562608/regulations-board-of-directors-2020-06-26-en.pdf See p. 187–208, Quarterly Issuer's Report as of Q4 2019 (in Russian): https://www.gazprom.ru/f/posts/77/885487/gazprom-emitent-report-4q-2019.pdf See p. 62 of the IFRS consolidated financial statements as of December 31, 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-ifrs-2019-12m-en.pdf See p. 201–206, Anti-Corruption Efforts, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	54
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Our Governance / <i>Sustainability Management</i> Our Governance / <i>Corporate Governance</i> Our Operations / <i>Mission and Strategy</i> See page 4 of the Regulation on Board of Directors of PJSC Gazprom https://www.gazprom.com/f/posts/74/562608/regulations-board-of-directors-2020-06-26-en.pdf	48–49 51 62
GRI 102-28	Evaluating the highest governance body's performance	Our Governance / <i>Corporate Governance</i>	52
GRI 102-30	Effectiveness of risk management processes	Our Governance / <i>Risk Management and Internal Controls</i> See p. 191–193, Risk Management and Internal Control, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	52
GRI 102-31	Review of economic, environmental, and social topics	Our Governance / <i>Corporate Governance</i> See p. 172, PJSC Gazprom's Corporate Governance Model, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 177–179, Board of Directors' Report on PJSC Gazprom's Development in Priority Business Areas, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	52
GRI 102-32	Highest governance body's role in sustainability reporting	Our Report	9

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 102-33	Communicating critical concerns	Our Governance / <i>Corporate Governance</i> See p. 172, PJSC Gazprom's Corporate Governance Model, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 177–179, Board of Directors' Report on PJSC Gazprom's Development in Priority Business Areas, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	52
GRI 102-34	Nature and total number of critical concerns	Our Governance / <i>Corporate Governance</i> See p. 172, PJSC Gazprom's Corporate Governance Model, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf See p. 177–179, Board of Directors' Report on PJSC Gazprom's Development in Priority Business Areas, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	52
GRI 102-35	Remuneration policies	Our Governance / <i>Corporate Governance</i> See p. 180–184, Remuneration of Members of Governing and Supervisory Bodies, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	52
GRI 102-37	Stakeholders' involvement in remuneration	Our Governance / <i>Corporate Governance</i> See p. 180–184, Remuneration of Members of Governing and Supervisory Bodies, PJSC Gazprom Annual Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-annual-report-2019-en.pdf	52
GRI 102: General Disclosures (2016). Stakeholder engagement			
GRI 102-40	List of stakeholder groups	Our Report	16
GRI 102-41 RUIE – 3.1.4. SDG 3, 4, 5, 8, 10	Collective bargaining agreements	Our Personnel / <i>Social Partnership and Collective Agreement</i>	121
GRI 102-42	Identifying and selecting stakeholders	Our Report	15–17
GRI 102-43 SDG 16	Approach to stakeholder engagement	Our Report	18–21

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GRI 102-44	Key topics and concerns raised	Our Report Our Operations / <i>Contribution to National Economy</i> Our Operations / <i>Gas Production</i> Our Operations / <i>Oil and Gas Condensate Reserves</i> <i>Resource Base Replenishment</i> Our Operations / <i>Contribution to National Industrial Development</i> Our Operations / <i>Innovations and R&D</i> Our Personnel / <i>Future Professionals: Training of Schoolchildren and Students</i> Our Social Initiatives / <i>Support of Culture and Arts</i> Our Responsibility to the Planet / <i>Initiatives to Increase Employee Engagement in Environmental Conservation</i>	13 71 76 76 102 107 132 178 228
GRI 102: General Disclosures (2016). Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	Our Report See p. 57 of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as of December 31, 2019 (the list of major subsidiaries is available): https://www.gazprom.com/f/posts/72/802627/gazprom-ifrs-2019-12m-en.pdf	10
GRI 102-46	Defining report content and topic Boundaries	Our Report Appendix 2. To Our Report section The boundary of each material topic was defined by the persons in charge of managing the respective topics.	10–12 250–252
GRI 102-47	List of material topics	Our Report	14–15
GRI 102-48	Restatements of information	There were no restatements in the reporting period.	–
GRI 102-49	Changes in reporting	The list of material topics was revised and updated on the basis of stakeholder engagement processes. Additional topics included in the list of material topics: Implementation of major gas transportation projects, Quality management, Respect of human rights, Gazprom Group's presence in the labour market and employment impact, Indigenous peoples in Gazprom Group's areas of operations, Freedom of association and collective bargaining Our Report / <i>Procedure for Defining Material Topics</i> There were no significant changes of the boundaries versus the previous year.	10
GRI 102-50	Reporting period	Our Report	9
GRI 102-51	Date of most recent report	Our Report	9

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Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 102-52	Reporting cycle	Our Report	9
GRI 102-53	Contact point for questions regarding the report	Contacts and Feedback	282
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This Report has been prepared in accordance with the GRI Standards: Core option.	9
GRI 102-55	GRI Content Index	Appendix 1. GRI Content Index	234–249
GRI 102-56	External assurance	Our Report Appendix 10. Approval by FBK	9 278–279
GRI 103: Management approach (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Our Report Appendix 2. To Our Report section	10–15 250-252

Appendix 1. GRI Content Index

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 103-2 RUIE – 1.1. SDG 1–17	The management approach and its components	Our Governance / <i>Quality Management</i> (material topic 6)	60
		Our Governance / <i>Values, Standards, and Norms of Behaviour</i> (material topics 8, 9, 10)	54
		Our Governance / <i>Values, Standards, and Norms of Behaviour</i> (material topic 22)	55, 58
		Our Operations / <i>Contribution to National Industrial Development</i> (material topic 1)	101–103
		Our Operations / <i>Innovations and R&D</i> (material topic 3)	106–108
		Our Operations / <i>Mission and Strategy</i> (material topic 2)	63
		Our Operations / <i>Strategic Projects</i> (material topic 4)	67–68
		Our Operations / <i>Hydrocarbon Production and Reserves</i> (material topic 5)	74
		Our Operations / <i>Natural Gas Vehicle Fuel Market Development</i> (material topic 26)	94–98
		Our Operations / <i>Gas Sales to Russian and International Consumers</i> (material topic 27)	88
		Our Personnel / <i>HR Management/ Social Policy / Cooperation with the Regions</i> (material topic 17)	111, 125, 167
		Our Personnel / <i>Social Partnership and Collective Agreement</i> (material topic 18)	121
		Our Personnel / <i>Employee development / Future Professionals: Training of Schoolchildren and Students/ Young Employees of Gazprom/ Talent Pool/ Participation in the Development of a National System of Qualifications</i> (material topic 19)	130–142
		Our Personnel / <i>Non-Financial Incentives / Social Policy</i> (material topic 20)	125–127
		Our Personnel / <i>Commitment to Labour Rights</i> (material topic 21)	120
		Our Workplace Safety / <i>Labour Safety Management</i> (material topic 28)	145–147
		Our Workplace Safety / <i>Control of Contractors in Relation to Occupational, Industrial, and Fire Safety</i> (material topic 29)	162–163
		Our Social Initiatives / <i>Cooperation with the Regions</i> (material topic 23, 25)	167–182
		Our Social Initiatives / <i>Indigenous Minorities of the North and Gazprom: Constructive Collaboration</i> (material topic 24)	170–171
		Our Responsibility to the Planet / <i>Combating Climate Change</i> (material topics 9, 11, 15)	194, 198, 204
		Our Responsibility to the Planet / <i>Environmental Protection</i> (material topics 11, 12, 13, 14, 16)	185–186
		No complaints with regard to the Group's operations were submitted in the reporting period.	

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 103-3 RUIE – 1.1.	Evaluation of the management approach	Our Governance / <i>Quality Management</i> (material topic 6)	60
		Our Governance / <i>Values, Standards, and Norms of Behaviour</i> (material topics 8, 9, 10)	54–59
		Our Governance / <i>Values, Standards, and Norms of Behaviour</i> (material topic 22)	55–59
		Our Operations / <i>Contribution to National Industrial Development</i> (material topic 1)	101–103
		Our Operations / <i>Innovations and R&D</i> (material topic 3)	106–108
		Our Operations / <i>Mission and Strategy</i> (material topic 2)	63, 69
		Our Operations / <i>Strategic Projects</i> (material topic 4)	67–68
		Our Operations / <i>Hydrocarbon Production and Reserves</i> (material topic 5)	74–77
		Our Operations / <i>Natural Gas Vehicle Fuel Market Development</i> (material topic 26)	94–98
		Our Operations / <i>Gas Sales to Russian and International Consumers</i> (material topic 27)	88
		Our Personnel / <i>HR Management/ Social Policy/ Cooperation with the Regions</i> (material topic 17)	111–115, 125, 167
		Our Personnel / <i>Social Partnership and Collective Agreement</i> (material topic 18)	121
		Our Personnel / <i>Employee development / Future Professionals: Training of Schoolchildren and Students/ Young Employees of Gazprom/ Talent Pool/ Participation in the Development of a National System of Qualifications</i> (material topic 19)	130–142
		Our Personnel / <i>Non-Financial Incentives / Social Policy</i> (material topic 20)	125–127
		Our Personnel / <i>Commitment to Labour Rights</i> (material topic 21)	113, 120
		Our Workplace Safety / <i>Labour Safety Management</i> (material topic 28)	145–161
		Our Workplace Safety / <i>Control of Contractors in Relation to Occupational, Industrial, and Fire Safety</i> (material topic 29)	162–163
		Our Social Initiatives / <i>Cooperation with the Regions</i> (material topic 23, 25)	167–182
		Our Social Initiatives / <i>Indigenous Minorities of the North and Gazprom: Constructive Collaboration</i> (material topic 24)	170–171
		Our Responsibility to the Planet / <i>Combating Climate Change</i> (material topics 9, 11, 15)	194–210
		Our Responsibility to the Planet / <i>Environmental Protection</i> (material topics 11, 12, 13, 14, 16)	211–227
Material topics			
SDG 7, 8, 9, 11, 12, 17	Innovations and R&D at the Gazprom Group	Our Operations / <i>Innovations and R&D</i>	106–108

Appendix 1. GRI Content Index

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
SDG 2, 7, 8, 9, 11, 12, 17	Gas infrastructure expansion in the Russian Federation	Our Operations / <i>Gas Sales to Russian and International Consumers</i>	88
SDG 3, 7, 8, 9, 11, 12, 17	Natural gas vehicle fuel market development	Our Operations / <i>Natural Gas Vehicle Fuel Market Development</i>	94–98
SDG 7, 8, 9, 11, 12, 17	Implementation of major gas transportation projects	Our Operations / <i>Strategic Projects</i>	67–68, 83, 89
GRI 201: Economic performance (2016)			
GRI 201-1 RUIE – 1.2., 1.3., 1.4., 1.5., 1.6., 1.7. SDG 8, 9	Direct economic value generated and distributed	Appendix 4. To Our Operations section	258
GRI 201-2 SDG 13	Financial implications and other risks and opportunities due to climate change	Our Responsibility to the Planet / <i>Gazprom's Risks and Opportunities due to Climate Change</i> Appendix 3. To Our Governance section	209–210 255
GRI 201-3 RUIE – 1.8.	Defined benefit plan obligations and other retirement plans	Our Personnel / <i>Social Policy</i> See p. 50 of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as of December 31, 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-ifrs-2019-12m-en.pdf	127
GRI 203: Indirect economic impacts (2016)			
GRI 203-1 RUIE – 1.7. SDG 9	Infrastructure investments and services supported	Our Social Initiatives / <i>Charity</i>	172–174
GRI 203-2 SDG 3, 4, 8, 11, 17	Significant indirect economic impacts	Our Social Initiatives / <i>Cooperation with the Regions</i>	167–182
GRI OG: Reserves			
GRI OG1	Volume and type of estimated proven reserves and production	Our Operations / <i>Hydrocarbon Reserves and Production</i>	74–77
GRI 204: Procurement practices (2016)			
GRI 204-1 SDG 8, 11, 12	Proportion of spending on local suppliers	Our Operations / <i>Contribution to National Industrial Development</i>	102
GRI 205: Anti-corruption (2016)			
GRI 205-1¹⁸⁵ SDG 16	Operations assessed for risks related to corruption	Our Governance / <i>Values, Standards, and Norms of Behaviour</i>	58
GRI 205-2¹⁸⁶ SDG 16	Communication and training about anti-corruption policies and procedures	Our Governance / <i>Values, Standards, and Norms of Behaviour</i>	54, 59
GRI 205-3 SDG 16	Confirmed incidents of corruption and actions taken	No incidents of corruption were identified at PJSC Gazprom and its key subsidiaries, PJSC Gazprom Neft, Gazprom Energoholding LLC, and Gazprom Neftekhim Salavat LLC in the reporting period.	–

(185) Total number and percentage of the units (by type of activities) which were assessed for corruption-related risks are not provided because no centralized records are kept.

