

## **Remuneration and liability insurance for Members of Board of Directors, Members of Management Committee and Chairman of Management Committee**

### **Remuneration for Members of Board of Directors, Members of Management Committee and Chairman of Management Committee**

The amount of short-term remuneration paid by Gazprom to the Board of Directors Members, the Management Committee Members and the Management Committee Chairman (including salaries, bonuses and remuneration for participation in Gazprom's managerial bodies) totaled RUB 3,500,341 thousand in 2015. The said amount includes individual income tax and insurance premiums.

The Board of Directors Members who hold public office or doing state civil service do not get any remuneration from Gazprom.

The remuneration for the Board of Directors Members is approved by the annual General Shareholders Meeting.

The short-term remuneration for the Management Committee Chairman and Members as well as to the Board of Directors Members who are Gazprom's employees, is defined by labor contracts and includes, among other things, payment for health services.

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### ***Provision on procedure for determining amount of remuneration for Board of Directors Members***

*The procedure of calculating the remunerations for the Board of Directors Members is set out in the new version of the Provision on Procedure for Determining the Amount of Remuneration for the Gazprom Board of Directors Members approved by the Gazprom Board of Directors Decision of April 15, 2015.*

*The updated document prepared in line with the best global practices, envisages more precise structuring of the remuneration consisting of three parts: basic, additional and the premium part isolated in a separate segment.*

*The basic part of the remuneration is paid for exercising the authority of a Member of the Board of Directors.*

*The additional part of the remuneration is paid for additional responsibilities fulfilled by a Member of the Board of Directors when exercising the duties of the Board of Directors Chairman, or the Board of Directors Deputy Chairman, or serving on committees of the Board of Directors.*

*The premium part of the remuneration is payable for high performance assessed against corporate performance indicators applied to the annual bonus system for Gazprom's management.*

The document also envisages that the Board of Directors may recommend to the General Meeting not to pay remuneration to the Board of Directors Members or to pay less than the amount calculated in accordance with the Provision.

The Board of Directors Members who hold public office or doing state civil service do not get any remuneration.

In accordance with the Russian legislation, Gazprom makes payments to the Pension Fund of the Russian Federation for its employees, including the Management Committee Chairman and Management Committee Members, as well as the Board of Directors Members who are Gazprom employees.

Gazprom also provides the voluntary medical insurance to the Management Committee Chairman, Management Committee Members and Board of Directors Members who are Gazprom employees. The total amount of the voluntary medical insurance premiums made up RUB 7,057 thousand in 2015.

### **Liability insurance for Board of Directors and Management Committee Members**

Gazprom provides the liability insurance to its Board of Directors and the Management Committee Members (also independent directors excluding those doing state civil service), which reimburses shareholders, lenders, or other persons against damages caused by unintended negligent actions (failure to act) of the insured individuals when carrying out their managerial duties.

Having such an insurance contract is a common practice introduced at large international companies that may face unforeseen expenses due to claims filed by third parties and litigations, which in their turn may impair the Company's financial performance, business, reputation and image.

This type of insurance is relevant for Gazprom, because there is a probability of claims against Gazprom, its Board of Directors and Management Committee Members, following the Company's increasing integration into the global economy, liberalization of Gazprom's equity market and availability of the ADR program, as well as by amendments in Russian and international laws and corporate governance.

The single limit insurance covers the following risks:

- claims filed by third parties against the Board of Directors and the Management Committee Members for the reimbursement of losses caused by unintended negligent actions of the insured individuals when carrying out their managerial duties;
- claims filed by third parties against Gazprom for the reimbursement of losses caused by unintended negligent actions (failure to act) of the Board of Directors and the Management Committee Members when carrying out their managerial duties.

Single limit of indemnity consists of two parts: part one provides insurance with the applicable law other than Russian law, covers all countries and offers most beneficial

terms for Gazprom and the Board of Directors and the Management Committee Members; part two provides insurance under the Russian law and as close as possible (to the extent permitted by the legal framework of the Russian Federation) to the insurance terms of part one.

The insurance premium under the contract signed in 2015 is kept at the 2014 level and equals USD 1.57 million, whereas the insured amount is USD 100 million.

Insurance compensation under the liability insurance for Gazprom's Board of Directors and the Management Committee Members complies with international standards in terms of the insured risk scope and indemnity limits.