

Gazprom Open Joint Stock Company Code of Corporate Governance (Behavior)

Approved by the annual General Shareholders Meeting of OAO Gazprom,
minutes No. 1 dated 28 June 2002

I. General Provisions

1.1. The present Gazprom Open Joint Stock Company Code of Corporate Governance (Behavior) (hereinafter referred to as the Code) is elaborated in compliance with the valid laws and regulations of the Russian Federation, commonly accepted principles of corporate conduct and terms of the activities of Gazprom Open Joint Stock Company (hereinafter referred to as “the Company”).

The Code is aimed at ensuring by the Company effective protection of the rights and interests of the shareholders; fair attitude to the shareholders; transparency of rendering of decisions; professional and ethical responsibility of the Board of Directors members, other Company officials and shareholders; enhancement of information openness and development of business ethics norms.

1.2. In the course of the development of the corporate governance practice, the Company will seek to develop commonly accepted principles of corporate governance and provisions of the Russian Corporate Code of Conduct in relations arising from the Company governance.

II. Basic Principles of Corporate Governance

2.1. The Company assumes the commitment to develop corporate relations in accordance with the principles securing the following:

real possibility for shareholders to exercise their rights related to their participation in the Company;

strategic management of the Company activities by the Board of Directors and effective control over the activities of the Company’s executive bodies, as well as accountability of the Board of Directors to the General Shareholders Meeting;

necessity of the governance of the Company's current activities by the Company's executive bodies reasonably and in good faith, and accountability thereof to the Board of Directors and to the General Shareholders Meeting;

timely disclosure of information on the Company, including its financial status, economic performance, ownership and management structure;

effective control over the Company's financial and business activities;

rights of the Company's employees stipulated by the valid laws and regulations, development of partnership relations between the Company and its employees in the solution of social issues and labour conditions regulation;

the Company's active cooperation with investors, creditors and other stakeholders for the purpose of increase in the Company's assets, value of stock and other securities of the Company.

2.2 The Company fully understands the importance of improvement of the corporate governance of its subsidiary and dependent business companies and will seek to provide openness and transparency of the activities of these organizations, as well as practical implementation therein of the present Code principles.

III. The Company Shareholders

3.1 The Company's Board of Directors, Chairman of the Management Committee, members of the Management Committee and the Company's employees shall secure the observance of the rights and legitimate interests of the Company's shareholders and investors.

The shareholders must not abuse the rights provided to them. Shareholders' acts exclusively intended to inflict harm to other shareholders or the society, as well as other abuse of the shareholders' rights shall be impermissible.

Participation of Shareholders in the Company Governance

3.2. The Company acknowledges the inalienable right of a shareholder to participate in the Company governance. The shareholders are entitled to participate in the Company governance, in the first instance, by way of rendering decisions on the most important issues of the Company activities at the General Shareholders Meeting. To exercise this right, the Company shall adopt internal documents providing in accordance with the valid laws and regulations the shareholders' rights to request the convening of the General Meeting and to submit proposals to the meeting agenda; the possibility to get prepared in due form for the participation in the General Shareholders Meeting as well as the possibility by each shareholder to exercise the right to vote.

3.3. The Company shall determine the order and the procedure of the General Shareholders Meeting, that secure equal attitude to all shareholders.

3.4. The Company shall provide to the shareholders participating in the General Meeting an opportunity to familiarize themselves with the information necessary to render well-informed and balanced decisions on the issues on the General Meeting agenda. The volume of the information and the materials to be made available to the shareholders is stipulated by the Article of Associations and internal documents of the Company.

3.5. At General Meetings shareholders shall be given the opportunity to discuss the issues of the Company's activities as stipulated by the agenda.

3.6. At the annual General Shareholders Meeting shareholders shall hear the reports of the Board of Directors and the executive bodies of the Company on the results of the Company's financial and business activities for the last financial year, participate in the discussion thereof and in rendering of necessary decisions.

3.7. The Company acknowledges as impermissible the creation of mechanisms which enable individual shareholders to gain control to the extent disproportionate to their share in the Company's charter capital. These mechanisms must be made public in order to be eliminated. Responsibility for the timely publicity thereof shall rest with the Board of Directors of the Company.

Shareholder's Proprietary Right for Shares of the Company Stock Owned by Him and Right to Receive Dividends

3.8. Shareholders shall be entitled to the free disposal of their shares of the Company stock in compliance with the provisions of the valid laws and regulations.