(186) The following information is not provided because no centralized records are kept: data broken down by region, total number and percentage of the members of governance bodies trained on the anti-corruption policies and methods, data broken down by employee category and region.

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 206: Anti-competitive behaviour (2016)			
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	See p. 69 of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as of December 31, 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-ifrs-2019-12m-en.pdf	–
GRI 302: Energy (2016)			
GRI 302-3 RUIE – 2.2.1. SDG 7, 11, 12	Energy intensity	Our Responsibility to the Planet / <i>Energy Saving and Energy Efficiency</i>	205–207
GRI 302-4 ¹⁸⁷ SDG 7, 11, 12	Reduction of energy consumption	Our Responsibility to the Planet / <i>Energy Saving and Energy Efficiency</i> Appendix 7. To Our Responsibility to the Planet section	202–204 268
GRI OG 2 SDG 7, 9, 17	Total amount invested in renewable energy	Our Responsibility to the Planet / <i>Renewable and Secondary Energy Resources</i>	207–208
GRI OG 3 SDG 7	Total amount of renewable energy generated by source	Appendix 7. To Our Responsibility to the Planet section	270
GRI 303: Water and effluents (2018)			
GRI 303-1 SDG 6, 11, 12	Interactions with water as a shared resource	Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i>	211–212
GRI 303-2 SDG 6, 11, 12	Management of water discharge-related impacts	Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i>	211–212
GRI 303-3 RUIE – 2.3. SDG 6, 11, 12	Water withdrawal	No centralized records are kept to account for seawater and freshwater in total water withdrawal/discharge. Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i>	212–213
GRI 303-4 SDG 6, 11, 12, 14	Water discharge	No centralized records are kept to account for seawater and freshwater in total water withdrawal/discharge. Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i> Appendix 7. To Our Responsibility to the Planet section	213, 216 271
GRI 303-5 RUIE – 2.3. SDG 6, 11, 12	Water Consumption	Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i>	213
GRI OG5 ¹⁸⁸ SDG 3, 6, 11, 12, 14	Volume and disposal of formation or produced water	Appendix 7. To Our Responsibility to the Planet section	271

(187) Consolidated data for the Gazprom Group is not provided in the Report because no centralized records are kept.

(188) Information on use of produced (formation) water is not provided because no centralized records are kept.

Appendix 1. GRI Content Index

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 304: Biodiversity (2016)			
GRI 304-1 SDG 3, 14, 15	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our Responsibility to the Planet / <i>Biodiversity Preservation</i>	222
GRI 304-2 SDG 3, 14, 15	Significant impacts of activities, products, and services on biodiversity	Our Responsibility to the Planet / <i>Biodiversity Preservation</i>	219
GRI 304-3 SDG 3, 14, 15	Habitats protected or restored	Our Responsibility to the Planet / <i>Land: Preservation and Restoration</i> Our Responsibility to the Planet / <i>Biodiversity Preservation</i>	216–217 218–219
GRI 304-4 SDG 3, 14, 15	IUCN Red List species and national conservation list species with habitats in areas affected by operations	The Group does not keep count of the total number of IUCN Red List species and national conservation list species with habitats in areas affected by its operations due to the large size of the territories where the Gazprom Group operates.	–
GRI 305: Emissions (2016)			
GRI 305-1 RIUE – 2.5. SDG 3, 11, 12, 13	Direct (Scope 1) GHG emissions	Our Responsibility to the Planet / <i>Reduction of Greenhouse Gas Emissions across the Gazprom Group</i> Appendix 7. To Our Responsibility to the Planet section. See p. 56–58, Greenhouse gas emissions, PJSC Gazprom Environmental Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf	194–195 270
GRI 305-2 RIUE – 2.5. SDG 3, 11, 12, 13	Energy indirect (Scope 2) GHG emissions	Our Responsibility to the Planet / <i>Reduction of Greenhouse Gas Emissions across the Gazprom Group</i> See p. 60, Greenhouse gas emissions, PJSC Gazprom Environmental Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf	195–196
GRI 305-3 RIUE – 2.5. SDG 3, 11, 12, 13	Other indirect (Scope 3) GHG emissions	Our Responsibility to the Planet / <i>Reduction of Greenhouse Gas Emissions across the Gazprom Group</i> See p. 60, Greenhouse gas emissions, PJSC Gazprom Environmental Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf	196
GRI 305-5 SDG 11, 12, 13	Reduction of GHG emissions	Our Responsibility to the Planet / <i>Reduction of Greenhouse Gas Emissions across the Gazprom Group</i>	195
GRI 305-6 SDG 3, 11, 12, 13	Emissions of ozone-depleting substances (ODS)	Our Responsibility to the Planet / <i>Reduction of Greenhouse Gas Emissions across the Gazprom Group</i>	196

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 305-7 RUIE – 2.6. SDG 3, 11, 12, 13	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Our Responsibility to the Planet / <i>Air: Reducing Pollutant Emissions</i> See p. 20–22, Atmospheric air impact, PJSC Gazprom Environmental Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf	217–218
GRI 306: Effluents and waste (2016)			
GRI 306-1 RUIE – 2.7., 2.7.2. SDG 3, 6, 11, 12, 14, 15	Water discharge by quality and destination	Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i> Appendix 7. To Our Responsibility to the Planet section	216 271
GRI 306-2 RUIE – 2.8. SDG 3, 6, 11, 12, 14, 15	Waste by type and disposal method	Our Responsibility to the Planet / <i>Waste Reduction</i> Appendix 7. To Our Responsibility to the Planet section	223–224 273
GRI 306-3 RUIE – 2.9. SDG 3, 6, 11, 12, 14, 15	Significant spills	See p. 33, Prevention of Accidents, PJSC Gazprom Environmental Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf	–
GRI 306-5 SDG 6, 11, 12, 14, 15	Water bodies affected by water discharges and/or runoff	Our Responsibility to the Planet / <i>Water: Sustainable Use and Treatment</i>	213
GRI OG6 SDG 3, 6, 11, 12, 14	Volume of flared and vented hydrocarbon	Our Responsibility to the Planet / <i>Flaring Reduction</i> Appendix 7. To Our Responsibility to the Planet section See p. 23, Utilization of Associated Petroleum Gas, PJSC Gazprom Environmental Report 2019: https://www.gazprom.com/f/posts/72/802627/gazprom-environmental-report-2019-en.pdf	196–197 272
GRI OG7 SDG 3, 6, 11, 12	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	Our Responsibility to the Planet / <i>Waste Reduction</i>	225–226
GRI 307: Environmental compliance (2016)			
GRI 307-1 RUIE – 2.10. SDG 11, 12, 14, 15	Non-compliance with environmental laws and regulations	Our Responsibility to the Planet / <i>Control by Public Authorities</i>	190
GRI 401: Employment (2016)			
GRI 401-2 SDG 8	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Governance / <i>Social Policy</i> The social programs mentioned in the Report cover all employees on the company's roster, irrespective of their form of employment, except for the benefits listed in Appendix 5. To Our Personnel section	125–127 264

Appendix 1. GRI Content Index

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 402: Labour/management relations (2016)			
GRI 402-1 SDG 8	Minimum notice period regarding operational changes	The notice period for significant changes in labour conditions is at least 2 months. The notice provisions are included in the General Collective agreement.	–
GRI 403: Occupational health and safety (2018)			
GRI 403-1 SDG 8	Occupational health and safety management system	Our Workplace Safety / <i>Labour Safety Management</i>	145–147
GRI 403-2 SDG 8	Hazard identification, risk assessment, and incident investigation	Our Workplace Safety / <i>Hazard Identification and Risk Assessment. Investigation of Accidents</i>	148–149
GRI 403-3 SDG 8	Occupational health services	Our Personnel / <i>Social Policy</i> Our Workplace Safety / <i>Control over Labour Conditions</i>	126 153–154
GRI 403-4 SDG 8	Worker participation, consultation, and communication on occupational health and safety	Our Workplace Safety / <i>Employee Engagement in Occupational Safety</i> Our Workplace Safety / <i>Process Safety Culture Development</i>	147–148 160
GRI 403-5 RUIE – 1.4. SDG 4, 8	Worker training on occupational health and safety	Our Workplace Safety / <i>Staff Training in Process Safety</i>	161
GRI 403-6. RUIE – 1.4. SDG 3, 8	Promotion of worker health	Our Personnel / <i>Social Policy</i>	125–127
GRI 403-7 SDG 8	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Workplace Safety / <i>Hazard Identification and Risk Assessment. Investigation of Accidents</i> Our Workplace Safety / <i>Control of Contractors in Relation to Occupational, Industrial, and Fire Safety</i>	149 162
GRI 403-8 SDG 8	Workers covered by an occupational health and safety management system	Our Workplace Safety / <i>Labour Safety Management</i> Appendix 6. To Our Workplace Safety section	145 267
GRI OG13 SDG 3, 8	Number of process safety events, by business activity	Our Workplace Safety / <i>Industrial Safety Performance</i>	155
GRI 404: Training and education (2016)			
GRI 404-1¹⁸⁹ RUIE – 3.1.10. SDG 4, 8	Average hours of training per year per employee	Our Personnel / <i>Employee Development</i>	131
GRI 404-2 SDG 4, 8	Programs for upgrading employee skills and transition assistance programs	Our Personnel / <i>Employee Development</i>	130–131

(189) No breakdown by gender is provided as no centralized records are kept.

