

## **CORPORATE GOVERNANCE CODE OF GAZPROM PUBLIC COMPANY**

### **I. GENERAL PROVISIONS**

**1.1.** This Corporate Governance (Behavior) Code of Gazprom Public Company (hereinafter – the Code) is drafted in accordance with the Russian Federation law, generally accepted corporate governance principles and Gazprom Public Company terms of operations (hereinafter – the Company).

The Code aims to ensure efficient protection of shareholder rights and interests by the Company, fair treatment of shareholders, transparent decision-making, professional and ethical responsibility of the Board of Directors members, other officials of the Company and shareholders, enhancement of transparency and development of the business ethics system.

**1.2.** As the corporate governance practice advances, the Company strives to develop generally accepted corporate governance principles and provisions recommended by the Corporate Governance Code, approved of by the Bank of Russia Board of Directors on March 21, 2014, in the relations arising in managing the Company.

### **II. MAIN CORPORATE GOVERNANCE PRINCIPLES**

**2.1.** The Company undertakes to develop corporate relations in line with the principles ensuring:

- fair treatment of shareholders in their exercising of their rights to take part in managing the Company, including participation in the Company’s profit by getting dividends;
- ruling out of shareholder actions intended to abuse of their rights, to harm the Company or other shareholders;
- reliable and efficient methods of accounting for shareholder ownership rights to shares, and the possibility of their free disposal of shares held by them;
- forming of efficient and professional Board of Directors managing the Company’s operations strategically and controlling the Company’s executive bodies, reporting to the Company’s General Meeting of Shareholders, acting in good faith and reasonably in the interests of the Company and its shareholders;
- establishment of the Company’s executive bodies reporting to the Company’s Board of Directors and General Meeting of Shareholders, managing the Company’s day-to-day operations in good faith and reasonably;
- the efficiently functioning risk management system and internal control system in place, to be reasonably sure in attaining objectives set for the Company;
- transparency of the Company’s operations, to enable informed decision-making by shareholders and investors, while maintaining a reasonable balance between the Company’s transparency and respect of its business interests;
- adherence to business ethics envisaged in Gazprom Public Company Corporate Ethics Code;
- keeping to advanced corporate social responsibility practices; and
- the Company’s active cooperation with investors, creditors and other stakeholders in order to increase the Company’s assets, value of the Company’s shares and other securities.

**2.2.** The Company realizes the importance of its subsidiaries’ and affiliates’ corporate governance improvement and will aim to ensure operational transparency of, and implementation of the principles hereof in, the said entities.

### III. SHAREHOLDERS OF THE COMPANY

**3.1.** The Company's Board of Directors, its Management Committee Chairman, Management Committee members and employees ensure observance of rights and legal interests of the Company's shareholders and investors.

The shareholders should not abuse of the rights granted to them. Shareholder actions taken with the only intention to harm other shareholders or the Company and other abuse of shareholder rights are not allowed.

#### Shareholder Participation in Managing the Company

**3.2.** The Company recognizes the shareholder's inalienable right to take part in managing the Company. The shareholders have the right to participate in managing the Company, first of all, by making decisions on the most critical issues of the Company's operations at the General Meeting of Shareholders. For execution of this right, the Company adopts internal documents ensuring, in accordance with the law, the shareholder rights to require convening of the General Meeting and to propose its agenda issues, the possibility to duly prepare for participation in the General Meeting of Shareholders, and the possibility for each shareholder to exercise his/her/its voting rights.

**3.3.** The Company defines the rules and procedures of holding the General Meeting of Shareholders, which enable equal and fair treatment of all shareholders.

**3.4.** The Company provides the shareholders participating in the General Meeting with the possibility to familiarize themselves with the information necessary for making informed, balanced decisions on the General Meeting agenda issues. The Company's Articles of Association and internal documents define the scope of information and materials provided to the shareholders.

**3.5.** At the General Meetings, shareholders are given the opportunity to discuss issues of the Company's operations, as envisaged in the respective agenda.

**3.6.** At the annual General Meeting of Shareholders, the shareholders hear reports of the Company's Board of Directors and executive bodies on the Company's financial and business performance for the elapsed financial year, take part in discussing the same and adopting the required resolutions.

**3.7.** The Company deems it inadmissible to create schemes enabling some shareholders to get the extent of control that is disproportionate to their shareholdings in the Company's authorized capital. The said schemes must be made public in order to eliminate them. The responsibility for making the schemes public in time rests with the Company's Board of Directors.

#### Shareholder Ownership Right to the Company's Shares Belonging to Him/Her/It and to the Receipt of Dividends

**3.8.** The shareholders have the right to freely dispose of their shares pursuant to the applicable law.

**3.9.** Shareholder rights to their shares should be protected. The rights accounting system for shares should ensure reliability of accounting for ownership rights to the shares and the possibility for shareholders to freely and promptly dispose of their shares.