3.9. Shareholders' rights for the shares owned by them must be protected. The system of recording of rights for shares must provide reliability of recording of proprietary rights for shares, as well as the possibility of free and prompt alienation of the shares owned by shareholders.

3.10. Choosing a registrar, the Company must, in the first instance, assess reliability and efficiency of work thereof.

3.11. The right to receive dividends shall be shareholder's inalienable right. The dividend policy shall be stipulated by an internal document of the Company to be approved by the Board of Directors.

IV. The System of Corporate Governance and Control Bodies

4.1. The bodies that form the system of the Company's corporate governance and control shall be: the General Shareholders Meeting, the Board of Directors, the Management Committee, the Chairman of the Management Committee, the Audit Commission and the Company auditor.

4.2. The most important decisions related to the Company activities shall be rendered by the General Shareholders Meeting within the limits of its authority established by the valid laws and regulations, and the Board of Directors of the Company. Decisions related to the day-to-day governance of the Company's current activities shall be rendered by the Company's executive bodies.

The Board of Directors of the Company

4.3. The Board of Directors of the Company shall act on the basis of the Articles of Association and internal documents of the Company.

4.4. The Company deems the main goals of the Board of Directors activities to be as follows:

increase of the market capitalization of the Company;

provision of the disclosure of information on the Company to shareholders and other stakeholders;

creation of internal control mechanisms;

regular evaluation of the activities of the Company's executive bodies and the work of the management.

4.6. The Board of Directors shall secure control over the following:

the Company financial and business activities;

creation of the risk management system;

executive bodies activities.

4.7. Members of the Board of Directors must perform their duties reasonably and in good faith, for the benefit of the Company and the shareholders. The rights and responsibilities of the Board of Directors members are stipulated by the Articles of Association and internal documents of the Company.

4.8. The Board of Directors may create committees for preliminary consideration of the most important issues that pertain to its authority

4.9. The Board of Directors shall bear responsibility before the shareholders for decent selection of candidates for the members of the Company Management Committee.

4.10. The Company will seek to increase the number of independent directors of the Company.

The Company Management Committee and the Chairman of the Management Committee

4.11. The Company Management Committee and the Chairman of the Management Committee are the Company's executive bodies and the Company Management Committee shall exercise current governance of the Company activities.

4.12. The executive bodies shall exercise the governance of the Company activities in such a way as to secure receipt of dividends for shareholders, as well as the opportunities for the development of the Company itself.

To achieve these goals, the executive bodies, in the first instance, shall complete the tasks related to the implementation of the Company objectives, strategy and policy, as well as execute resolutions of the Board of Directors and the General Shareholders Meeting timely, effectively and in good faith.

4.13. The activities of the Company Management Committee and the Chairman of the Management Committee shall be regulated by the Company Articles of Association and internal documents of the Company.

4.14. The Company Management Committee and the Chairman of the Management Committee shall be elected by the Company Board of Director, taking into consideration recommendations of the Board of Directors Committee for Appointments and Remunerations. In their activities, the Management Committee and the Chairman of the Management Committee shall report to the Company Board of Directors.

4.15. When issuing recommendations with regards to the candidates for the Company Management Committee members and for the Chairman of the Management Committee, the Board of Directors Committee for Appointments and Remunerations shall evaluate their professional qualities. Participation of the Company Management Committee members and the Chairman of the Management Committee in executive bodies of other organizations shall be permissible only with the consent of the Company Board of Directors.

4.16. The Company Management Committee shall elaborate financial and business plans and programs of the Company activities and submit them for approval to the Board of Directors within the time limit established by it.

4.17. The Company Management Committee shall create the system of internal control and monitoring of risks related to the Company activities, in order to preemptively identify trends that may negatively affect current results of the activities and implementation of perspective plans of the Company development.

The Management Committee and the Chairman of the Management Committee shall provide the Board of Directors with the information on the facts that may cause the most dangerous risks for the Company, and their proposals on the prevention of crisis situations arising from these risks.

4.18. The Management Committee and the Chairman of the Management Committee shall regularly provide the Board of Directors with the information on all major issues of the business activities including the information on the implementation of the Company development strategy, profitability of the Company and its subsidiary companies, as well as report on the accomplishment of the Company financial and business plans and programs.

4.19. Interaction of the Company with its subsidiary and dependent companies shall be based on the principles, stipulated by the present Code and the Company Board of Directors.