Appendix 1. GRI Content Index

Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 405: Diversity and equal opportunity (2016)			
GRI 405-1 RUIE – 3.1.12. SDG 5, 8, 10	Diversity of governance bodies and employees	Our Personnel / <i>Headcount</i>	113
GRI 406: Non-discrimination (2016)			
GRI 406-1 RUIE – 3.2.2. SDG 5, 8, 10	Incidents of discrimination and corrective actions taken	The Group did not detect any cases of discrimination in the reporting period.	120
GRI 407: Freedom of association and collective bargaining (2016)			
GRI 407-1 SDG 8, 10	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No breaches of the human right to freedom of association or collective bargaining were detected in the reporting period.	121
GRI 410: Security practices (2016)			
GRI 410-1 SDG 4	Security personnel trained in human rights policies or procedures	Our Governance / <i>Values, Standards, and Norms of Behaviour</i>	58
GRI 411: Rights of indigenous peoples (2016)			
GRI 411-1 RUIE – 3.2.3. SDG 10	Incidents of violations involving rights of indigenous peoples	The Group did not detect any violations of rights of indigenous peoples in the reporting period.	171
GRI OG9 SDG 1, 2, 3, 4, 8, 10, 11	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Our Social Initiatives / <i>Indigenous Minorities of the North and Gazprom: Constructive Collaboration</i>	170
GRI 412: Human rights assessment (2016)			
GRI 412-1 SDG 16	Operations that have been subject to human rights reviews or impact assessments	Our Social Initiatives / <i>Indigenous Minorities of the North and Gazprom: Constructive Collaboration</i>	58
GRI 412-2 SDG 4	Employee training on human rights policies or procedures	Our Governance / <i>Values, Standards, and Norms of Behaviour</i>	58
GRI 412-3 SDG 17	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Our Governance / <i>Values, Standards, and Norms of Behaviour</i>	58

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Standard / Disclosure / SDG	Standard name / Disclosure name	Location in the Report	Page
GRI 413: Local communities (2016)			
GRI 413-1 ¹⁹⁰ RUIE – 3.3.3. SDG 1, 2, 3, 4, 8, 10, 11	Operations with local community engagement, impact assessments, and development programs	Our Social Initiatives / <i>Cooperation with the Regions</i> Our Social Initiatives / <i>Development of Sports Programs</i>	168 180
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	No significant actual or potential negative impact on local communities was detected in the reporting period.	–
GRI OG10 RUIE – 3.2.3. SDG 10	Number and description of significant disputes with local communities and indigenous peoples	No significant disputes with local communities and indigenous peoples were recorded in the reporting period.	171
GRI OG12 RUIE – 3.2.3.	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process	Our Social Initiatives / <i>Indigenous Minorities of the North and Gazprom: Constructive Collaboration</i>	170
GRI 414: Supplier social assessment (2016)			
GRI 414-1 SDG 8, 16	New suppliers that were screened using social impact criteria	Our Operations / <i>Contribution to National Industrial Development</i>	102
GRI 416: Customer health and safety (2016)			
GRI 416-1 RUIE – 3.4.2. SDG 3, 12	Assessment of the health and safety impacts of product and service categories	Our Governance / <i>Quality Management</i> Our Operations / <i>Gas Sales to Russian and International Consumers</i>	60 90
GRI 416-2 RUIE – 3.4.2. SDG 3, 12	Incidents of non-compliance concerning the health and safety impacts of products and services	Our Operations / <i>Gas Sales to Russian and International Consumers</i> Our Operations / <i>Sales of Refined Oil and Gas Products</i> Our Operations / <i>Natural Gas Vehicle Fuel Market Development</i> Our Operations / <i>Heat and Electricity Generation</i>	88 93 95 100
GRI 419: Socioeconomic compliance (2016)			
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Our Workplace Safety / <i>Labour Safety Management</i>	147

(190) The share (in per cent) of operations in which community engagement programs have been implemented is not provided because no centralized records are kept.

Appendix 2.

To Our Report section

GRI 102-46	
Reporting principles	
Sustainability context	The Report provides information about the Gazprom Group's production activities and its impact on the country's economy, as well as about Gazprom's environmental and climate protection activities, interaction with staff and local communities, and contribution to the UN sustainable development goals.
Materiality	The Report covers material topics, issues and indicators related to Gazprom's economic, environmental, and social impact. The materiality of the information in the Report is determined on the basis of the assessment of Gazprom's performance in the reporting period by its leadership, as well as on the basis of stakeholders' opinion.
Stakeholder inclusiveness	Owing to Gazprom's systemic approach to stakeholder engagement, the Report covers information that is of relevance to stakeholders.
Completeness	The Report contains information on all areas of Gazprom's sustainable development activities in the reporting period in accordance with the GRI Standards and the GRI Oil and Gas Sector Supplement.
Balance	The Report includes both information on Gazprom's achievements and references to the areas where certain processes need to be improved.
Comparability	Gazprom's economic, environmental, and social performance in the reporting period is compared to that in previous years. The comparison allows stakeholders to evaluate Gazprom's performance in those areas.
Accuracy	Gazprom is committed to providing accurate information on its performance results so that they can be objectively assessed by stakeholders. The Report uses both qualitative descriptions and quantitative information based on financial and statistical reports.
Timeliness	The Report provides stakeholders with relevant information on Gazprom's operations and activities in the reporting period.
Clarity	The information presented in the Report is clear and easy to understand for a broad audience: highly specialized terms are used only where appropriate, with terms and abbreviations explained in the Glossary. Information that requires special knowledge is omitted from the Report. To visualize information, various tables, diagrams, charts, and infographics are used in the Report.
Reliability	The information in the Report is reliable, ascertainable and verifiable. Gazprom's Sustainability Report has been approved independently by FBK LLC and received public assurance from the Russian Union of Industrialists and Entrepreneurs (RUIE), a national non-governmental organization.

GRI 102-46						
Topic Boundaries in the Report						
Topic (topic number)	PJSC Gazprom	Key subsidiaries involved in gas production, transportation, processing, and underground storage*	Other sub- sidiaries	Gazprom Neft Group	Gazprom Energo- holding	Gazprom Neftekhim Salavat
Gazprom Group's procurement system and procurement localization (1)						
Gazprom Group's economic performance (2)						

* Gazprom Dobycha Yamburg LLC, Gazprom Dobycha Urengoy LLC, Gazprom Dobycha Nadym LLC, Gazprom Dobycha Noyabrsk LLC, Gazprom Dobycha Astrakhan LLC, Gazprom Dobycha Orenburg LLC, Gazprom Dobycha Krasnodar LLC, Gazprom Pererabotka LLC, Gazprom Transgaz Surgut LLC, Gazprom Transgaz Ukhta LLC, Gazprom Transgaz Yugorsk LLC, Gazprom Transgaz Moscow LLC, Gazprom Transgaz Saint Petersburg LLC, Gazprom Transgaz Tomsk LLC, Gazprom Transgaz Tchaikovsky LLC, Gazprom Transgaz Yekaterinburg LLC, Gazprom Transgaz Makhachkala LLC, Gazprom Transgaz Stavropol LLC, Gazprom Transgaz Nizhny Novgorod LLC, Gazprom Transgaz Saratov LLC, Gazprom Transgaz Volgograd LLC, Gazprom Transgaz Samara LLC, Gazprom Transgaz Ufa LLC, Gazprom Transgaz Kazan LLC, Gazprom Transgaz Krasnodar LLC, OJSC Gazprom Transgaz Belarus, Gazprom UGS LLC.

Topic Boundaries in the Report

Topic (topic number)	PJSC Gazprom	Key subsidiaries involved in gas production, transportation, processing, and underground storage*	Other sub- sidiaries	Gazprom Neft Group	Gazprom Energo- holding	Gazprom Neftekhim Salavat
Innovations and R&D at Gazprom Group (3)						
Gazprom Group's efforts in replenishment of hydrocarbon reserves (5)						
Quality management (QMS boundaries) (6)						
Gazprom Group's participation in political activities and international initiatives (7)						
Compliance with social, economic, and environmental requirements of the law (8)						
Compliance with anti-trust and anti-monopoly laws (9)						
Anti-corruption practices of Gazprom Group (10)						
Emissions management at Gazprom Group (11)						
Waste handling at Gazprom Group (12)						
Gazprom Group's efforts to maintain acceptable water quality in the Group's areas of operations (13)						
Gazprom Group's efforts to preserve biodiversity (14)						
Energy saving and energy efficiency at Gazprom Group (15)				**		
Disturbed land remediation by Gazprom Group (16)						
Gazprom Group's presence in the labour market and employment impact (<i>boundaries for collecting information on the personnel structure and headcount</i>) (17)						
Freedom of association and collective bargaining (<i>boundaries for collecting information on the coverage by collective agreements</i>) (18)						

** Gazpromneft-Yamal LLC, JSC Messoyakhaneftegaz, JSC Gazpromneft-NNG, Gazpromneft-Khantos LLC, Gazpromneft-Vostok LLC, Gazpromneft-Orenburg LLC, Slavneft-Megionneftegaz LLC, JSC Gazpromneft-ONPZ, JSC Gazpromneft-MNPZ, NIS, OJSC Slavneft-YANOS, JSC Gazpromneft MZSM, Gazpromneft-RZBM LLC, and OZSM.

Topic Boundaries in the Report						
Topic (topic number)	PJSC Gazprom	Key subsidiaries involved in gas production, transportation, processing, and underground storage*	Other sub- sidiaries	Gazprom Neft Group	Gazprom Energo- holding	Gazprom Neftekhim Salavat
Training and education for employees and prospective employees (19)						
Social benefits and non-financial motivation of the employees at Gazprom Group (<i>number of the corporate pension program participants insured under voluntary health insurance programs</i>) (20)						
Equal opportunities for all employees of Gazprom Group (<i>boundaries for collecting information on cases of discrimination and labour disputes</i>) (21)						
Respect of human rights (22)						
Interaction with local communities in Gazprom Group's areas of operations (<i>boundaries for collecting information on the programs for development of local community engagement</i>) (23)						
Indigenous peoples in Gazprom Group's areas of operations (<i>boundaries for collecting information on the extent and amount of charitable aid for indigenous minorities</i>) (24)						
Gazprom Group's social projects (<i>boundaries for collecting information on the amount of charitable expenses</i>) (25)						
Occupational health, industrial, and fire safety at Gazprom Group (28)						
Ensuring safer work of suppliers and contractors (<i>boundaries for collecting information on the requirements for suppliers and contractors to adhere to occupational health, industrial, and fire safety norms and standards</i>) (29)						

Topics "Implementation of major gas transportation projects" and "Natural gas vehicle fuel market development" are reported on the basis of the data from PJSC Gazprom, South Stream Transport B.V., Gazprom Transgaz Tomsk LLC, Gazprom Gazomotornoye Toplivo LLC, and Gazprom LNG Technologies LLC. **Topic "Gas infrastructure expansion in the Russian Federation"** covers the Group's gas business companies.

- Information on all entities
- Information on the most significant entities
- Entities do not have any material impacts on the topic, therefore, no data is collected

Appendix 3. To Our Governance section

GRI 102-15, GRI 201-2

PJSC Gazprom's Approach to Sustainability Risks Management

Risk	Description	Risk management / mitigation
Country and regional risks, competition risks		
Risks related to the global economy development	Adverse economic conditions, deceleration of demand growth rates for energy carriers.	Seeking to boost revenue from sales of energy carriers, PJSC Gazprom diversifies sales markets and channels, and expands the scope of natural gas use.
Sanction-related risks	Russia is under the sanctions imposed by the EU, USA, and other countries. There is a probability that the restrictions will be expanded and will remain in effect for a longer time.	PJSC Gazprom pursues the policy of technological self-sufficiency and import substitution to reduce the Company's exposure to economic restrictions imposed on or enacted against Russia.
Natural gas transit risks	Natural gas transit through the territory of third countries is subject to the risk of non-fulfilment of transit obligations, which entails the risk of the Gazprom Group failing to properly perform its obligations under gas supply contracts.	In order to reduce dependence on transit countries, the Company is taking steps to diversify export routes, broaden access to underground gas storage facilities outside Russia, and develop liquefied natural gas trade.
Risks associated with the development of gas production from unconventional sources	Since the mid-2000s, gas production from unconventional sources, primarily from the shale deposits in the USA, was on the rise. In the long run, rapid development of shale gas production in other regions of the world may have a negative impact on the demand for Russian pipeline gas supplied by PJSC Gazprom, in particular, in the European and Chinese markets.	PJSC Gazprom monitors, on a regular basis, the progress of the shale gas sector development throughout the world. The results of the monitoring, including economic indicators of gas production from unconventional sources and its competitive potential in the Company's existing and prospective markets, are regularly reviewed by PJSC Gazprom Board of Directors.
Credit, market, and financial risks		
Credit risks	Late or incomplete performance of the contractual obligations by counterparties.	PJSC Gazprom and its subsidiaries assess and monitor the creditworthiness of counterparties with assigning them internal credit ratings. The credit risk exposure of export activities is managed by determining payment conditions and securing the payments of counterparties (guarantees, letters of credit, prepayments). Quantitative assessment of credit risks is performed by modelling potential losses with due regard to the creditworthiness of counterparties. The results are taken into account while determining the payment terms under the contracts. As regards interaction with banks and credit institutions, continued efforts are taken to establish and update credit limits, monitor the financial health of Russian and foreign credit institutions, and monitor compliance with credit limits by the Gazprom Group entities.
Market risk	Possible decline of oil prices and stock exchange quotations for gas and/or their long-time stagnation at low levels give rise to risks that, if materialize, can result in revenue loss.	The risk is managed by adjusting contract terms or entering into new contracts with terms and conditions corresponding to the current market environment, defining permitted transaction types and financial instruments, as well as counterparties qualified for such transactions.

