

**PJSC GAZPROM**

**CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS**

**FOR THE YEAR 2017**

**1 GENERAL INFORMATION**

This consolidated Report on payments to governments (the "Report") has been prepared under the requirements of the UK Financial Conduct Authority's Disclosure Rules and Transparency Rules 4.3A.

The Report contains information on payments made to governments in 2017 by PJSC Gazprom and its subsidiaries (the "Gazprom Group") engaged in exploration, prospection and extraction of mineral resources ("extractive activities"). The Report excludes payments made by the Gazprom Group entities not engaged in extractive activities.

**2 BASIS FOR PREPARATION**

For the purposes of the Report, the Gazprom Group subsidiaries are defined as entities controlled by PJSC Gazprom.

Associates and joint ventures accounted for using the equity method are excluded from the Report.

The Russian Ruble is the presentation currency of the Report and the consolidated financial statements of the Gazprom Group prepared in accordance with the International Financial Reporting Standards ("IFRS"). All amounts disclosed in the Report are presented in millions of Russian Rubles.

Payments made in foreign currencies have been translated into Russian Rubles at the average annual exchange rates of respective currencies set by the Central Bank of the Russian Federation.

For the purposes of the Report, the term "governments" mean any national, federal or local authorities, ministries or agencies authorized for collection of taxes, budgetary and other payments in accordance with applicable legislation effective as of the date of the payment obligation occurrence. In the context of the Report, governments also include legal entities authorized

for collection of taxes, fees and other payments imposed by governments.

The Report includes all direct and indirect payments made to governments.

For the purposes of the Report, payments to governments include the following:

- a) Production entitlements;
- b) Taxes levied on the income, production or profit of companies (mineral extraction tax, profit tax (including profit tax paid by PJSC Gazprom consolidated group of taxpayers), land tax and other similar taxes), except for those specified in paragraph (h) below;
- c) Royalties;
- d) Dividends (except for those specified in paragraph (i) below);
- e) Signature, discovery and production bonuses;
- f) License fees, rental fees, other considerations for obtaining and using licenses or concessions;
- g) Payments for infrastructure improvements (except for social expenses).

**2 BASIS FOR PREPARATION (continued)**

For the purposes of the Report, payments to governments do not include the following:

- h) Turnover taxes (value added tax, sales tax and other similar taxes) or taxes withholding by an entity acting as tax agent (personal income tax and other similar taxes);
- i) Dividends paid to shareholders that are governments, on the same terms as to other shareholders;
- j) Export duties and other payments related to export and transportation of mineral resources.

There were no payments of royalties (c), dividends (d) or bonuses (e) to governments in 2017.

The Report presents payments breakdowns by the following categories:

- Countries in which the Gazprom Group's organizations are engaged in extraction activities and projects implemented as part of extractive activities;
- Countries in which the Gazprom Group's organizations are engaged in extraction activities and governments (budgets) for the benefit of which payments were made.

For the purposes of the Report, the term "project" means a legal entity engaged in the extraction activity. This definition is based on the existing tax regulations in the Russian Federation where the Gazprom Group performs most of its extraction activities. In accordance with the effective tax legislation in the Russian Federation, only mineral extraction tax can be determined for each particular field. All other taxes are calculated and collected at the level of a legal entity as a whole and cannot be allocated to particular fields.

If a Gazprom Group company is involved in several types of business activities (including extraction activities) and a portion of its tax obligations directly related to extraction activities cannot be determined, the whole tax payment is included in the Report.

Note 31 "Net cash from operating activities" in the consolidated financial statements of the Gazprom Group prepared in accordance with IFRS for the year 2017 discloses information on taxes paid and other similar payments made in cash by all subsidiaries of the Gazprom Group (regardless of their types of business activities) in 2017.

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**3 PAYMENTS TO GOVERNMENTS**

The table below sets forth information on payments to governments, summarized by countries and projects:

