

Approved by
resolution of the Board of Directors
of JSC "Gazprom"
dated 21 May 2013 No. 2159

Regulation **on JSC "Gazprom" Board of Directors Audit Committee**

This Regulation on JSC "Gazprom" Board of Directors Audit Committee (further referred to as Regulation) is developed under **Charter** of JSC "Gazprom", **Code of** corporate governance (conduct) of JSC "Gazprom", **Regulation on** JSC "Gazprom" Board of Directors, **Standard Regulation** on JSC "Gazprom" Board of Directors Committee, as well as applicable laws of the Russian Federation.

1. General provisions

1.1. This Regulation defines the procedure of establishment and operation of the JSC "Gazprom" Board of Directors Audit Committee (further referred to as Committee).

1.2. The Committee assists the Board of Directors to exercise control of financial and business operations of JSC "Gazprom" (further referred to as Company). The core objectives of the Committee are preliminary in-depth review of certain issues falling within the purview of the Board of Directors and preparing recommendations for resolutions to be made by the Board of Directors.

1.3. Activities of the Committee are subordinated to the Company Board of Directors, it acts within the limits of its authorities the Committee is vested with under this Regulation.

1.4. Proposals to establish the Committee and to elect candidates into the Committee are made by the persons who under **Charter** of JSC "Gazprom" are entitled to convene and request to convene the Board of Directors.

2. Directions of Activities of Committee

2.1. The Committee sole functions are evaluation of candidate auditors of Company, evaluation of auditor's opinion, assessment of efficiency of internal control procedures and preparing improvement proposals.

The Committee reviews the following matters:

2.1.1. Financial statements of Company:

a) review deliverables of external audits, including comments contained in the opinion of a Company's auditor, as well as measures taken by executive bodies of Company to follow up audits and/or per recommendations of a Company's auditor, in part of reasonableness and acceptability of accounting procedures, principles of generating financial statements of Company, significant estimated figures in financial statements and statements adjustments, modifications concerning the accounting policy, accounting procedures and preparation of financial statements;

b) review other matters which, in the opinion of the Committee, may impact reliability

of financial statements.

2.1.2. The functioning of the internal control system and risk management system of Company:

a) review and discuss reports drawn up by executive bodies, auditor of Company and Management Committee Internal Audit Department (further referred to as IAD) on status and performance of internal control and risk management systems;

b) hold regular meetings with members of the executive bodies of Company to review significant risks and control problems, and appropriate remedial action plans;

c) discuss results of implementing measures devised by the executive bodies of Company to improve internal control and risk management systems.

2.1.3. Observance of **the Code of** corporate governance of JSC "Gazprom".

2.1.4. IAD activities:

a) review Regulation on IAD;

b) annual review of IAD work plan;

c) periodic, at least once a year, hearing of the report made by the Head of IAD on performance;

d) review issues pertaining to improving IAD performance;

e) review significant limitations preventing IAD from achieving the stated objectives.

2.1.5. Interaction with the Internal Audit Commission of Company:

a) review findings of the Internal Audit Commission on annual check of financial and business operations of Company and other information presented by the Internal Audit Commission;

b) discussion with members of the Internal Audit Commission of issues pertaining to oversight of financial and business operations of Company.

2.1.6. External audit of Company:

a) support in selection of Company's auditor:

support preparation of proposals regarding the composition of the bidding committee to select an auditing firm for carrying out mandatory annual audit of Company (further referred to as Bidding Committee), considering that the Chairman of the Bidding Committee will be appointed from among the members of the Committee, defining the operating procedures of the Bidding Committee and the timeline for holding the selection process, coordination and presenting for approval to the Chairman of the Company's Board of Directors;

coordination of the bidding documentation, review of assessment results and comparison by the Bidding Committee of applications from bidders and preparation of recommendations to the Board of Directors concerning Company's auditor candidates;

b) discuss with Company's auditor scope and timeline for holding audit of Company;

c) discuss with Company's auditor intermediate and final audit results before audit results are brought for consideration of the Board of Directors, as well as results of consulting and other services provided by Company's auditor;

d) discuss with Company's auditor and executive bodies of Company relations between auditor and Company (including services provided by auditor to Company) that may impact the independence of auditor;

e) receive from Company's auditor and review annual official written report with description of all relations between the auditor and Company, and between the auditor and Company's affiliates, to determine what circumstances may impact the independence of Company's auditor;

f) preliminary review and approval of acceptable types and scopes of non-audit services provided by Company's auditor, and the amount of remuneration paid by Company for providing such services;

g) form opinion about independence of Company's auditor, prepare recommendations to the Board of Directors for taking measures to ensure the independence of Company's auditor;

h) assess performance of Company's auditor.