PJSC Gazprom's Approach to Sustainability Risks Management

Risk	Description	Risk management / mitigation
Financial risks	PJSC Gazprom's operating results are exposed to currency exchange rate volatility along with the multicurrency structure of its revenues and expenditures. Performance of contractual obligations by banks and financial institutions may be delayed or incomplete.	To minimize losses arising from currency exchange rate volatility, some of the Gazprom Group companies apply hedging strategies to address the risk of market-driven shifts in exchange and interest rates. Transactions with credit institutions stay within credit risk limits, which are revised regularly, in particular with regard to the credit rating calculated by PJSC Gazprom and the Gazprom Group entities. Performance of contractual obligations is monitored. PJSC Gazprom achieves financial stability by optimizing its debt burden. Liquidity risk management measures include enforcing compliance with the instructions of the Bank of Russia as to the asset/debt ratio denominated in foreign currencies, keeping cash available in different currencies based on liquidity forecasts, ensuring the availability of financial resources through credit lines, and control over limits set for counterparty banks.
Operational risks		
Risks associated with the core business operations	Core business operations involving hydrocarbon production, transportation, processing, and storage are associated with technological, technical, natural and climate risks, as well as the risk of inappropriate actions by employees or third parties.	The Unified Gas Supply System ensures overall reliability of gas supplies. Its operational stability is achieved through the implementation of up-to-date and innovative diagnostic methods, scheduled major repair and maintenance operations, modification and upgrades. Subsidiaries are provided with a property and liability insurance coverage, which comprises physical property (including offshore facilities), interruption of operations at gas processing plants, and contractor liability for construction, repair and operation of production facilities.
Occupational health and industrial safety risks	PJSC Gazprom's business activities are exposed to risks of adverse impact on employees' health and safety. The risk factors may have a material adverse effect on PJSC Gazprom's financial condition, operating results, and reputation.	The Gazprom Group has in place the Integrated System of Process Safety Management (ISPSM). The system is part of PJSC Gazprom's integrated management system. It is designed to manage occupational health and industrial safety risks, achieve targets and fulfil obligations in the area of occupational health, industrial, and fire safety.
Tax risks	Risks associated with the assessment and payment of taxes, charges and insurance premiums, incorrect calculation of the tax base, choice of inefficient tax models and schemes, transfer pricing risks.	The key approaches to identifying, assessing, responding to, monitoring, reporting and disclosing tax risk management information are defined in the Regulation on Operational Risk Management in the Gazprom Group.

PJSC Gazprom's Approach to Sustainability Risks Management

Risk	Description	Risk management / mitigation
Environmental and climate risks		
Risk of non-compliance with environmental legislation in the course of construction and operation of PJSC Gazprom's facilities	The core hydrocarbon production, transportation, processing, and storage operations are associated with environmental pollution risk that may entail legal, financial, and reputational implications.	The Company implements its Environmental Policy, as well as programs and activities designed to reduce its environmental footprint; engages in environmental protection activities; obtains environmental risk insurance; adopts green technologies. The majority of subsidiaries have put in place and continuously improve their respective environmental management systems certified for compliance with ISO 14001:2015.
Environmental damage risk resulting from accidents/incidents associated with PJSC Gazprom's business operations	Environmental impact of accidents resulting from PJSC Gazprom's business operations may adversely affect stakeholder, investor and government relations and may entail administrative or criminal liability that involves payment of applicable indemnities for environmental damage.	PJSC Gazprom carries out the following activities: — analysis of the potential adverse environmental impacts and their implications resulting from the identified accidents and other emergencies at the Gazprom Group entities; — providing suggestions on activities for emergency prevention, localization, response, and impact mitigation; — approval of respective documents; — environmental damage assessment in case of accidents and other emergencies; — development of activities aimed at eliminating environmental damage.
Risks associated with an adverse impact on the environment	Industry-specific operations give rise to the risks of land and water pollution, deterioration of soil and vegetation, and erosion. This may lead to degradation of natural ecosystems and loss of habitat for rare and endangered plant and animal species.	Gazprom is implementing biodiversity preservation activities based on a list of plant and animal species signalling the level of sustainability of marine ecosystems within the Arctic zone of the Russian Federation. Comprehensive initiatives are underway, including those related to the enhancement of reliability of pipeline systems, landscape stabilization, soil reclamation, and vegetation rehabilitation.
Natural and climate-related risks		
Risks associated with climate change and greenhouse gas emissions	Some risks stem from temperature changes, high sensitivity of frozen soil, and adverse weather conditions causing deformation of buildings and structures, pipeline transportation systems and service lines.	Reduction of GHG emissions is part of PJSC Gazprom's corporate strategy. The Company is implementing a set of measures seeking to minimize the adverse impact of climate change on the Company's operations. Steps are taken to reduce (cease) flaring of associated petroleum gas, and energy efficiency and energy saving programs are being developed and implemented.
Risks associated with climate conditions	Climate conditions in the Gazprom Group's key regions of operation affect its business performance in a significant way. A major part of the natural gas produced by Gazprom comes from Western Siberia, where production is difficult and relatively costly because of harsh climate.	The Company has designed and implemented effective operating procedures adapted to severe climatic conditions. Programs are underway to boost the efficiency of production and transportation systems and gas transmission network operation.

PJSC Gazprom's Approach to Sustainability Risks Management		
Risk	Description	Risk management / mitigation
Legal and industry-specific risks		
Risks of tariff (pricing) regulation of natural monopolies	Risks associated with state regulation of wholesale prices for gas produced by PJSC Gazprom and its affiliates and sold on the domestic market, as well as tariffs for gas transportation via trunklines, and affecting PJSC Gazprom's operations and performance of its obligations. If this risk materializes, it could result in a failure to receive the planned revenue from gas sales and gas transportation services on the domestic market.	<p>The Company maintains relations with the federal executive authorities in order to justify and defend the regulated gas prices and tariffs for gas transportation services. In order to reduce the said risks, PJSC Gazprom maintains an active dialogue with the federal executive authorities as regards improvement of gas pricing, including the development of justified pricing principles enabling the Company to benefit from sustainable economic conditions for supplying gas to the domestic market.</p> <p>PJSC Gazprom takes part in the development of laws and regulations governing pipeline-based gas transportation and is engaged in expert examination of draft laws and regulations, while also contributing to the establishment of the regulator's law enforcement practice and judicial practice.</p>
Government regulation risks	Risks of changes in currency regulation and tax laws in the Russian Federation and other countries of the Gazprom Group's operations still remain. New requirements may be imposed by customs authorities as a result of changes in customs rules and export duty payment procedures.	<p>PJSC Gazprom maintains an ongoing dialogue with government authorities on improvements of the pricing and tariff policy, corporate taxation, and customs law. Amendments to tax and currency legislation are monitored on an ongoing basis to ensure strict compliance with their requirements. PJSC Gazprom interacts with government authorities for the purpose of timely adjusting its operations to the legislative changes in the Russian Federation and abroad.</p>

Appendix 4. To Our Operations section

PJSC Gazprom's share capital structure, 2018-2019, %

Shareholder	As of December 31, 2018	As of December 31, 2019
The Russian Federation represented by the Federal Agency for State Property Management ¹⁹¹	38.37	38.37
JSC Rosneftegaz	10.97	10.97
JSC Rosgazifikatsiya	0.89	0.89
ADR holders ¹⁹²	24.13	19.70
Other registered persons	25.64	30.07

Indicators of the Gazprom Group's contribution to the economy of the Russian Federation, 2016–2019

Indicator	2016	2017	2018	2019
GDP of the Russian Federation, RUB billion	85,616	91,843	104,630	110,046
Gazprom's total value added, RUB billion	3,077	3,392	4,807	4,255
Gazprom's share in the GDP of the Russian Federation, %	3.6	3.7	4.6	3.9
Investments in fixed assets in the Russian Federation, RUB billion	14,749	16,027	17,782	19,319
Gazprom's capital expenditures ¹⁹³ , RUB billion	1,369	1,406	1,639	1,776
Gazprom's capex in aggregate investments in fixed assets in the Russian Federation, %	9.3	8.8	9.2	9.2
Payments to budgets of the Russian Federation, all levels (taxes and other similar payments), incl.:	1,755	2,315	2,959	2,822
customs payments, RUB billion	618	664	932	790
mineral extraction tax (MET), RUB billion	601	883	1,145	1,141
income tax, RUB billion	85	211	285	309
property tax, RUB billion	119	148	158	151
Nominal amount of dividend per share ¹⁹⁴ , RUB	7.89	8.04	8.04	16.61
Dividend per the government's stake ¹⁹⁵ , RUB billion	94	96	96	198
Gazprom's total payments to budgets of the Russian Federation, all levels, RUB billion	1,849	2,411	3,055	3,020
Oil and gas revenues of the federal budget of the Russian Federation, RUB billion	4,844	5,972	9,018	8,248
Revenues of the consolidated budget of the Russian Federation, RUB billion	28,182	31,047	37,320	39,498
Gazprom's contribution to the oil and gas revenue of the federal budget of the Russian Federation, RUB billion	1,219	1,547	2,077	1,931
Gazprom's share in the oil and gas revenue of the federal budget of the Russian Federation, %	25.2	25.9	23.0	23.4
Gazprom's share in the consolidated budget revenue of the Russian Federation, %	6.6	7.8	8.2	7.6

(191) The cumulative stake in PJSC Gazprom directly or indirectly controlled by the Russian Federation equals 50.23% and is secured by a 100% stake of the Russian Federation in JSC ROSNEFTEGAZ, which also holds a 74.55% stake in JSC Rosgazifikatsiya.

(192) The issuing bank of ADRs (American depositary receipts) for PJSC Gazprom's shares is the Bank of New York Mellon.

(193) According to the cash flow report of the consolidated financial statements prepared in accordance with the IFRS.

(194) Amount of dividend per share paid on the basis of the previous year's performance.

(195) PJSC Gazprom's dividends attributable to the government and legal entities controlled by the government.

GRI 201-1**Generated and distributed direct economic value, 2016–2019, RUB million**

Indicator	2016	2017	2018	2019
Generated direct economic value				
Sales revenue	6,111,051	6,546,143	8,224,177	7,659,623
Net income (expenses) from trade operations with commodities at liquid European marketplaces	3,382	(16,352)	18,015	(24,957)
Financial income (interest income)	93,494	83,721	72,652	90,926
Percentage of the net profit of associated companies and joint ventures	82,872	126,940	232,483	207,127
Total generated direct economic value	6,290,799	6,740,452	8,547,327	7,932,719
Distributed direct economic value				
Operating expenditure (excl. asset impairment and other reserves, depreciation and exchange rate differences), incl.:	4,619,480	5,114,635	5,539,484	5,564,173
social expenses	35,516	34,461	42,789	45,114
payroll expenses	641,036	682,060	600,812	749,708
incl. expenses (income) related to estimated post-employment benefits	50,961	48,522	(78,937)	32,241
taxes, excl. income tax	900,397	1,246,059	1,498,278	1,409,248
other operating expenses	3,042,531	3,152,055	3,397,605	3,360,103
Financial expenses (interest expenses)	71,556	53,332	50,378	76,426
Expenses related to current income tax	218,113	241,817	278,233	327,618
Dividends paid to shareholders ¹⁹⁶	186,099	196,059	192,822	383,060
Total distributed direct economic value	5,095,248	5,605,843	6,060,917	6,351,277
Undistributed economic value	1,195,551	1,134,609	2,486,410	1,581,442

GRI 102-7**The Gazprom Group's gas sales in Russia, 2016–2019**

Indicator	2016	2017	2018	2019
Sales volume, bcm	214.9	229.9	239.7	235.8
Average sales price (net of VAT), RUB per 1,000 m ³	3,815.5	3,808.3	3,981.3	4,118.2
Net sales revenue (net of VAT), RUB billion	819.9	875.7	954.5	970.9

The Gazprom Group's gas sales in the FSU countries, 2016–2019

Indicator	2016	2017	2018	2019
Sales volume ¹⁹⁷ , bcm	33.2	35.0	38.1	38.7
Average sales price (including customs duties), USD per 1,000 m ³ ¹⁹⁸	153.6	158.4	162.6	157.4
Average sales price (including customs duties), RUB per 1,000 m ³				

(196) The Declared Dividend indicator from PJSC Gazprom's IFRS consolidated financial statements for the corresponding year.