**3.10.** When selecting the registrar, the Company should assess reliability and efficiency of his/her/its work first of all.

**3.11.** The right to receive dividends is an undeniable right of the shareholder. The Company's internal document approved of by the Board of Directors defines the Company's dividend policy.

## IV. CORPORATE GOVERNANCE AND CONTROL SYSTEM

**4.1.** Bodies comprising the Company's corporate governance and control system are: the General Meeting of Shareholders, the Board of Directors, the Management Committee, the Management Committee Chairman, the Audit Commission, and the Company's auditor.

**4.2.** The most important decisions regarding the Company's operations are taken by: the General Meeting of Shareholders within its competence established by law and the Company's Board of Directors. The decisions regarding routine management of the Company's day-to-day operations are taken by the Company's executive bodies.

### Board of Directors of the Company

**4.3.** The Company's Board of Directors acts pursuant to the Company's Articles of Association and internal documents.

**4.4.** The key tasks of the Board of Directors are to define the Company's development strategy aimed to increase the Company's capitalization and investment appeal, to define the Company's asset management principles, and to ensure an efficient financial and business performance control system in the Company.

**4.5.** Pursuant to its competence, the Board of Directors defines the strategy, policy and key principles of the Company's operations, in particular of its investments and borrowings, risk management and disposal of assets, as well as in its other activities, and controls over their implementation.

The full list of matters falling within the Company's Board of Directors competence is available in the Company's Articles of Association and internal documents.

**4.6.** Rights and obligations of the Company's Board of Directors members are defined in the Company's Articles of Association and internal documents.

**4.7.** To ensure justified and efficient decision-making, the Board of Directors establishes committees for audit, appointments and remunerations and other permanent and temporary committees and commissions.

**4.8.** The Company's Board of Directors is responsible to the shareholders for worthy selection of candidates to be elected members of the Company's Management Committee.

**4.9.** The Company will seek to increase the number of the Company's independent directors.

### Management Committee and Management Committee Chairman of the Company

**4.10.** The Management Committee and the Management Committee Chairman of the Company are the Company's executive bodies routinely managing the Company's operations.

**4.11.** The executive bodies manage the Company's operations so that to ensure both dividends for the shareholders and opportunities for the Company's development.

To attain these objectives, the executive bodies work towards, first of all, realization of the Company's goals, implementation of its strategy and policy, as well as fulfill resolutions of the Company's Board of Directors and General Meeting of Shareholders in good faith, timely and efficiently.

**4.12.** The Company's Articles of Association and internal documents regulate operations of the Company's Management Committee and the Company's Management Committee Chairman.

**4.13.** The Company's Board of Directors elects the Company's Management Committee and the Company's Management Committee Chairman, taking into account recommendations of the Board of Directors Committee for Appointments and Remunerations.

**4.14.** When recommending candidates to be elected members of the Company's Management Committee and the Company's Management Committee Chairman, the Board of Directors Committee for Appointments and Remunerations assesses their professional qualities. The Company's Management Committee members and the Company's

Management Committee Chairman are allowed to work in management bodies of other entities upon consent of the Company's Board of Directors only.

**4.15.** The Management Committee develops long-term plans and key programs of the Company's operations, as well as draws reports on their fulfillment, to be presented to the Company's Board of Directors.

The full list of matters falling within the Company's Management Committee competence is available in the Company's Articles of Association and internal documents.

**4.16.** The Company's Management Committee establishes a system for internal control and monitoring of risks related to the Company's operations, to timely identify trends that may have a negative impact on the Company's current performance and fulfillment of its long-term development plans.

The Management Committee and the Management Committee Chairman provide the Company's Board of Directors with information on facts that may trigger the Company's most critical risks and with the respective risk-related proposals to prevent crisis situations.

**4.17.** The Management Committee and the Management Committee Chairman regularly provide the Board of Directors with information on all major issues of the business operations, including data on the Company's development strategy implementation, profitability of the Company and its subsidiaries, and with reports on fulfillment of the Company's financial and business plans and programs.

**4.18.** Cooperation between the Company and its subsidiaries and affiliates is based on the principles defined in this Code and by the Company's Board of Directors.

### **Audit Commission of the Company**

**4.19.** The General Meeting of Shareholders elects the Company's Audit Commission to control over the Company's financial and business operations.

**4.20.** The Company's Articles of Association and internal documents regulate operations of the Company's Audit Commission.

**4.21.** When selecting candidates to be elected members of the Audit Commission, the Company's shareholders should responsibly assess professional qualities of candidates.

