

DIVIDEND POLICY OF PUBLIC JOINT STOCK COMPANY GAZPROM

1. GENERAL PROVISIONS

1.1. This Dividend Policy has been developed in accordance with the applicable laws of the Russian Federation, the Code of Corporate Governance recommended by Letter No. 06-52/2463 of the Bank of Russia dated April 10, 2014, the Articles of Association of PJSC Gazprom (hereinafter referred to as the “Company”), and the Company’s internal documents.

1.2. This Dividend Policy has been developed in order to ensure the highest degree of transparency for the shareholders and all stakeholders in the framework of dividend calculation, and lays out the principles to be observed by the Company’s Board of Directors in drafting recommendations for the Company’s General Shareholders Meeting regarding decision-making on the distribution of profits.

1.3. The Company’s Dividend Policy is based on strict respect for the shareholders’ rights and on a balance between the interests of the Company and its shareholders, and is aimed at increasing the Company’s shareholder income both through dividend payouts and by boosting the Company’s capitalization.

1.4. All matters that have not been covered by this Dividend Policy shall be governed by the applicable laws of the Russian Federation and the Company’s internal documents.

1.5. Invalidity of particular provisions of this Dividend Policy shall not invalidate other provisions and/or the Dividend Policy in its entirety.

1.6. The Company’s shareholders may, but are not obliged to, resolve to pay out (declare) dividends on shares. The Company’s General Shareholders Meeting may refrain from passing a resolution on dividend payment.

1.7. Payment of the declared dividends is the Company’s duty. In case of failure to fulfill that duty with respect to the parties entitled to dividends, the Company shall be held liable in accordance with the applicable laws of the Russian Federation.

2. TERMS AND DEFINITIONS

For the purposes of this Dividend Policy, the following terms and definitions shall apply:

Dividend – any income received by a shareholder from the Company in the course of distribution of the after-tax profit distributable on the shares held by that shareholder in proportion to the number of the shares held by the shareholder.

Register – the register of holders of the Company’s securities.

Registrar – a legal entity, which is a professional participant of the stock market, performing activities related to keeping a register of holders of the Company’s securities by virtue of a contract, and licensed to perform activities of that type.

Capitalization – the market value of the Company’s equity capital, which is equal to the price of the Company’s ordinary stock circulating on the Moscow Exchange (PJSC) multiplied by the number of the Company’s outstanding shares.

Consolidated Statements – consolidated financial statements of PJSC Gazprom and its subsidiaries, prepared in accordance with international financial reporting standards (IFRS).

Net Profit – the value of the indicator “Profit for the year attributable to the shareholders of PJSC Gazprom” as specified in the consolidated statement on the total income included in the annual Consolidated Statements.

Net Debt (Adjusted) – the value of the indicator calculated on the basis of the Consolidated Statements as the sum total of the funds borrowed (short-term credits and loans, current portion of the long-term indebtedness on credits and loans, short-term bills payable, long-

term credits and loans, long-term bills payable) less cash and its equivalents (including deposits that make part of other working and fixed assets).

Annualized EBITDA – the value of the indicator calculated on the basis of the Consolidated Statements as the sum total of operating profit, depreciation, loss from impairment or reversal of a loss from impairment of financial and non-financial assets less the loss allowance for expected credit loss on accounts receivable and inventory reserve for advance payments and prepayments made.

Net Debt (Adjusted) / Annualized EBITDA – the value of the indicator calculated by dividing the Net Debt (Adjusted) existing as of the reporting date by the Annualized EBITDA for the 12 months preceding the reporting date.

3. DIVIDEND CALCULATION PRINCIPLES AND PROCEDURE

3.1. Dividends are calculated on the basis of the Net Profit adjusted (hereinafter referred to as the “Adjusted Net Profit”) for:

- the profit (loss) on foreign exchange transactions recorded as part of financial income and expenses;
- exchange rate differences on operating items;
- the loss from impairment (reversal of a loss from impairment) of fixed assets and construction in progress;
- the loss from impairment (reversal of a loss from impairment) of investments in affiliated entities and joint ventures;
- the difference between the interest in the profit of affiliated entities and joint ventures and proceeds from affiliated entities and joint ventures.

3.2. Dividend calculation is subject to the following principles:

- compliance with the applicable laws of the Russian Federation, the Company’s Articles of Association and internal documents;
- observance of the rights and interests of shareholders;
- willingness to meet high standards of corporate governance;
- provision of the highest degree of transparency in dividend calculation and payouts;
- maintenance of a proper balance between short-term (income generation) and long-term (the Company’s development) interests of the shareholders;
- focus on raising the Company’s investment appeal and Capitalization;
- recognition of dividends as one of key indicators of the Company’s investment appeal.