The Company Audit Commission

4.20. In order to exercise control over the financial and business activities of the Company, the valid laws and regulations stipulate creation of a special body within the Company – the Audit Commission.

4.21. The activities of the Audit Commission shall be regulated by the Articles of Association and internal documents of the Company.

4.22. While selecting candidates for the Audit Commission, the Company shareholders must responsibly approach the assessment of the candidates' professional qualities.

4.23. The Audit Commission shall conduct audits of the financial and business activities and form independent qualified judgment on the situation in the Company. Findings of the Audit Commission shall be brought to the notice of the Company shareholders at the General Shareholders Meeting in the form of the conclusion of the Audit Commission as part of the Company annual report.

4.24. The Company Audit Commission shall audit the functioning of the system of the internal control and the system of risk management and regulation and report the results of the audit in the conclusion that shall be delivered to the shareholders together with other documents prior to the annual Meeting.

4.25. The Audit Commission shall not be restricted in its activities by opinions or instructions of the Company officials and shall act independently.

The Company Auditor

4.26. The Company auditor shall be approved by the General Shareholders Meeting on the basis of proposals of the Board of Directors following the results of the competition for the selection of audit organizations and in accordance with the valid laws and regulations.

4.27. While finalizing the results of the competition, the opinion of the Board of Directors Committee for Audit with regards to the professional qualities, business reputation and independence of the auditor shall be taken into consideration.

4.28. The Company auditor shall attend the General Shareholders Meeting and give shareholders explanations on the questions that may arise as to the auditor conclusions submitted to the General Shareholders Meeting.

4.29. While signing the contract with the auditor and during its execution, no limits may be established with regards to the volume of the work done by the auditor.

V. Insider Information and Interested Party Transactions

5.1. Insider information is the substantial information on the activities of the Company, its stock and securities and transactions with them that is not publicly available and the disclosure of which can substantially affect the market value of the Company shares and other securities.

5.2. Control must be exercised in the Company over the usage of insider information, including adoption of internal document on the usage of insider information.

When signing contracts with the Company officials and employees, the latter must assume obligation on nondisclosure of insider information.

5.3. The Company officials, employees, members of the Company Audit Commission and the Company auditor shall not use insider information otherwise than for the benefit of the Company.

5.4. In order to prevent incurrence of consequences unfavorable for the Company and to provide the protection of the Company shareholders and other stakeholders, the General Shareholders Meeting and the Board of Directors, in compliance with the valid laws and regulations, shall exercise control over transactions in the execution of which persons who participate in the Company governance or can otherwise have possibilities to influence the decisions taken by the Company, may have interest.

VI. Information Openness of the Company

6.1. The Company acknowledges the importance of provision of reliable and impartial information on the Company to the shareholders and other stakeholders.

6.2. The main principles of the disclosure of information of the Company shall be regularity and promptness of information delivery, its accessibility for the shareholders and other stakeholders, accuracy and completeness of the content and reasonable balance between the Company openness and observance of its commercial interests.

6.3. Information that constitutes commercial or professional secret must be protected.

6.4. When information is disclosed, its neutrality must be provided, meaning that preferential satisfaction of interests of one group of recipients over other groups must be ruled out. Information shall not be deemed neutral if the choice of its content or form is intended to achieve certain results or consequences.

6.5. The Company information policy must secure free and easy access to the information on the Company.

6.6. The Company shall adopt an internal document on the Company information policy, which determines documents and information that shall be disclosed and provided to the shareholders and potential investors, as well as procedures of such provision, publishing and release.

6.7. The Company policy in the sphere of public relations shall be aimed at securing regular and complete information exchange between investors and the Company by way of up-to-date means of communications and mass-media, including electronic means.

6.8. The Company shareholders shall be entitled for unrestricted access to and receipt of information on the Company activities in compliance with the valid laws and regulations.

6.9. The Company's founding documents that shall be provided to a shareholder in the procedure of preparation of the Company General Shareholders Meeting, as well as the information in accordance with the list established by the internal document on the Company information policy, shall be subject to obligatory publishing on the Company official corporate site (representation) in the Internet.

Any restrictions for the receipt of the specified information and documents shall be impermissible.

6.10. Maintaining of the order of corporate communications stipulated by the present Code, shall not impose on the Company unwarranted expenses.

VII. Final Provisions

7.1. The present Code shall be adopted by the Company General Shareholders Meeting and published in the order established by the internal document on the Company information policy.

7.2. The present Code can be amended or supplemented by resolution of the Company General Shareholders Meeting.