2.2. By resolution of the Board of Directors, other issues within its purview may also be brought for consideration of the Committee.

3. Rights and obligations of Committee and its members

3.1. The Committee has the rights:

3.1.1. By order of the Board of Directors, follow up on implementation by Company's bodies of the resolutions adopted by the Board of Directors in its areas of activities.

3.1.2. Receive from Company's officers documents, reports, executive summaries and other information, including information of confidential nature.

3.1.3. Invite to the sessions of the Committee:

members of the Board of Directors, Management Committee, Internal Audit Commission;

representatives of Company's auditor;

head of the Internal Audit Department;

other officers and employees of Company.

3.1.4. Engage, including by invitation, independent experts and consultants in its sessions.

3.1.5. Hold meetings with Company's auditor and staff of the internal audit service without involvement of representatives of the executive bodies of Company.

3.1.6. Exercise other authorities as defined by the Board of Directors.

3.2. The Committee is obliged:

3.2.1. Under applicable laws and internal documents of Company, to present recommendations as well as any other documents to the Board of Directors.

3.2.2. Submit to the Board of Directors reports on works performed under the Board of Directors' work plan, as well as extraordinary reports by request of the Board of Directors.

3.3. The Committee members have the right:

3.3.1. To receive the required information about activities of Company, become familiarized with constituent documents, reports, administrative and other documents of Company, including documents of confidential nature.

3.3.2. Demand in writing to convene the Committee for a session.

3.3.3. Make proposals, discuss and vote on agenda issues of the Committee session.

3.3.4. Express in writing their opinions, express disagreement with resolutions adopted by the Committee and communicate it to the Chairman of the Committee.

3.3.5. By resolution of the General Shareholders Meeting, receive for the work at the Committee a remuneration and/or compensation of costs associated with performance of their functions. Amounts of such remunerations and compensations shall be calculated in accordance with the procedures established by the internal document of Company regulating the procedure of determining remuneration to members of the Board of Directors.

3.3.6. Exercise other authorities as defined by the Board of Directors.

3.4. The Committee members are obliged:

3.4.1. To perform the duties of Committee members in good faith, act in an honest and responsible manner in the interest of Company.

3.4.2. Participate in sessions of the Committee.

3.4.3. In the event that any member of the Committee has a conflict of interest with regard to an agenda item under discussion, to notify other members of the Committee.

3.4.4. Not to use or disclose to their parties information about Company activities which, when disclosed to third parties, may have a substantial impact on Company and its goodwill.

3.4.5. In the process of performing their functions, to meet requirements set forth by applicable laws of the Russian Federation, **Charter** of JSC "Gazprom", **Regulation on** the Board of Directors of Company, this Regulation.

3.4.6. Refrain from actions which may cause a conflict between the interests of a Committee member and the interests of Company. Notify the Board of Directors of any conflict of interests in connection with matters discussed by the Committee.

4. Formation of Committee

GUARANTOR:

With regard to formation of the JSC "Gazprom" Board of Directors Audit Committee, refer to **Resolution** of JSC "Gazprom" Board of Directors, dated 16 July 2013, No. 2194

4.1. The Committee is established by resolution of the Board of Directors of Company.

4.2. The Committee shall consist of at least three members elected by majority of votes of all members of the Board of Directors. The Board of Directors has the right to terminate the authority of any member of the Committee, or to re-elect all members of the Committee.

4.3. The authority of the Committee members are terminated simultaneously with the termination of the authority of the Board of Directors which established the Committee.

4.4. The Committee is headed by the Chairman elected by the majority of votes of all members of the Board of Directors. The Board of Directors has the right to re-elect the Committee Chairman before term.

4.5. The main objective of the Committee Chairman is to ensure the Committee operates efficiently and oversees the execution of the resolutions adopted by the Board of Directors with regard to the directions of activities of the Committee.

4.6. The Chairman of the Committee:

organizes work of the Committee;

convenes and chairs Committee sessions;

defines agenda for Committee sessions;

reports on Committee work to the Board of Directors of Company;

represents the Committee in relations with executive officers, Internal Audit Commission, Company's auditor, other individuals and organizations engaged by the Committee or Company with regard to directions of activities of the Committee.

4.7. Administrative and technical support of Committee functioning is provided by the Secretariat of the Board of Directors (further referred to as Secretariat).

5. Committee work procedure

5.1. Committee sessions are held as needed, but at least one per quarter.

5.2. Decision to convene a session of the Committee shall be made by the Committee Chairman, independently or on the basis of proposal made by members of the Committee, Chairman of the Board of Directors and members of the Board of Directors, Company's auditor, Internal Audit Commission of Company.