**4.22.** The Audit Commission audits financial and business operations and forms its independent expert opinion on the Company's standing. The Audit Commission conclusions are communicated to the Company's shareholders at the General Meeting of Shareholders, in the form of the Audit Commission's opinion as part of the Company's annual report.

**4.23.** The Audit Commission checks functioning of the internal control system and the risk management and control system and informs of its audit findings in the opinion provided to the shareholders together with other documents before holding the annual General Meeting of Shareholders.

**4.24.** The Company's Audit Commission members may not be members of the Company's Board of Directors at the same time, and may not hold other offices in the Company's management bodies.

**4.25.** The Audit Commission operations are unrelated to opinions and instructions of the Company's officials; the Audit Commission acts independently.

### **Auditor of the Company**

**4.26.** The Company's Auditor audits financial and business operations of the Company in accordance with legal acts of the Russian Federation, pursuant to the contract concluded with the auditor.

**4.27.** The Company's General Meeting of Shareholders approves of the Company's Auditor on the basis of the Board of Directors proposals upon a tender for selection of auditors in accordance with the applicable law.

**4.28.** In summarizing the tender results, the Board of Directors Audit Committee opinion on the auditor's professional qualities, business reputation and independence is taken into account.

**4.29.** The Company's Auditor attends the General Meeting of Shareholders and gives shareholders explanations of the Audit Opinions presented to the General Meeting of Shareholders.

**4.30.** No limitations of the work scope can be established at entering into a contract with the Auditor and in the contract fulfillment.

## **V. INSIDER INFORMATION AND RELATED PARTY TRANSACTIONS**

**5.1.** The insider information is accurate and specific information that has not been disclosed or provided (including the data representing commercial, official secret and other secret protected by law), disclosure or provision of which may have a material impact on prices of the Company's financial instruments.

The insider information requirements are defined in the Company's internal documents ensuring compliance with statutory requirements in the field of combating misuse of the insider information and market manipulations.

**5.2.** The Company should control over the insider information use, in particular by adoption of the internal document on the insider information use.

When concluding contracts with the Company's officials and employees, they undertake not to disclose the insider information.

**5.3.** Members of the Board of Directors, members of committees at the Board of Directors, Management Committee Chairman, Management Committee members, members of the Company's Audit Commission, the Company's officials, employees or the Company's Auditor have no right to use the insider information about the Company against the Company's interests.

**5.4.** To prevent outcomes undesirable for the Company and to protect interests of shareholders and other stakeholders and in accordance with the applicable law, the General Meeting of Shareholders and the Board of Directors control over entering into transactions, in which the persons who participate in managing the Company or otherwise able to influence decisions made by the Company, are interested.

## **VI. TRANSPARENCY OF THE COMPANY**

**6.1.** The Company recognizes the importance of providing shareholders, investors and other stakeholders with reliable and objective information about the Company.

**6.2.** Key principles of disclosing information about the Company are regularity and timeliness of its provision, availability of the information to shareholders, investors and other stakeholders, its reliability and completeness, maintenance of a reasonable balance between the Company's openness and adherence to its business interests.

**6.3.** The Company strives to ensure high integrity of the information being state and commercial secrets, as well as the insider information.

**6.4.** When the information is disclosed, it should be neutral, i.e. preferential satisfaction of interests of some information recipients over some other should be ruled out. The information is not neutral, if its content or presentation format is designed to trigger certain results or outcomes.

**6.5.** The Company's information policy should ensure free and easy access to information about the Company.

**6.6.** The Company adopts an internal document about the Company's information policy that defines documents and information subject to disclosure and provision to shareholders and potential investors, as well as the procedure for provision, issue and publication.

**6.7.** The Company's PR policy is aimed at ensuring regular and complete information exchange between investors and the Company via all up-to-date means of communication and mass media, including electronic ones.

**6.8.** The Company's shareholders have the right to freely access and get information about the Company in accordance with the applicable law.

**6.9.** The Company's constituent documents, the documents subject to provision to shareholders in preparation for the Company's General Meeting of Shareholders, and information as listed in the internal document about the Company's information policy are mandatory for publication on the Company's site at [www.gazprom.ru](http://www.gazprom.ru) in the Internet information and telecommunication network.

Any limitations on access to the said information and documents are inadmissible.

**6.10.** Maintenance of the corporate communications defined in this Code should not represent an unreasonable burden of the Company's expenses.

## **VII. FINAL PROVISIONS**

**7.1.** This Code is adopted by the Company's General Meeting of Shareholders and published in the manner established in the Company's internal information policy document.

**7.2.** This Code may be amended or supplemented by resolution of the Company's General Meeting of Shareholders.