(197) Sales in the FSU countries include natural gas exports from Russia, as well as sales of natural gas purchased by the Group outside Russia.

(198) Calculated on the basis of the average RUB/USD exchange rate.

Appendix 4. To Our Operations section

The Gazprom Group's gas sales in the FSU countries, 2016–2019

Indicator	2016	2017	2018	2019
Average sales price (including customs duties), RUB per 1,000 m ³	10,263.1	9,237.0	10,225.9	10,175.9
Net sales revenue (less customs duties), RUB billion	309.6	292.8	348.6	356.1

The Gazprom Group's gas sales in non-FSU countries, 2016–2019

Indicator	2016	2017	2018	2019
Sales volume ¹⁹⁹ , bcm	228.3	242.0	243.3	232.4
Average sales price (including the excise duty and customs duties), USD per 1,000 m ³ ²⁰⁰	176.0	200.2	246.4	210.6
Average sales price (including the excise duty and customs duties), RUB per 1,000 m ³	11,763.3	11,670.5	15,499.5	13,613.0
Net sales revenue (less the excise duty and customs duties), RUB billion	2,140.0	2,221.2	2,951.2	2,490.4

PJSC Gazprom's²⁰¹ supplies to foreign countries, 2016–2019, bcm

Country	2016	2017	2018	2019
Germany	49.832	53.440	58.502	57.014
Italy	24.689	23.811	22.772	22.100
Austria	6.079	9.136	12.313	16.276
Turkey	24.755	29.034	23.964	15.510
France	11.471	12.257	12.922	14.072
Hungary	5.728	6.964	7.652	11.262
UK	17.912	16.263	14.257	10.321
Poland	11.070	10.470	9.861	9.734
Netherlands	4.218	4.650	7.877	8.869
Czechia	4.536	5.795	6.486	8.112
Slovakia	3.690	4.591	5.085	7.266
Croatia	0.704	2.835	2.785	2.821
Finland	2.534	2.360	2.623	2.457
Belgium	—	—	1.769	2.417
Greece	2.676	2.927	3.291	2.413
Bulgaria	3.179	3.327	3.172	2.387
Serbia	1.749	2.119	2.145	2.135
Denmark	1.748	1.752	1.723	1.670
Romania	1.478	1.190	1.320	0.994
Slovenia	0.520	0.607	0.458	0.336

(199) Sales in Europe and other countries include natural gas exports from Russia, as well as sales of natural gas purchased by the Group outside Russia.

(200) Calculated on the basis of the average RUB/USD exchange rate.

(201) Country data are rounded to three decimal places. Under Gazprom Export's contracts and direct contracts of GAZPROM Schweiz including volumes sold via Gazprom Export's gas auctions and through trading operations. The 2019 sales volumes include repo transactions for a total of 7.6 bcm.

PJSC Gazprom's supplies to foreign countries, 2016–2019, bcm

Country	2016	2017	2018	2019
North Macedonia	0.214	0.275	0.254	0.296
Switzerland	0.308	0.334	0.379	0.268
Bosnia and Herzegovina	0.225	0.245	0.245	0.236
European countries, total	179.3	194.4	201.9	199.0
China				0.328

Gazprom Group's large-scale LNG supplies to foreign countries, 2016–2019²⁰², trillion BTU

Country	2016	2017	2018	2019
Argentina	19.7	–	–	–
China	3.4	29.4	29.2	41.4
Egypt	3.4	–	–	–
India	22.7	9.9	36.1	39.9
Japan	78.5	56.9	29.7	19.6
Kuwait	3.3	16.9	20.1	–
Mexico	6.5	–	–	–
South Korea	3.3	13.2	26.4	20.2
Spain	–	6.5	2.9	10.9
Taiwan (China)	26.0	19.8	19.3	3.3
Thailand	–	3.3	–	–
UAE	6.5	3.1	–	–
UK	–	–	–	21.4
Supplies, FOB	3.0	–	21.4	23.5
Total	176.5	159.2	185.0	180.1
Total, mmt	3.71	3.34	3.88	3.78
Total, bcm	4.94	4.46	5.18	5.04

Gazprom Energoholding's electric power generation in the Russian Federation, 2016–2019, billion kWh

Indicator	As of December 31			
	2016	2017	2018	2019
Electric power generation	153.83	150.81	146.56	143.07
PJSC Mosenergo	59.07	57.87	58.31	60.11
PJSC OGK-2	67.09	63.43	58.92	54.69
PJSC TGC-1	27.67	29.51	29.33	28.28
PJSC MOEK	0	0	0	0

(202) Calculated in accordance with the principles used in management reporting. Indicators calculated using the methodologies for consolidated financial and management reporting might be incomparable due to differences in these methodologies. Rounding may cause final figures to deviate from the sums of their respective components.

Appendix 4. To Our Operations section

Gazprom Energoholding's heat generation in the Russian Federation, 2016–2019, million Gcal

Indicator	As of December 31			
	2016	2017	2018	2019
Heat energy generation	123.36	120.77	124.36	115.26
PJSC Mosenergo	81.83	79.45	82.29	75.37
PJSC OGK-2	6.90	6.76	7.01	6.65
PJSC TGC-1 and its subsidiaries	24.44	24.71	24.89	24.17
PJSC MOEK and its subsidiaries	10.19	9.85	10.17	9.07

Electric power and heat sales by Gazprom Energoholding's generating companies, 2016–2019

Indicator	2016	2017	2018	2019
Electric power sales, billion kWh	164.39	162.55	157.76	152.83
PJSC Mosenergo	60.86	60.25	60.20	62.10
PJSC OGK-2	72.94	69.72	64.98	58.39
PJSC TGC-1	30.59	32.58	32.58	32.35
PJSC MOEK	0	0	0	0
Heat sales, million Gcal	119.11	116.27	119.04	110.85
PJSC Mosenergo	10.30	5.31	2.72	2.00
PJSC OGK-2	6.45	6.35	6.70	6.30
PJSC TGC-1	24.96	24.91	25.30	24.49
PJSC MOEK	77.40	79.70	84.32	78.06

Electric power exports, 2016–2019, billion kWh

Country	2016	2017	2018	2019
Finland:				
— from the buses of the Svetogorskaya HPP (part of the cascade of the Vuoksa HPPs, Leningrad Region) via the 110 kV Imatra-1 line;				
— from the buses of the Kaitakoski HPP (part of the Paz cascade, Murmansk Region) via the 110 kV L-82 line. During the high-water period, peak electricity supply equals up to 70 MW	0.577	0.758	0.956	0.719
Norway:				
— from the buses of the Borisoglebskaya HPP (part of the Paz cascade, Murmansk Region) via the 154 kV L-225 line. Peak electricity supply can be as high as 56 MW, but in the normal operating mode power equals 28 MW;				
— via 0.4 kV electric power transmission lines from the Borisoglebskaya HPP-8 (Russia), HPP-6 Rayakoski (Russia), Norwegian border checkpoints	0.059	0.104	0.020	0
Total	0.637	0.861	0.977	0.719

Economic benefit from import substitution by business activity

No.	Activity	Economic benefit by year, RUB million				Total economic benefit, 2016–2019	
		2016	2017	2018	2019	RUB million	%
1.	Production	2,595.0	2,596.5	3,704.6	7,465.5	16,361.6	46.0
2.	Transportation	2,588.3	3,118.3	4,248.2	4,088.6	14,043.5	39.5
3.	Processing	25.4	303.2	95.3	75.5	499.5	1.4
4.	UGS	0.3	4.9	4.9	19.1	29.3	0.2
5.	Other	131.4	190.4	1,137.2	3,149.1	4,608.1	13.0
	Gazprom Group's total	5,340.5	6,213.3	9,190.3	14,797.9	35,541.9	100.0

Number of patents held by subsidiaries and affiliated companies, including patents generating economic benefit, over the past four years, 2016–2019

Indicator	2016	2017	2018	2019	Total patents on the books as of the end of 2019
Patents received by PJSC Gazprom	26	29	26	26	450
Patents received by subsidiaries and affiliated companies	179	202	283	234	2,224
Patents excluded from the books	174	158	96	119	–

Economic benefit from patent utilization over time, 2016–2019

Indicator	2016	2017	2018	2019
Patents held by PJSC Gazprom's subsidiaries and affiliated companies which were used for production purposes, pcs	406	427	441	459
Incl. patents generating economic benefits, pcs	127	114	157	158
Economic benefit generated from the utilization of patents which are intended for economic benefit generation, RUB million	7.1	7.7	10.3	14.5

Appendix 5. To Our Personnel section

To Chapters 3.2 Gazprom Group's Headcount and 3.2.1 New Hires

Employees hired in 2018–2019 by region, people

Russia / foreign countries	2018	2019
Central Federal District	10,620	13,370
North-Western Federal District	9,584	11,612
Volga Federal District	17,827	12,582
Urals Federal District	19,028	19,736
Siberian Federal District	4,356	5,582
Southern Federal District	11,366	6,311
North Caucasian Federal District	1,556	1,540
Far Eastern Federal District	1,150	2,082
<i>Russia's continental shelf</i>	12	12
Foreign countries	3,530	3,780
Total	79,029	76,607

To Chapters 3.2 Gazprom Group's Headcount and 3.2.2 Quitters

Headcount of quitters and staff turnover by region in 2018–2019

Russia / Foreign countries	Total number of quitters, people		incl. due to staff turnover, people		Staff turnover, %	
	2018	2019	2018	2019	2018	2019
Central Federal District	13,081	12,653	6,114	6,600	8.1	8.8
North-Western Federal District	7,614	9,340	3,268	4,112	5.9	6.8
Volga Federal District	18,293	13,590	3,973	3,841	4.5	4.5
Urals Federal District	20,099	19,023	5,127	5,083	4.1	4.0
Siberian Federal District	4,351	4,765	2,254	2,218	9.1	8.8
Southern Federal District	12,597	6,162	2,340	2,495	5.5	6.0
North Caucasian Federal District	1,643	1,466	440	402	3.6	3.3
Far Eastern Federal District	546	609	212	188	4.5	3.1
<i>Russia's continental shelf</i>	11	298	3	–	1.0	–
Foreign countries	3,884	3,565	1,750	1,462	6.9	5.7
Total	82,119	71,471	25,481	26,401	5.6	5.8

Personnel loss and hiring ratios by region, 2019

Russia / Foreign countries	Personnel loss ratio, %	Personnel hiring ratio, %
Central Federal District	16.0	17.0
North-Western Federal District	14.6	18.3
Volga Federal District	15.5	14.3
Urals Federal District	14.4	15.0
Siberian Federal District	18.7	21.9
Southern Federal District	14.5	14.9
North Caucasian Federal District	11.6	12.2
Far Eastern Federal District	9.3	33.0
Foreign countries	13.8	14.7
Total	15.0	16.1

To Chapter 3.6 Social Policy

GRI 401-2**Benefits provided to full-time employees that are not provided to temporary or part-time employees**

Benefits	Full-time employment*	Temporary employment**	Part-time employment***
Life insurance****	Yes	No	No
Medical services	Yes	No	No
Injury and disability compensation	Yes	Yes	No

* Including fixed-term employment contracts for a period of more than three years and temporary vacancies.

