

Resolution of the Board of Directors
PJSC Gazprom
No. 2621 dated November 6, 2015,
as amended by
Resolution of the Board of Directors
PJSC Gazprom
No. 3212 dated February 1, 2019,
Resolution of the Board of Directors
PJSC Gazprom
No. 3335 dated October 29, 2019,
Resolution of the Board of Directors
PJSC Gazprom
No. 3514 dated December 10, 2020,
Resolution of the Board of Directors
PJSC Gazprom
No. 3637 dated August 20, 2021

REGULATION ON INTERNAL AUDIT OF PJSC GAZPROM

1. General provisions

1.1. The Regulation on Internal Audit of PJSC Gazprom (hereinafter referred to as the “Regulation”) sets forth the goals, objectives, status, powers and responsibilities of the structural unit that performs internal audit functions at Gazprom (hereinafter referred to as the “Company”), as well as the scope and content of internal audit activities.

1.2. The organization and execution of internal audit at the Company is entrusted to the Company’s structural unit, i.e. the Department, and at the Company’s subsidiaries and entities it is entrusted to the internal audit units of the subsidiaries and entities (hereinafter referred to as the “IAUs”).

1.3. The Head of the Department is appointed and relieved from office by the Chairman of the Management Committee pursuant to the recommendation of the Deputy Chairman of the Management Committee who is in charge of coordinating the matters of personnel management, on the basis of a resolution of the Board of Directors.

1.4. The activities of the Department and the IAUs are governed by the laws of the Russian Federation, the Articles of Association of Gazprom, the Risk Management and Internal Control Policy of the Company, the Regulation on the Audit Committee of the Gazprom Board of Directors (hereinafter referred to as the “Audit Committee”), the Code of Professional Ethics of the Internal Auditor (hereinafter referred to as the “Code of Ethics”), the concept of internal audit system development of the Company, international internal audit standards, and the methodological guidelines for internal audit issued by the Federal Agency for State Property Management (Rosimushchestvo).

1.5. This Regulation is mandatory for the management and employees of the Company’s structural units, branches and representative offices (hereinafter referred to as the “Structural Units”), as well as for the subsidiaries and entities whose decisions the Company may control and define (hereinafter referred to as the “Entities”).

2. Definition, goals and objectives of internal audit unit

2.1. Internal audit encompasses the activities performed by the Department and the IAUs in order to provide the Board of Directors and the leadership of the Company with independent and objective assurance and advice aimed at improving the Company’s performance.

The mission of internal audit is to preserve and increase the value of the Company and the Entities through conducting unbiased risk-based internal audits, providing recommendations, and exchanging knowledge.

2.2. To achieve the set goals, the Department addresses the following objectives:

2.2.1. Submission of suggestions on eliminating violations and shortcomings, as well as their root causes, along with the provision of recommendations on improving the Company's performance, to the leadership of the Company.

2.2.2. Implementation of the internal audit model with centralized functioning at the Company and the Entities; coordination of the activities carried out by the IAUs.

2.2.3. Oversight to ensure the complete and timely execution of the instructions issued by the Company's leadership on the basis of the results of Audits.

2.3. To achieve the set objectives, the Department performs the following functions:

2.3.1. Organization and execution of internal audits (hereinafter referred to as the "Audits") in accordance with the established procedure at the Company's Structural Units and Entities proceeding from the Russian and international best practices of internal audit.

2.3.2. Independent and objective assessment of the reliability, effectiveness and adequacy of the Company's system of internal control, risk management and corporate governance.

2.3.3. Provision of advice on risk management, internal control and corporate governance to the Company's Board of Directors and leadership.

2.4. The activities of the Department and the IAUs are guided by the principles of independence, objectivity, competence, and professional approach to the work assigned.

2.5. With a view to ensuring continuous improvement of the activities performed by the Department and the IAUs, as well as periodical assessments of the alignment between the goals and objectives provided for by the Regulation and those established for internal audit, the Department develops and implements the internal audit quality assurance and improvement program (Section 7 of the Regulation).

3. Accountability of internal audit

3.1. In order to ensure that internal audit is independent and objective, the Department reports functionally to the Board of Directors and administratively to the Chairman of the Management Committee.

3.2. The functional reporting of the Department to the Board of Directors is achieved through the following:

3.2.1. Approval by the Board of Directors of:

- the Regulation;
- decisions on the appointment and dismissal of the Head of the Department;
- conditions of the labor agreement concluded with the Head of the Department;
- remuneration of the Head of the Department;
- the Department Work Plan, including the look-ahead and annual plans of Audits.