5.3. Sessions of the Committee may be held in the form of meetings in praesentia (including by video- and teleconferencing) and in the form of absentee voting.

5.4. The issues for consideration of the Committee are brought forward:

by resolution of the Board of Directors;

at the initiative of the Chairman of the Board of Directors;

at the initiative of the Chairman of the Committee;

at the initiative of the members of the Committee;

at the initiative of the Chairman of the Management Committee of Company;

5.5. Secretariat notifies the Committee members of the session by sending notifications and materials for the session, translated into the English language as necessary, indicating the date, time, venue, form of session and agenda of the session at least within 7 work days before the session date. In case a session is held by absentee vote, voting ballots shall also be sent.

The information is sent in a manner agreed with the members of the Committee (by traditional post or by email, fax).

5.6. Quorum for a session (including when a session is held by absentee vote) shall be at least half of the elected members of the Committee.

5.7. A session of the Committee shall be opened and held by its Chairman. In the event that the Chairman is absent, the Committee members elect a chairperson for the session by the majority of votes of the Committee members attending the session.

5.8. Proceedings of a Committee session shall be defined by the chairperson of the session, with due consideration of the opinions of the Committee members.

In the event that the Committee members have no comments regarding the session materials, and there are no disagreement on recommendations proposed, the materials can be adopted without discussion.

5.9. The Committee adopts resolutions by the majority of votes of its members attending the voting, including when a session is held by absentee vote. The Committee Chairman has the casting vote in case there is a tie-breaking vote among the Committee members who attend the voting.

5.10. Transfer of vote from one member of the Committee to another member of the Committee, as well as transfer of vote to any other person shall not be allowed.

5.11. A Committee member who has a conflict of interest on an issue under discussion shall notify other members of the Committee on the conflict of interests before voting.

5.12. Resolutions of the Committee may be adopted by absentee vote (by polling).

5.13. Resolution to held an absentee vote shall be made by the Chairman of the Committee.

5.14. For absentee vote, all members of the Committee are sent notifications of absentee vote to meet the requirements specified in clause 5.5 of this Regulations, and voting ballots.

Voting ballots must indicate date of ballot submittal to the Committee.

Notifications for absentee vote are sent to the members of the Committee at least within 7 work date before the specified date when the filled out ballots should be presented to the

Committee.

5.15. The voting ballots, filled out and personally signed by the Committee members, shall be presented to Secretariat.

5.16. Members of the Committee from whom the voting ballots were received before the date specified in the ballots for presenting filled out ballots shall be considered as having voted by correspondence.

5.17. A ballot can be deemed fully or partly void on certain voting items, provided there are marks in more than one voting options on a voting item, or if the ballot has no signature of the voting member of the Committee, or if the ballot has corrections and/or reservations to the proposed draft resolution.

5.18. Based on the absentee vote returns, a voting record shall be made in accordance with **Section 6** of this Regulation.

6. Procedure of Committee resolution formalization

6.1. Minutes shall be kept at the Committee sessions.

6.2. Minutes of a session in praesentia shall be made within 3 work days after holding the session, the minutes shall be approved by all members of the Committee who attended the session and signed by the chairperson of the Committee session. Any member of the Committee has the right to make a written report on his opinion with regard to the agenda items.

The minutes of a session in praesentia shall indicate the following:

venue and time of the session;

attendees at the session;

items brought up for vote, opinions of the Committee members on matters under review, vote returns and resolutions adopted.

6.3. The minutes of a session held by absentee vote shall be drawn up not later than within 3 work days from the date specified for presenting filled out ballots, and shall be signed by the Committee Chairman.

Voting ballots signed by the Committee members shall be attached to the session minutes.

6.4. When resolutions are adopted by the Committee in the form of absentee vote, the session minutes (by absentee vote) shall indicate the following:

minutes date;

members of the Committee who presented the filled out and signed voting ballots before the date specified for presenting such voting ballots;

items brought up for vote, and vote returns;

resolutions adopted.

6.5. Minutes of the Committee sessions shall be stored at Secretariat during 3 years, whereupon minutes shall be delivered to JSC "Gazprom" archive.

6.6. Copies of Committee session minutes shall be sent to the Committee members.

6.7. Recommendations made by the Committee shall be presented to the Board of Directors within 3 work days from the date when the Committee session was held.

7. Final provisions

7.1. Amendments and supplements to the Regulation are subject to approval by the Board of Directors.

7.2. In the event that the provisions set forth by this Regulations come into contradiction with the provisions set forth by Charter of Company, the provisions set forth by JSC "Gazprom" Charter shall prevail.