** Fixed-term employment contracts for a period of less than three years with life insurance, fixed-term employment contracts for a period of less than two months with voluntary medical insurance, and secondary employments.

*** Civil law contracts for the provision of services for a fee.

**** Covering executives of PJSC Gazprom Administration and subsidiaries engaged in core business operations.

Note: The above refers to the operations of the Group's companies in all Russian regions as well as the employees of PJSC Gazprom's representative offices in twelve countries.

To Chapter 3.6 Social Policy / 3.6.3 Medical Care

Payments made by the Gazprom Group entities for rehabilitation treatment and targeted preventive initiatives under voluntary medical insurance contracts, 2016–2019*, RUB million

Indicator	2016	2017	2018	2019
Rehabilitation treatment	5,228.5	5,040.5	4,972.0	5,077.5
Targeted preventive initiatives	186.9	244.5	278.6	145.7

* Data for the entities included in PJSC Gazprom's budgeting system (in 2019 – 110 organizations with a total headcount of over 310,000 employees).

Statistics on insurance events broken down by accident and disease insurance risks, 2016–2019*				
Indicator	2016	2017	2018	2019
Temporary occupational disability	281	286	260	279
Occupational disability due to an accident	4	5	5	4
Occupational disability due to an illness	No risk identified			32
Permanent occupational disability	4	3	6	4
Workplace mortality	13	8	4	6
Non-work related mortality	10	17	13	20
First diagnosed with a critical illness	213	245	325	324

* Data for the entities included in PJSC Gazprom's budgeting system (in 2019– 110 organizations with a total headcount of over 310,000 employees).

Appendix 6.

To Our Workplace Safety section

To Chapter 4.1 Labour Safety Management

List of entities included in the Integrated System of Process Safety Management

The Gazprom Group subsidiaries (gas business) engaged in core operations (production, transportation, storage, and processing). The total of 32 subsidiaries:

Gazprom Dobycha Astrakhan LLC	Gazprom Transgaz Kazan LLC
Gazprom Dobycha Irkutsk LLC	Gazprom Transgaz Krasnodar LLC
Gazprom Dobycha Krasnodar LLC	Gazprom Transgaz Makhachkala LLC
Gazprom Dobycha Kuznetsk LLC	Gazprom Transgaz Moscow LLC
Gazprom Dobycha Nadym LLC	Gazprom Transgaz Nizhny Novgorod LLC
Gazprom Dobycha Noyabrsk LLC	Gazprom Transgaz Samara LLC
Gazprom Dobycha Orenburg LLC	Gazprom Transgaz Saint Petersburg LLC
Gazprom Dobycha Urengoy LLC	Gazprom Transgaz Saratov LLC
Gazprom Dobycha Shelf Yuzhno-Sakhalinsk LLC	Gazprom Transgaz Stavropol LLC
Gazprom Dobycha Yamburg LLC	Gazprom Transgaz Surgut LLC
Gazprom Geologorazvedka LLC	Gazprom Transgaz Tomsk LLC
Gazprom Pererabotka LLC	Gazprom Transgaz Ufa LLC
Gazprom UGS LLC	Gazprom Transgaz Ukhta LLC
Gazprom Transgaz Volgograd LLC	Gazprom Transgaz Tchaikovsky LLC
Gazprom Transgaz Grozny LLC	Gazprom Transgaz Yugorsk LLC
Gazprom Transgaz Yekaterinburg LLC	Gazprom Flot LLC

The Gazprom Group subsidiaries, entities and branches (gas business) engaged in gas supply network operations. The total of 70 entities:

Gazprom Invest LLC	Gazprom Mezhrefiongaz LLC
Gazprom Sotsinvest LLC	PJSC Gazprom Spetsgazavtotrans
Gazprom LNG Vladivostok LLC	Gazprom Telecom LLC
Gazprom LNG Saint Petersburg LLC	Gazprom Torgservis LLC
JSC Tsentrgez	Gazprom Pitanie LLC
Novy Urengoy Gas Chemical Complex LLC	Gazprom Transservis LLC
Gas-Oil LLC	Gazprom Energo LLC
Gazprom Tsentrremont LLC	JSC Gazprom Bytovye Systemy
Gazpromavia Aviation Company LLC	OJSC Gazpromtrubinvest
Gazprom Gaznadzor LLC	Gazpromtrans LLC
Gazprom Gazobezopasnost LLC	Gazprom Geotekhnologii LLC
Gazprom Georesource LLC	CJSC Gazprom Armenia
Gazprom Inform LLC	Gazprom Kyrgyzstan LLC
Gazprom Komplektatsiya LLC	OJSC Gazprom Transgaz Belarus
JSC Gazprom Space Systems	OJSC Gazprom – South Ossetia
Gazprom Export LLC	Gazprom Proyektirovaniye LLC
Gazprom Svyaz LLC	PJSC VNIPIgazdobycha

The Gazprom Group subsidiaries, entities and branches (gas business) engaged in gas supply network operations. The total of 70 entities (continued):

JSC Gazprom Promgaz	PJSC Gazprom Branch Morozovka Recreation House
JSC Giprogaztsentr	PJSC Gazprom Branch Soyuz Recreation House
JSC SevKavNIPIgaz	PJSC Gazprom Branch Sluzhba Korporativnoy Zashchity PJSC Gazprom
Gazprom College Volgograd	PJSC Gazprom Branch Glavnoye Upravlenie Okhrany PJSC Gazprom in St. Petersburg
Gazprom Corporate Institute	Branch Dalnevostochnoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in Khabarovsk
Gazprom Vocational School Novy Urengoy	PJSC Gazprom Branch Privolzhskoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in Samara
Gazprom Training Simulator Computer Center	PJSC Gazprom Branch Severo-Uralskoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in Novy Urengoy
PJSC Gazprom Training Center	PJSC Gazprom Branch Sibirskoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in Tomsk
PJSC Gazprom ONUTC	PJSC Gazprom Branch Tsentralnoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in the Moscow Region
Gazprom Shkola	PJSC Gazprom Branch Yuzhno-Uralskoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in Yekaterinburg
Gazprom Investholding LLC	PJSC Gazprom Branch Yuzhnoye Mezhhregionalnoye Upravlenie Okhrany PJSC Gazprom in Krasnodar
Gazprom VNIIGAZ LLC	PJSC Gazprom Branch 333 in St. Petersburg
Gazprom Expo LLC	Gazprom 335 LLC
NIlgazeconomika LLC	Gazprom Investproject LLC
OKDC PJSC Gazprom Private Healthcare Institution	Gazprom Personal LLC
ChOP Gazprom Okhrana LLC	
Gazprom EP International B.V	
Gazprom CNIS Private Entity	
PJSC Gazprom Branch for Office Buildings Management	
PJSC Gazprom Branch Avtopredpriyatie PJSC Gazprom	
PJSC Gazprom Branch Bogorodskoye Official Reception House	

To Chapter 4.1.2 Labour Safety Management Framework at the Gazprom Group

GRI 403-8
Headcount in PJSC Gazprom Administration and subsidiaries certified and not certified for compliance with OHSAS 18000:2007, people

Indicator	2019
PJSC Gazprom's subsidiaries engaged in core operations (UGSS subsidiaries)	231,436
PJSC Gazprom Administration and subsidiaries engaged in non-core operations (supporting operations of UGSS subsidiaries)	74,695
Headcount in subsidiaries that were not certified as compliant with OHSAS 18000:2007, people	12,945

The share of employees in subsidiaries certified as compliant with OHSAS 18000:2007 is 96% of the total headcount covered by the ISPSM.

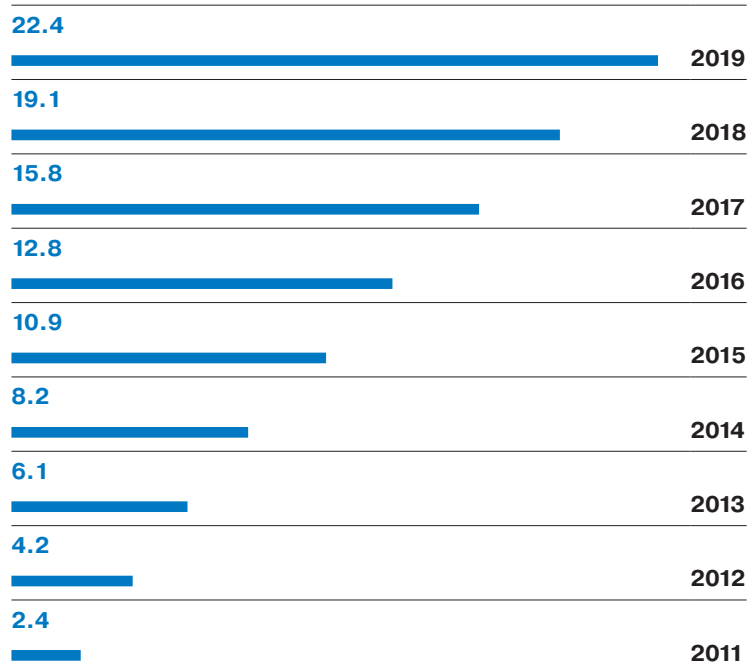
Appendix 7. To Our Responsibility to the Planet section

