

PJSC GAZPROM

CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

FOR THE YEAR 2018

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FOR THE YEAR 2018
(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 2018 by PJSC Gazprom and its subsidiaries (the “Gazprom Group”) engaged in exploration, prospection and extraction of mineral resources (“extractive activities”). The Report excludes payments made by the Gazprom Group entities not engaged in extractive activities.

2 BASIS OF 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 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” means any national, federal or local authorities, ministries and agencies authorised to collect of tax, budgetary and other payments in accordance with the applicable legislation effective as of the date when the payment obligation occurs. In the context of the Report, governments also include legal entities authorised to collect 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 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, commercial discovery and production bonuses;
- f) Licence fees, rental fees, other considerations for obtaining and using licences or concessions;
- g) Payments for infrastructure improvements (except for social expenses).

2 BASIS OF 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 a 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 2018.

The Report presents payments broken down by the following categories:

- Countries in which the Gazprom Group's entities are engaged in extractive activities and projects implemented as part of extractive activities;
- Countries in which the Gazprom Group's entities are engaged in extractive 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 extractive activity. This definition is based on the existing tax regulations in the Russian Federation where the Gazprom Group performs most of its extractive 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's entity is involved in several types of business activities (including extractive activities) and a portion of its tax liabilities directly related to extractive 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 2018 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 2018.

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3 PAYMENTS TO GOVERNMENTS

The table below sets forth information on payments to governments, broken down by countries and projects:

	Production entitlements	Taxes on income, production or profit	Licence fees, rental fees and other considerations for obtaining and using licences or concessions	Payments for infrastructure improvements	Total
Russian Federation	2,209	1,332,010	2,298	10,641	1,347,158
LLC Gazprom dobycha Yamburg	-	235,061	60	26	235,147
PJSC Gazprom	24	218,489	574	9,338	228,425
LLC Gazpromneft-Khantos ¹	1,168	175,161	186	15	176,530
LLC Gazprom dobycha Urengoy	-	172,571	203	12	172,786
JSC Gazpromneft-Noyabrskneftegaz ¹	783	97,167	419	143	98,512
LLC Gazprom dobycha Nadym	-	84,930	50	2	84,982
LLC Gazpromneft-Yamal ¹	45	68,663	25	926	69,659
LLC Gazprom dobycha Astrakhan	-	49,512	10	1	49,523
LLC Zapolyarneft ¹	-	40,569	49	6	40,624
OJSC Severneftegazprom	23	35,089	63	25	35,200
LLC Gazprom dobycha Noyabrsk	-	34,264	183	4	34,451
LLC Gazpromneft-Orenburg ¹	14	30,447	48	97	30,606
OJSC Vostokgazprom	-	19,720	75	8	19,803
LLC Gazprom neft shelf ¹	152	18,685	18	1	18,856
LLC Gazprom dobycha Orenburg	-	17,288	38	2	17,328
LLC Gazpromneft-Vostok ¹	-	15,775	79	23	15,877
CJSC Purgaz	-	13,153	11	7	13,171
LLC Gazprom dobycha Krasnodar	-	3,894	38	1	3,933
JSC Yuzhuralneftegaz ¹	-	1,341	-	1	1,342
LLC Gazpromneft-Zapolyarye ¹	-	19	62	-	81
LLC Gazprom geologorazvedka	-	1	62	3	66
LLC Gazpromneft-Angara ¹	-	37	24	-	61
LLC Gazpromneft-Sakhalin ¹	-	44	13	-	57
LLC Meretoyakhaneftegaz ¹	-	42	8	-	50
LLC Gazpromneft-GEO ¹	-	39	-	-	39
LLC Gazprom transgaz Yugorsk	-	34	-	-	34
LLC Tekhnologicheskii centr Bazhen ¹	-	13	-	-	13
LLC Enerkom ¹	-	2	-	-	2
Republic of Serbia	-	4,601	193	-	4,794
Naftna Industrija Srbije a.d. ¹	-	4,594	193	-	4,787
NAFTAGAS - Oil services LLC Novi Sad ¹	-	7	-	-	7
Republic of Iraq	-	1,465	342	-	1,807
Gazprom neft Badra B.V. ¹	-	1,266	-	-	1,266
Gazprom neft Middle East B.V. ¹	-	199	342	-	541
People's Democratic Republic of Algeria	-	319	-	-	319
Gazprom EP International B.V.	-	319	-	-	319
Plurinational State of Bolivia	-	126	-	-	126
GP Exploracion y Produccion, S.L.	-	126	-	-	126
Republic of Angola	-	108	-	-	108
Naftna Industrija Srbije a.d. ¹	-	108	-	-	108
Kyrgyz Republic	-	-	2	-	2
PJSC Gazprom	-	-	2	-	2
Romania	-	1	-	-	1
NIS PETROL doo Banja Luka ¹	-	1	-	-	1
Total payments	2,209	1,338,630	2,835	10,641	1,354,315

¹ Subsidiaries of PJSC Gazprom neft.

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3 PAYMENTS TO GOVERNMENTS (continued)

The table below sets forth information on payments, broken down by countries and governments (budgets):

	Production entitlements	Taxes on income, production or profit	Licence fees, rental fees and other considerations for obtaining and using licences or concessions	Payments for infrastructure improvements	Total
Russian Federation	2,209	1,332,010	2,298	10,641	1,347,158
federal budget	23	1,097,457	733	2	1,098,215
budgets of the subjects of the Russian Federation	2,186	234,292	1,314	9,347	247,139
local budgets	-	261	251	1,292	1,804
Republic of Serbia	-	4,601	193	-	4,794
budget of the Republic of Serbia	-	3,651	40	-	3,691
regional budgets	-	85	-	-	85
local budgets	-	865	153	-	1,018
Republic of Iraq	-	1,465	342	-	1,807
budget of the Republic of Iraq	-	1,266	-	-	1,266
Ministry of Natural Resources of the Kurdistan Regional Government	-	199	342	-	541
People's Democratic Republic of Algeria	-	319	-	-	319
Major taxpayer department of the Ministry of Finance	-	319	-	-	319
Plurinational State of Bolivia	-	126	-	-	126
National Tax Service	-	126	-	-	126
Republic of Angola	-	108	-	-	108
budget of the Republic of Angola	-	108	-	-	108
Kyrgyz Republic	-	-	2	-	2
local budgets	-	-	2	-	2
Romania	-	1	-	-	1
local budgets	-	1	-	-	1
Total payments	2,209	1,338,630	2,835	10,641	1,354,315

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