|                                                      | Production entitlements | Taxes on income, production or profit | License fees, rental fees, entry fees and other considerations for obtaining and using licenses or concessions | Payments for infrastructure improvements | Total            |
|------------------------------------------------------|-------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------|
| <b>Russian Federation</b>                            | <b>1,236</b>            | <b>1,020,330</b>                      | <b>2,410</b>                                                                                                   | <b>2,238</b>                             | <b>1,026,214</b> |
| PJSC Gazprom                                         | 17                      | 164,914                               | 263                                                                                                            | -                                        | 165,194          |
| LLC Gazprom dobycha Yamburg                          | -                       | 196,473                               | 69                                                                                                             | 22                                       | 196,564          |
| LLC Gazprom dobycha Urengoy                          | -                       | 145,623                               | 176                                                                                                            | 7                                        | 145,806          |
| LLC Gazpromneft-Khantos <sup>1</sup>                 | -                       | 118,692                               | 223                                                                                                            | 169                                      | 119,084          |
| LLC Gazprom dobycha Nadym                            | 4                       | 69,529                                | 56                                                                                                             | 30                                       | 69,619           |
| JSC Gazpromneft-Noyabrskneftegaz <sup>1</sup>        | 15                      | 67,372                                | 281                                                                                                            | 601                                      | 68,269           |
| LLC Gazprom dobycha Astrakhan                        | -                       | 39,233                                | 8                                                                                                              | 1                                        | 39,242           |
| LLC Gazprom dobycha Noyabrsk                         | 3                       | 33,792                                | 258                                                                                                            | 6                                        | 34,059           |
| LLC Gazpromneft-Yamal <sup>1</sup>                   | 2                       | 32,302                                | 52                                                                                                             | 955                                      | 33,311           |
| OJSC Severneftegazprom                               | 4                       | 32,757                                | 70                                                                                                             | 25                                       | 32,856           |
| LLC Zapolyarneft <sup>1</sup>                        | -                       | 31,748                                | 88                                                                                                             | 6                                        | 31,842           |
| LLC Gazpromneft-Orenburg <sup>1</sup>                | 10                      | 20,882                                | 401                                                                                                            | -                                        | 21,293           |
| LLC Gazprom dobycha Orenburg                         | -                       | 16,395                                | 38                                                                                                             | 389                                      | 16,822           |
| OJSC Vostokgazprom                                   | -                       | 13,576                                | 73                                                                                                             | -                                        | 13,649           |
| CJSC Purgaz                                          | -                       | 12,799                                | 10                                                                                                             | -                                        | 12,809           |
| LLC Gazpromneft-Vostok <sup>1</sup>                  | -                       | 9,905                                 | 87                                                                                                             | 23                                       | 10,015           |
| LLC Gazprom neft shelf <sup>1</sup>                  | -                       | 9,225                                 | 15                                                                                                             | -                                        | 9,240            |
| LLC Gazprom dobycha Krasnodar                        | 1,181                   | 3,394                                 | 54                                                                                                             | -                                        | 4,629            |
| JSC Yuzhuralneftegaz <sup>1</sup>                    | -                       | 1,167                                 | 9                                                                                                              | 1                                        | 1,177            |
| LLC Gazprom transgaz Ukhta                           | -                       | 301                                   | 79                                                                                                             | -                                        | 380              |
| LLC Noyabrskoe <sup>1</sup>                          | -                       | 142                                   | -                                                                                                              | -                                        | 142              |
| LLC Gazprom geologorazvedka                          | -                       | 1                                     | 68                                                                                                             | 3                                        | 72               |
| LLC Meretoyakhaneftgaz <sup>1</sup>                  | -                       | 26                                    | 11                                                                                                             | -                                        | 37               |
| LLC Gazprom transgaz Yugorsk                         | -                       | 33                                    | -                                                                                                              | -                                        | 33               |
| LLC Gazpromneft-Angara <sup>1</sup>                  | -                       | 24                                    | 5                                                                                                              | -                                        | 29               |
| LLC Gazpromneft-Zapolyarye <sup>1</sup>              | -                       | 20                                    | 3                                                                                                              | -                                        | 23               |
| LLC Gazpromneft-Sakhalin <sup>1</sup>                | -                       | 4                                     | 13                                                                                                             | -                                        | 17               |
| OJSC Kamchatgazprom                                  | -                       | 1                                     | -                                                                                                              | -                                        | 1                |
| <b>Republic of Iraq</b>                              | -                       | <b>261</b>                            | <b>1,769</b>                                                                                                   | -                                        | <b>2,030</b>     |
| Gazprom neft Middle East B.V. <sup>1</sup>           | -                       | 261                                   | 1,769                                                                                                          | -                                        | 2,030            |
| <b>Republic of Serbia</b>                            | -                       | <b>1,493</b>                          | <b>192</b>                                                                                                     | -                                        | <b>1,685</b>     |
| Naftna Industrija Srbije a.d. <sup>1</sup>           | -                       | 1,487                                 | 192                                                                                                            | -                                        | 1,679            |
| NAFTAGAS-Naftni servisi d.o.o. Novi Sad <sup>1</sup> | -                       | 6                                     | -                                                                                                              | -                                        | 6                |
| <b>Republic of Angola</b>                            | -                       | <b>1,389</b>                          | -                                                                                                              | -                                        | <b>1,389</b>     |
| Naftna Industrija Srbije a.d. <sup>1</sup>           | -                       | 1,389                                 | -                                                                                                              | -                                        | 1,389            |
| <b>People's Democratic Republic of Algeria</b>       | -                       | <b>330</b>                            | <b>3</b>                                                                                                       | -                                        | <b>333</b>       |
| Gazprom EP International B.V.                        | -                       | 330                                   | 3                                                                                                              | -                                        | 333              |
| <b>Plurinational State of Bolivia</b>                | -                       | <b>93</b>                             | -                                                                                                              | -                                        | <b>93</b>        |
| GP Exploracion y Produccion, S.L.                    | -                       | 93                                    | -                                                                                                              | -                                        | 93               |
| <b>Romania</b>                                       | -                       | <b>4</b>                              | -                                                                                                              | -                                        | <b>4</b>         |
| NIS PETROL doo Banya Luka <sup>1</sup>               | -                       | 4                                     | -                                                                                                              | -                                        | 4                |
| <b>Kyrgyz Republic</b>                               | -                       | -                                     | <b>1</b>                                                                                                       | -                                        | <b>1</b>         |
| PJSC Gazprom                                         | -                       | -                                     | 1                                                                                                              | -                                        | 1                |
| <b>Total payments</b>                                | <b>1,236</b>            | <b>1,023,900</b>                      | <b>4,375</b>                                                                                                   | <b>2,238</b>                             | <b>1,031,749</b> |