To Chapter 6.2.4 Energy Saving and Energy Efficiency

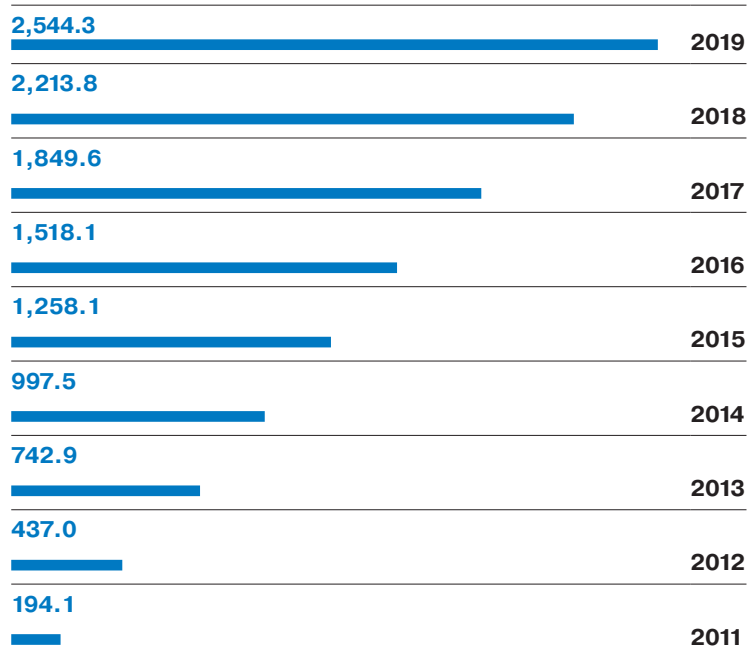
GRI 302-4

Fuel and energy cumulatively saved by PJSC Gazprom, 2011–2019

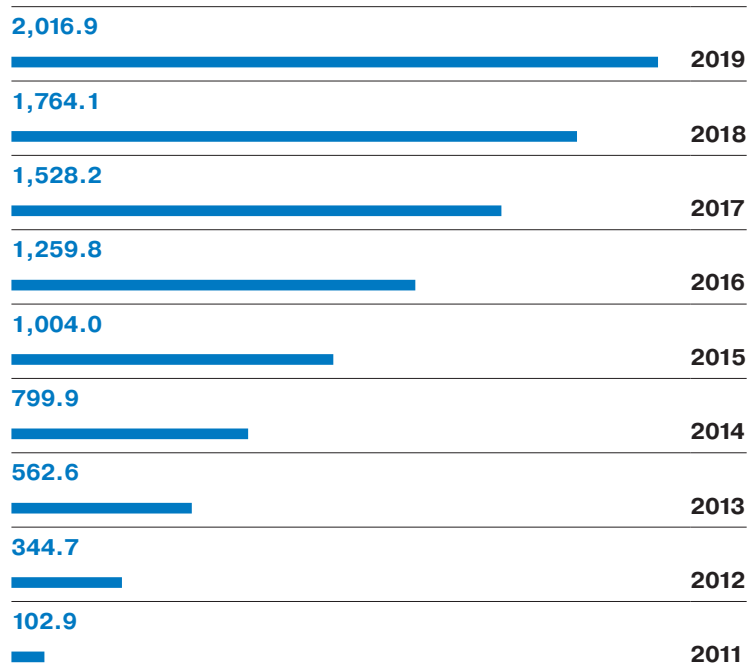
Natural gas cumulatively saved, bcm



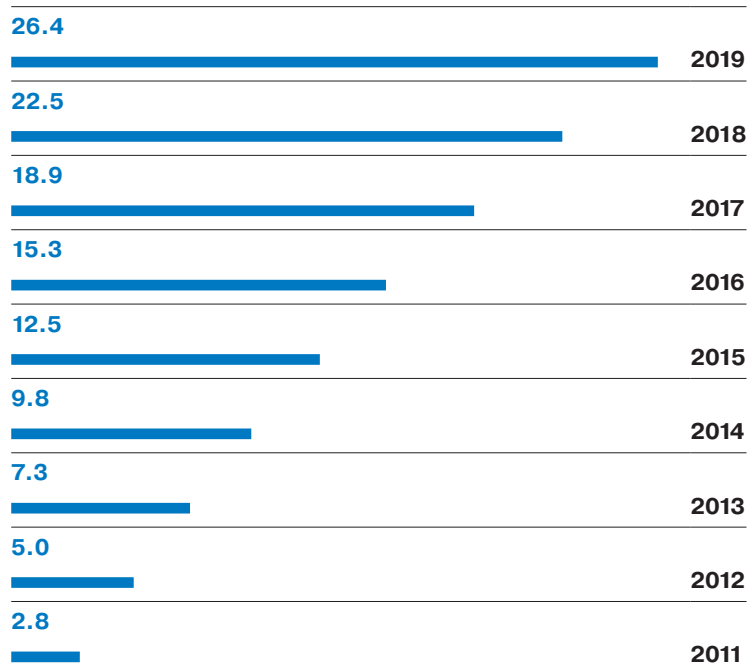
Electric power cumulatively saved, million kWh



Heat energy cumulatively saved, thousand Gcal



Total fuel and energy cumulatively saved, million tons of reference fuel



Appendix 7. To Our Responsibility to the Planet section

The outcomes of the implementation of the *PJSC Gazprom Energy Saving and Energy Efficiency Improvement Program* include the results of the implementation of energy saving and energy efficiency programs

of natural gas production, transportation, underground storage, distribution, and processing subsidiaries.

Gas production:

Gazprom Dobycha Orenburg LLC; Gazprom Dobycha Krasnodar LLC; Gazprom Dobycha Nadym LLC; Gazprom Dobycha Noyabrsk LLC;

Gazprom Dobycha Urengoy LLC; Gazprom Dobycha Yamburg LLC; Gazprom Dobycha Astrakhan LLC.

Gas transportation:

Gazprom Transgaz Yugorsk LLC; Gazprom Transgaz Tchaikovsky LLC; Gazprom Transgaz Ukhta LLC; Gazprom Transgaz Moscow LLC; Gazprom Transgaz Surgut LLC; Gazprom Transgaz Nizhny Novgorod LLC; Gazprom Transgaz Volgograd LLC; Gazprom Transgaz Ufa LLC; Gazprom Transgaz Saratov LLC; Gazprom Transgaz Samara LLC;

Gazprom Transgaz Yekaterinburg LLC; Gazprom Transgaz Stavropol LLC; Gazprom Transgaz Saint Petersburg LLC; Gazprom Transgaz Kazan LLC; Gazprom Transgaz Tomsk LLC; Gazprom Transgaz Krasnodar LLC; Gazprom Transgaz Makhachkala LLC; OJSC Gazprom Transgaz Belarus.

Underground gas storage:

Gazprom UGS LLC.

Gas processing:

Gazprom Pererabotka LLC.

Gas distribution:

Gazprom Mezhhregiongaz LLC.



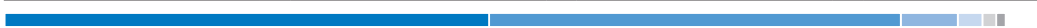







Non-core business:

Gazprom Energo LLC.

GRI 305-1

To Chapter 6.2.2 Reduction of Greenhouse Gas Emissions across the Gazprom Group

Greenhouse gas emissions at the Gazprom Group companies, 2016–2019, mmt of CO₂ equivalent

2019		236.5		
2018		240.0		
2017		233.8		
2016		228.2		
	2016	2017	2018	2019
 PJSC Gazprom	101.24	113.17	120.09	117.09
 Gazprom Energoholding	99.72	96.17	94.06	89.03
 Gazprom Neft Group	16.18	13.31	14.33	16.04
 Gazprom Neftehim Salavat	4.56	5.75	6.18	6.04
 Sakhalin Energy	3.42	3.22	3.25	3.05
 Other companies	3.07	2.21	2.06	5.20

To Chapter 6.2.5 Renewable and Secondary Energy Resources

OG3**Power generation from renewable and secondary energy resources at the Gazprom Group, 2016–2019**

Generation type	Power generation, MWh				Number of units, pcs			
	2016	2017	2018	2019	2016	2017	2018	2019
All types of renewable energy sources and secondary energy resources	13,036,783.0	13,723,908.4	12,844,199.3	11,703,054.8	1,907	2,077	2,272	2,358
incl. PJSC Gazprom	297.2	362.4	459.7	557.9	1,329	1,423	1,555	1,585
Turbo expanders	38.5	143.9	93.2	74.7	10	20	17	21
incl. PJSC Gazprom	38.5	143.9	93.2	74.7	10	20	17	21
Thermogenerators and electrochemical generators	0.8	2.7	6.4	257.4	672	719	726	820
incl. PJSC Gazprom	0.8	2.7	6.4	257.4	672	719	726	820
Solar and wind generators	321.2	324.9	483.1	354.1	1,107	1,220	1,411	1,399
incl. PJSC Gazprom	258.0	215.8	360.1	225.8	647	684	812	744
Hydroturbines	13,036,422.6	13,723,436.9	12,843,616.6	11,702,368.5	118	118	118	118
incl. Gazprom Energoholding	12,863,078.1	13,685,902.1	12,819,013.7	11,673,658.3	115	115	115	115
Gazprom Neftekhim Salavat	28,842.6	37,534.8	24,602.9	28,710.3	3	3	3	3

Appendix 7. To Our Responsibility to the Planet section

To Chapter 6.3.1 Water: Sustainable Use and Treatment

Volume of water recirculated and reused at the Gazprom Group, 2016–2019, mcm

Indicator	2016	2017	2018	2019
Volume of water recirculated and reused	12,482.12	12,006.85	11,063.73	11,409.12

GRI 303-4, GRI 306-1

Gazprom Group's water discharge trends by destination, including breakdown by treatment method, 2016–2019, mcm

Indicator	2016	2017	2018	2019
Water discharge, total, incl.:	4,084.29	4,141.40	3,871.11	3,389.63
Water discharge to surface water bodies, total, incl.:	3,855.45	3,905.26	3,658.44	3,241.79
polluted (untreated)	99.48	60.02	56.56	67.80
polluted (insufficiently treated)	64.74	63.56	22.39	21.28
partially clean (untreated)	3,664.06	3,754.89	3,514.68	3,079.47
partially treated, total, incl.:	27.17	26.79	64.80	73.24
at biological purification plants	10.80	10.61	49.67	49.22
at physical and chemical purification plants	0.26	0.25	0.35	0.21
at mechanical purification plants	16.11	15.92	14.77	23.81
Water discharge on land, total, incl.:	9.77	1.18	0.97	1.10
polluted (untreated)	8.39	0.01	0.00	0.01
polluted (insufficiently treated)	0.66	0.26	0.19	0.19
partially clean (untreated)	0.03	0.03	0.01	0.01
partially treated, total, incl.:	0.70	0.88	0.78	0.88
at biological purification plants	0.17	0.35	0.37	0.46
at physical and chemical purification plants	0.01	0.00	0.01	0.01
at mechanical purification plants	0.52	0.52	0.40	0.41
Water discharge to subterranean layers, total, incl.:	48.93	45.28	44.69	45.67
for the formation pressure maintenance	42.20	38.69	36.66	37.92
Water discharge to irrigation sewage fields	6.02	5.15	5.96	6.63
Water discharge to absorption fields	0.58	0.58	0.52	0.47
Water discharge to holding basins	1.11	0.99	0.57	0.45
Water discharge to public utilities	130.08	144.15	134.02	82.92
Water discharge to other systems	32.33	38.81	25.94	10.60

OG5

Formation water produced by the Gazprom Group, 2016–2019, thousand tons

Indicator	2016	2017	2018	2019
Produced formation water	2,829.3	3,210.7	3,754.4	4,701.4

Formation water after the extraction of hydrocarbons and methanol is disposed of at horizontal flare units at the field or injected into absorbing

formations. An increase in produced formation water was due to a large part of the fields having entered the stage of falling production.

To Chapter 6.2.3 Flaring Reduction

OG6

APG resource and utilization across the Gazprom Group as of 2016

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	11,386.49	1,968.88	82.7
incl. PJSC Gazprom Neft	9,560.92	1,933.32	79.8
incl. PJSC Gazprom's fields	1,825.56	35.56	98.1

APG resource and utilization across the Gazprom Group as of 2017

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	13,090.97	2,748.62	79.0
incl. PJSC Gazprom Neft	11,434.86	2,726.42	76.2
incl. PJSC Gazprom's fields	1,656.11	22.27	98.5

APG resource and utilization across the Gazprom Group as of 2018

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	16,000.94	3,147.20	80.2
incl. PJSC Gazprom Neft	14,398.06	3,111.56	78.4
incl. PJSC Gazprom's fields	1,602.88	35.64	97.7

APG resource and utilization across the Gazprom Group as of 2019

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	18,320.07	1,854.45	89.9
incl. PJSC Gazprom Neft	16,640.54	1,829.71	89.0
incl. PJSC Gazprom's fields	1,679.53	24.74	98.5

To Chapter 6.3.5 Waste Reduction

GRI 306-2**Generation and handling of production and consumption waste by the Gazprom Group, 2016–2019, thousand tons**

Indicator	2016	2017	2018	2019
Waste present as of the beginning of the reporting year	130,350.81	131,529.72	133,086.46	123,507.35
Waste generated during the reporting year	4,289.81	4,130.29	3,555.09	3,337.08
Waste received from other business entities	10.05	10.74	16.12	86.76
Waste processed at the facility	0.00	0.00	0.00	0.04
Waste recycled at the facility	222.90	170.93	21.67	94.71
Waste neutralized at the facility	90.60	77.99	75.16	67.41
Waste handed over to other business entities for processing	0.00	13.63	6.83	5.21
Waste handed over to other business entities for recycling	844.60	1,088.33	910.10	1,078.95
Waste handed over to other business entities for neutralization	438.84	250.97	338.78	231.90
Waste handed over to other business entities for storage	446.20	5.94	11,019.34	1.38
Waste handed over to other business entities for burial	267.58	302.68	314.82	335.92
Waste placed at operated (own) storage facilities	12,798.66	12,586.78	1,446.31	1,168.68
Waste placed at operated (own) disposal facilities	809.92	652.03	493.64	383.35

Under the legislation of the Russian Federation, all wastes across the Gazprom Group are classified as hazardous.

According to the environmental hazard classification, the bulk of the Gazprom Group's waste belongs to Class V (almost non-hazardous) or Class IV (low-hazard) and is typically either recycled or handed over for safe placement. These two classes of wastes account for 56.6% and 38.8%, respectively, of the total waste generated by the Group.