3.3. The recommended amount of dividend payouts shall be determined by the Company’s Board of Directors.

The target level of dividend payouts shall amount to no less than 50 per cent of the Adjusted Net Profit. The target level shall be achieved stage by stage:

- when calculating the amount of dividends to be paid based on the results for 2019, the Company’s Board of Directors shall proceed from the assumption that the amount allocated for the dividend payout shall be equal to no less than 30 per cent of the Adjusted Net Profit;
- when calculating the amount of dividends to be paid based on the results for 2020, the Company’s Board of Directors shall proceed from the assumption that the amount allocated for the dividend payout shall be equal to no less than 40 per cent of the Adjusted Net Profit;
- when calculating the amount of dividends to be paid based on the results for 2021 and in subsequent years, the Company’s Board of Directors shall proceed from the assumption that the amount allocated for the dividend payout shall be equal to no less than 50 per cent of the Adjusted Net Profit.

3.4. In the event that the Net Debt (Adjusted)/Annualized EBITDA indicator should exceed 2.5 based on the results achieved in a particular year, the Company’s Board of Directors may resolve to reduce the amount of dividends calculated in accordance with clauses 3.1 to 3.3 hereof.

3.5. If the preparation of Consolidated Statements covering a reporting period has not been completed when proposals for dividend calculation are being drawn up, and audit of the Consolidated Statements has not been completed, a proposal to set the dividend amount

based on the expected Net Profit may be submitted to a meeting of the Company's Management Committee preceding a meeting of the Company's Board of Directors. In that case, when proposals for the dividend amount are prepared to be included in the paperwork to be submitted to a meeting of the Company's Board of Directors, the dividend amount must be adjusted based on the Net Profit recorded in the Consolidated Statements.

3.6. The amount of dividends distributable per share shall be determined by dividing the amount payable as dividends (calculated in accordance with clauses 3.1 to 3.4 hereof) by the total number of the Company's outstanding ordinary shares, subject to the mathematical rules of rounding to the hundredth place. The total amount of the funds payable as dividends shall be adjusted on the basis of the amount of dividends payable per share (subject to rounding).

3.7. Dividends shall not be distributable and payable on the shares owned by the Company, and in other cases specified in the applicable laws of the Russian Federation.

4. PROCEDURE FOR PREPARING RESOLUTION ON DIVIDEND PAYOUT (DECLARATION)

4.1. When determining the recommended amount of dividends, the Company's Board of Directors shall be governed by the applicable laws of the Russian Federation, the Company's Articles of Association and this Dividend Policy.

4.2. The Company shall not extend any preferences to particular shareholders with respect to the timelines of the payment of the declared and distributed dividends.

4.3. It is recommended that the Company's shareholders promptly notify the Registrar and/or the nominal holder (depository) in case of any changes in their data required for dividend payouts. The Company and the Registrar shall not be liable for any failure to pay dividends and/or for untimely payment of dividends or for any damages incurred therefrom if those damages resulted from the lack of accurate address or bank account details required to be provided to the Company and the Registrar.

4.4. If the declared dividends have not been paid for any reason outside of the Company's control (unclaimed dividends), the Company shall pay those dividends according to the procedure set out in the laws of the Russian Federation. No interest shall accrue on the unclaimed dividends.

If tax laws have been amended or supplemented by the time the unclaimed dividends are paid, the Company shall, when making payment of the unclaimed dividends, re-calculate the appropriate tax in accordance with the tax laws of the Russian Federation in force at the time of payment.

5. TAXES PAYABLE ON DIVIDENDS

5.1. Dividends to be paid shall be subject to tax according to the procedures set out in the applicable laws and international treaties of the Russian Federation.

5.2. Dividends shall be paid to the shareholders less the taxes withheld in the amount and according to the procedure and within the time limits set out in the applicable laws and international treaties of the Russian Federation.

5.3. Should a shareholder be entitled to a tax benefit, the shareholder may submit to the tax agent appropriate documents confirming that such benefit is applicable.

6. INFORMATION DISCLOSURE

6.1. The Company shall ensure the transparency of its dividend policy by releasing relevant information on its official website: <http://www.gazprom.com/>.

6.2. The information to be released on the Company's website shall include this Dividend Policy, any amendments and additions hereto, and information on the resolution of the Company's General Shareholders Meeting on dividend payout, including the amount, deadline, form and procedure of the payout.

7. VALIDITY PERIOD AND AMENDMENT PROCEDURE

7.1. The Dividend Policy shall be approved, amended and expanded by a resolution of the Company's Board of Directors.

7.2. This Dividend Policy shall take effect from the moment of its approval by the Company's Board of Directors.

7.3. On the day this Dividend Policy takes effect, the Dividend Policy of Open Joint Stock Company Gazprom approved by Resolution No. 1665 dated October 27, 2010, of the Board of Directors of OJSC Gazprom shall become null and void.