<sup>1</sup> Subsidiaries of PJSC Gazprom neft

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**3 PAYMENTS TO GOVERNMENTS (continued)**

The table below sets forth information on payments, summarized by countries and governments (budgets):

|                                                      | Production entitlements | Taxes on income, production or profit | License fees, rental fees, entry fees and other considerations for obtaining and using licenses or concessions | Payments for infrastructure improvements | Total            |
|------------------------------------------------------|-------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------|
| <b>Russian Federation</b>                            | <b>1,236</b>            | <b>1,020,330</b>                      | <b>2,410</b>                                                                                                   | <b>2,238</b>                             | <b>1,026,214</b> |
| federal budget                                       | 35                      | 846,115                               | 434                                                                                                            | 2                                        | 846,586          |
| regional budgets                                     | 1,201                   | 173,680                               | 1,681                                                                                                          | 30                                       | 176,592          |
| local budgets                                        | -                       | 535                                   | 295                                                                                                            | 2,206                                    | 3,036            |
| <b>Republic of Iraq</b>                              | <b>-</b>                | <b>261</b>                            | <b>1,769</b>                                                                                                   | <b>-</b>                                 | <b>2,030</b>     |
| Ministry of natural resources of KAR                 | -                       | 261                                   | 1,769                                                                                                          | -                                        | 2,030            |
| <b>Republic of Serbia</b>                            | <b>-</b>                | <b>1,493</b>                          | <b>192</b>                                                                                                     | <b>-</b>                                 | <b>1,685</b>     |
| budget of Serbian Republic                           | -                       | 732                                   | 71                                                                                                             | -                                        | 803              |
| regional budgets                                     | -                       | 90                                    | 121                                                                                                            | -                                        | 211              |
| local budgets                                        | -                       | 671                                   | -                                                                                                              | -                                        | 671              |
| <b>Republic of Angola</b>                            | <b>-</b>                | <b>1,389</b>                          | <b>-</b>                                                                                                       | <b>-</b>                                 | <b>1,389</b>     |
| budget of Angolan Republic                           | -                       | 1,389                                 | -                                                                                                              | -                                        | 1,389            |
| <b>People's Democratic Republic of Algeria</b>       | <b>-</b>                | <b>330</b>                            | <b>3</b>                                                                                                       | <b>-</b>                                 | <b>333</b>       |
| Major taxpayer department of the Ministry of Finance | -                       | 330                                   | 3                                                                                                              | -                                        | 333              |
| <b>Plurinational State of Bolivia</b>                | <b>-</b>                | <b>93</b>                             | <b>-</b>                                                                                                       | <b>-</b>                                 | <b>93</b>        |
| National Tax Service                                 | -                       | 93                                    | -                                                                                                              | -                                        | 93               |
| <b>Romania</b>                                       | <b>-</b>                | <b>4</b>                              | <b>-</b>                                                                                                       | <b>-</b>                                 | <b>4</b>         |
| local budgets                                        | -                       | 4                                     | -                                                                                                              | -                                        | 4                |
| <b>Kyrgyz Republic</b>                               | <b>-</b>                | <b>-</b>                              | <b>1</b>                                                                                                       | <b>-</b>                                 | <b>1</b>         |
| local budgets                                        | -                       | -                                     | 1                                                                                                              | -                                        | 1                |
| <b>Total payments</b>                                | <b>1,236</b>            | <b>1,023,900</b>                      | <b>4,375</b>                                                                                                   | <b>2,238</b>                             | <b>1,031,749</b> |

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