Class I and II waste is handed over for neutralization or recycling. Its share is 0.04% of the total waste generated by the Group.

Class III is represented, inter alia, by some of the oil-contaminated waste (that with a share of petroleum products greater than 15%). Oil-contaminated waste accounts for nearly 6.5% of the total waste generated by the Group and is handed over for neutralization or recycling.

Appendix 8.

Glossary of Abbreviations and Code Names used in the Report

Terms and abbreviations	Description
ADR	American depositary receipt
APG	Associated petroleum gas
APR	Asia-Pacific Region
BAT	Best available technologies
BCS	Booster compressor station
boe	barrels of oil equivalent
CCES	Corporate continuous education system
CDP	Carbon Disclosure Project
CIS	Commonwealth of Independent States
CNG	Compressed natural gas
CNG filling station	Automobile gas-filling compressor station
Company	PJSC Gazprom
CS	Compressor station
CSA	Capacity supply agreement
CVD	Cardio-Vascular Disease
DCA	Designated conservation area
DDM	Digital data model
EIA	Environmental impact assessment
EMS	Environmental management system
EnMS	Energy Management System
EPI	Energy Performance Indicator
ES	Emergency situation
ESG	Environmental, social and governance criteria
ETP	Electronic Trading Platform
EU	European Union
FIFA	Federation Internationale de Football Association
FSU countries	Countries located in the former Soviet Union territory other than the Russian Federation
Gazprom Energoholding	Gazprom Energoholding LLC and companies consolidated under its management (PJSC Mosenergo, PJSC MOEK, PJSC TGC-1, and PJSC OGK-2)
Gazprom Neft Group, Gazprom Neft	PJSC Gazprom Neft and its subsidiaries
Gazprom Neftekhim Salavat	Gazprom Neftekhim Salavat LLC and its subsidiaries
Gazprom, Gazprom Group, Group	A group of companies consisting of PJSC Gazprom (parent company) and its subsidiaries
GBP ETP	Electronic Trading Platform of Gazprombank Group
GCF	Gas and condensate field
GDP	Gross Domestic Product
GHG	Greenhouse gases
GPE	Geological prospecting and exploration
GPOC	Gas Pipeline Operation Center

Appendix 8. Glossary of Abbreviations and Code Names used in the Report

GPP	Gas processing plant
GRI	Global Reporting Initiative
GS	Gas station
GTS	Gas transmission system
HIF	Hazardous industrial facility
HPP	Hydro power plant
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IMS	Information Management System
ISO	International Organization for Standardization
ISPSM	Integrated System of Process Safety Management
KhMAA – Yugra	Khanty-Mansi – Yugra Autonomous Area
KPI	Key performance indicator
LNG	Liquefied natural gas
LPG	Liquefied petroleum gases
M&E	Materials and equipment
MET	Mineral extraction tax
mcm	million cubic meters
NGO	Non-governmental organization
NGV	Natural gas vehicle
NPF	Non-governmental pension fund
NPO	Non-profit organization
OEM	Operational environmental monitoring
OGCF	Oil and gas condensate field
OHSAS	Occupational Health and Safety Assessment Series
PJSC Gazprom and its key subsidiaries	PJSC Gazprom and its gas production, transportation, processing, and underground storage subsidiaries: Gazprom Dobycha Yamburg LLC, Gazprom Dobycha Urengoy LLC, Gazprom Dobycha Nadym LLC, Gazprom Dobycha Noyabrsk LLC, Gazprom Dobycha Orenburg LLC, Gazprom Dobycha Astrakhan LLC, Gazprom Pererabotka LLC, Gazprom Dobycha Krasnodar LLC, Gazprom Transgaz Ukhta LLC, Gazprom Transgaz Surgut LLC, Gazprom Transgaz Yugorsk LLC, Gazprom Transgaz Saint Petersburg LLC, Gazprom Transgaz Moscow LLC, Gazprom Transgaz Tomsk LLC, Gazprom Transgaz Tchaikovsky LLC, Gazprom Transgaz Yekaterinburg LLC, Gazprom Transgaz Stavropol LLC, Gazprom Transgaz Makhachkala LLC, Gazprom Transgaz Nizhny Novgorod LLC, Gazprom Transgaz Saratov LLC, Gazprom Transgaz Volgograd LLC, Gazprom Transgaz Samara LLC, Gazprom Transgaz Ufa LLC, Gazprom Transgaz Kazan LLC, Gazprom Transgaz Krasnodar LLC, OJSC Gazprom Transgaz Belarus, Gazprom UGS LLC
PRMS	Petroleum Resources Management System
QMS	Quality Management System
R&D	Research and development
RAS	Russian accounting standards
Refinery	Oil refinery
Report	Gazprom Group's Sustainability Report

Appendix 8. Glossary of Abbreviations and Code Names used in the Report

RES	Renewable energy sources
RUIE	Russian Union of Industrialists and Entrepreneurs
Sakhalin Energy	Sakhalin Energy Investment Company Ltd.
SDG	Sustainable development goal
SER	Secondary energy resources
SME	Small and medium-sized enterprises
Subsidiary	Subsidiary company
tcm	trillion cubic meters
Ton of reference fuel	Ton of reference fuel (coal equivalent) equal to 877 cubic meters of natural gas, 0.7 ton of oil and gas condensate
TPP	Thermal power plant
UEFA	Union of European Football Associations
UES	Unified Energy System
UGS	Underground gas storage
UGSS	Unified Gas Supply System
VAT	Value-added tax
VIT	Vacuum insulated tubing
WPP	Water purification plant

Appendix 9.

Assurance of the Russian Union of Industrialists and Entrepreneurs



Appendix 10.

Approval by FBK

GRI 102-56



INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

To the management of PJSC «GAZPROM»

We have undertaken a limited assurance engagement of the accompanying Gazprom Group's Sustainability Report 2019 (hereinafter referred to as the Report) compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

Responsibility of PJSC «GAZPROM»

PJSC «GAZPROM» is responsible for preparation of the Report in compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Report compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Report is free from material misstatement.

A limited assurance engagement undertaken in accordance with this standard involves assessing compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have performed the following activities:

- Interviewing the management and employees of Gazprom Group's companies and obtaining documentary evidence.
- Study of information available on the websites Gazprom Group's companies related to their activities in the context of sustainable development.
- Study of public statements of third parties concerning economic, environmental and social aspects of Gazprom Group's companies activities, in order to check validity of the declarations made in the Report.
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes.

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.



- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in PJSC «GAZPROM».
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.
- Analysis of information in the Report for compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

The procedures were performed only in relation to data for the year ended 31 December 2019.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the requirements of Standards to the report prepared in accordance with the Core option and information referred to in the section of the Report "Appendix 1. GRI Content Index". In respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.

The procedures were not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of PJSC «GAZPROM» as the parent company of Gazprom Group to take any actions related to the future; as well as statements based on expert opinion.

The procedures were performed in relation to the version of the Report subject to public verification by Non-Financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs, as well as sending to Global Reporting Initiative in order to notify it of the use of the Standards in the Report preparation.

The procedures were performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the PJSC «GAZPROM» website.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about compliance of the Report, in all material respects, with the requirements of Standards to the report prepared in accordance with the Core option.

Limited Assurance Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report has not complied, in all material aspects, with requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

FBK, LLC

Practitioner
Partner
acting under Power of Attorney No. 76/18 of December 17, 2018
The Russian Federation, Moscow
September 10, 2020



V.Y. Skobarev

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

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Appendix 11.

Opinion Issued Following Public Consultations

Introduction

PJSC Gazprom (hereinafter – the Company) proposed that we assess the information disclosed in the Gazprom Group’s Sustainability Report 2019 (hereinafter – the Report) for alignment with stakeholder expectations, along with the quality of the Company’s response to the recommendations and proposals received from stakeholders during the Report preparation.

Report Assessment Procedure

We were given an opportunity to read the draft Report provided by the Company, ask questions and offer feedback during dedicated the Public consultations which were held online. In the course of the Public consultations, we were provided with the required comments and the table on how the Company took into account our recommendations and proposals. We provide assessment of the above information only.

We are unaware of any facts that may compromise the reliability of information disclosed in the Report. Yet, it should be noted that reviewing the collection and analysis system for the reported information and its reliability is beyond the scope of this assessment. Besides, the assessment does not purport to confirm the extent of the Report compliance with any Russian and international reporting and/or operational standards.

When assessing the Report, we expressed our own opinion as independent experts, not representatives of the company that employs us. We confirm our independence and objectivity in respect of the Report assessment. We did not receive any remuneration from the Company for taking part in the Public consultations.

The results of our work are presented in this Opinion issued following the Public consultations. The Opinion contains judgements on which we have come to an agreement. The Company may use it for corporate and stakeholder communication purposes by publishing the original version without any changes.

Disclosure Alignment with Stakeholder Expectations

The Report presents the list of material topics jointly defined by the Company’s representatives and a wide range of stakeholders. We believe that the selected material topics reflect the key interests of stakeholders.

The information disclosed in the Report is well-balanced as it presents both the positive aspects of the Company’s performance and the challenges it faces along with the ways of tackling them.

In our opinion, all material information presented in the Report is sufficient for the stakeholders to gain an understanding of the Company’s current state and development prospects.

The Company’s Response to Stakeholder Recommendations as part of the Report Preparation

To take into account information queries from a wide range of stakeholders in the best possible way, the Company surveyed over 2,000 representatives of such stakeholders. The results served as a basis for the final list of material topics to be reflected in the Report.

representatives to comment on the Report’s contents. The Company recorded all proposals and recommendations received during the Public consultations, analysed them and provided the information on how they were taken into account in preparing the Report, which proves that the dialogue was constructive.

Additionally, for the first time in its history, the Company held public consultations on the draft Report enabling us as stakeholder

Conclusions

We are agreed to give a positive opinion on the Report in terms of its format and the extent of disclosure. The Company prepared an informative and well-structured reporting document that meets our expectations.

We highly appreciate the Company’s initiative aimed at interacting with stakeholders in preparing the Sustainability Report, and recommend the Company to continue close cooperation on this issue with representatives of the target audiences of the Report.

Public Consultations: Signatures of Participants

Full name	Position	Signature
BELIKOV, Igor	Director, Russian Institute of Directors Non-Profit Partnership	
BESSEL, Valery	Professor of the Department of Thermodynamics and Thermal Engines at Gubkin Russian State University of Oil and Gas, Executive Vice President of NewTech Services	
BOBYLEV, Sergey	Head of Environmental Economics Department, Faculty of Economics, Lomonosov Moscow State University	
GRISHANKOVA, Svetlana	CEO, Rating Agentur Expert RA GmbH	
ESIPOVA, Irina	General Director, Fuel and Energy Communications Development Center	
ZAVALNY, Pavel	Deputy of the State Duma of the Federal Assembly of the Russian Federation, Chairman of the State Duma Energy Committee	
KNIZHNIKOV, Aleksey	Head of the Program for the Business Environmental Responsibility at WWF Russia	
KOVALCHUK, Vladimir	Chairman of the Gazprom Workers' Union Interregional Organization	
PLAKIDA, Alexander	Chair of the Boards of the Association “National Network of the Global Compact”	
REMCHUKOV, Maxim	Sustainable Development Director, SIBUR	
TKACHENKO, Galina	Chair of the NGO “Visit” Youth Leisure Center in Svobodny (Amur Region), Chair of the Public Council of the Amur GPP Construction project	
FEOKTISTOVA, Elena	Deputy Chair of the Committee on Corporate Social Responsibility and Sustainable Development, Managing Director for Corporate Responsibility, Sustainable Development and Social Entrepreneurship, The Russian Union of Industrialists and Entrepreneurs	
KHUDI, Valery	Chairman of the Management Board of Yamal Regional Social Movement of Indigenous Minorities “Yamal”	

Contacts and Feedback

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Should you have any questions regarding this Sustainability Report, please contact PJSC Gazprom’s Department responsible for the common information policy.

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