

PJSC GAZPROM

CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

FOR THE YEAR 2017

**PJSC GAZPROM
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FOR THE YEAR 2017
(in millions of Russian Rubles)**

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, prospecting 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).

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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
Russian Federation	1,236	1,020,330	2,410	2,238	1,026,214
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 ¹	-	118,692	223	169	119,084
LLC Gazprom dobycha Nadym	4	69,529	56	30	69,619
JSC Gazpromneft-Noyabrskneftegaz ¹	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 ¹	2	32,302	52	955	33,311
OJSC Severneftegazprom	4	32,757	70	25	32,856
LLC Zapolyarneft ¹	-	31,748	88	6	31,842
LLC Gazpromneft-Orenburg ¹	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 ¹	-	9,905	87	23	10,015
LLC Gazprom neft shelf ¹	-	9,225	15	-	9,240
LLC Gazprom dobycha Krasnodar	1,181	3,394	54	-	4,629
JSC Yuzhuralneftegaz ¹	-	1,167	9	1	1,177
LLC Gazprom transgaz Ukhta	-	301	79	-	380
LLC Noyabrskoe ¹	-	142	-	-	142
LLC Gazprom geologorazvedka	-	1	68	3	72
LLC Meretoyakhaneftegaz ¹	-	26	11	-	37
LLC Gazprom transgaz Yugorsk	-	33	-	-	33
LLC Gazpromneft-Angara ¹	-	24	5	-	29
LLC Gazpromneft-Zapolyarye ¹	-	20	3	-	23
LLC Gazpromneft-Sakhalin ¹	-	4	13	-	17
OJSC Kamchatgazprom	-	1	-	-	1
Republic of Iraq	-	261	1,769	-	2,030
Gazprom neft Middle East B.V. ¹	-	261	1,769	-	2,030
Republic of Serbia	-	1,487	192	-	1,679
Naftna Industrija Srbije a.d. ¹	-	1,487	192	-	1,679
NAFTAGAS-Naftni servisi d.o.o. Novi Sad ¹	-	6	-	-	6
Republic of Angola	-	1,389	-	-	1,389
Naftna Industrija Srbije a.d. ¹	-	1,389	-	-	1,389
People's Democratic Republic of Algeria	-	330	3	-	333
Gazprom EP International B.V.	-	330	3	-	333
Plurinational State of Bolivia	-	93	-	-	93
GP Exploracion y Produccion, S.L.	-	93	-	-	93
Romania	-	4	-	-	4
NIS PETROL doo Banya Luka ¹	-	4	-	-	4
Kyrgyz Republic	-	-	1	-	1
PJSC Gazprom	-	-	1	-	1
Total payments	1,236	1,023,900	4,375	2,238	1,031,749

¹ 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
Russian Federation	1,236	1,020,330	2,410	2,238	1,026,214
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
Republic of Iraq	-	261	1,769	-	2,030
Ministry of natural resources of KAR	-	261	1,769	-	2,030
Republic of Serbia	-	1,493	192	-	1,685
budget of Serbian Republic	-	732	71	-	803
regional budgets	-	90	121	-	211
local budgets	-	671	-	-	671
Republic of Angola	-	1,389	-	-	1,389
budget of Angolan Republic	-	1,389	-	-	1,389
People's Democratic Republic of Algeria	-	330	3	-	333
Major taxpayer department of the Ministry of Finance	-	330	3	-	333
Plurinational State of Bolivia	-	93	-	-	93
National Tax Service	-	93	-	-	93
Romania	-	4	-	-	4
local budgets	-	4	-	-	4
Kyrgyz Republic	-	-	1	-	1
local budgets	-	-	1	-	1
Total payments	1,236	1,023,900	4,375	2,238	1,031,749

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