3.2.2. Consideration by the Board of Directors of the following information presented by the Department:

- emerging limitations preventing the Department from effectively achieving its objectives, including limitations in resources, scope of works or powers;
- report on the implementation of the Department Work Plan (including the look-ahead and annual plans of Audits) and the violations and shortcomings revealed during the Audits.

3.2.3. Execution of the internal audit powers by the Audit Committee as is provided for by the Regulation on the Audit Committee.

3.3. The administrative reporting of the Department implies the following:

3.3.1. Receipt of reports on the internal audit activities by the leadership of the Company.

3.3.2. Allocation of the required funds for conducting internal audits in line with the approved budget.

3.3.3. Administration of the Department's policies and work procedures.

3.3.4. Provision of support for the Department's interactions with the subdivisions of the Company.

3.4. The objectivity and independence of internal audit is ensured through the following arrangements:

3.4.1. The Department reports functionally to the Board of Directors and administratively to the Chairman of the Management Committee.

3.4.2. Heads of the IAUs report functionally to the Head of the Department.

3.4.3. The Head of the Department may communicate directly with the Board of Directors, the Audit Committee, and the Chairman of the Management Committee.

3.4.4. There is a delineation between the powers and duties of internal audit bodies and those of other structural units of the Company, including as described below:

3.4.4.1. The Head of the Department and heads of the IAUs cannot be charged with responsibilities that are not related to the execution of internal audit.

3.4.4.2. The Department and the IAUs cannot include units and have employees whose activities are not related to the execution of internal audit.

3.4.5. There are no restrictions against, inter alia, the following:

- obtainment by the Department of any information on the activities of the Company and the Gazprom Group entities;

- access to the documents, employees, and property of the Company and the Entities;

- determination of activity plans for internal audits and the scope of the Audits to be performed;

- provision of the Department with resources required for conducting the Audits, including engagement of external consultants (experts);

- submission of the results of the Audits by the Department to the Audit Committee and the leadership of the Company.

3.4.6. Neither the management of the Company and structural units of the Company nor the Company's employees who are not employed with the Department can interfere with the process of addressing the objectives of the Department.

3.5. If the independence or objectivity of internal auditors who are employed with the Department and the IAUs (hereinafter referred to as the "Internal Auditors") are being adversely affected (or are perceived as being adversely affected), such circumstances shall be communicated to the relevant parties.

The individual objectivity and independence of the Internal Auditors is secured through the implementation of activities aimed at eliminating any potential and existing conflicts of interest; inter alia, an auditor is prohibited to audit the areas which were under his/her responsibility during the preceding year or to which he/she is being considered to be assigned.

3.6. The Department coordinates the activities of the IAUs, inter alia, in the following areas:

3.6.1. Establishment of the IAUs and organization of their activities.

3.6.2. Approval of draft Regulations on the IAUs, as well as their structure and number of employees.

3.6.3. Approval of decisions on the appointment and dismissal of heads of the IAUs, and approval of their labor agreements.

3.6.4. Approval of work plans of the IAUs.

3.6.5. Review and assessment of reports prepared by the IAUs.

4. Powers of internal audit body

4.1. The Department (Head of the Department¹) is empowered to perform the following actions within the framework of internal audit activities:

4.1.1. If such need arises, engage employees of the Structural Units and Entities in the implementation of the Audits upon agreement with their management.

4.1.2. Obtain any needed documents and information from the Structural Units and Entities.

4.1.3. Use trade secret information and other confidential information of the Company and its counterparties.

¹ Heads of the IAUs have similar powers within their companies (taking into account the legal status and structure of such companies).

4.1.4. Convene meetings in line with established procedures, as well as take part in meetings and negotiations, including those with foreign partners, held by the Company and other organizations with regard to matters falling within the purview of the Department.

4.1.5. Submit the following for consideration by the Audit Committee and the Company's leadership:

4.1.5.1. Matters pertaining to the improvement of the Department's performance and other matters falling within its purview.

4.1.5.2. Proposals on training and professional development of the Internal Auditors.

4.1.6. Give mandatory instructions to:

4.1.6.1. Employees of the IAUs during the Audits.

4.1.6.2. Entities of the Company, as well as charge the branches and representative offices of the Company with tasks pertaining to the Department's activities (on behalf of the Company on the basis of a power of attorney).

4.1.7. Approve audit engagements and Audit plans in line with the annual plan of the Audits.

4.1.8. Engage external consultants and experts as necessary to provide internal audit services.

4.1.9. Exercise other rights and powers in line with the laws of the Russian Federation, the Articles of Association of Gazprom, and the Company's regulatory documents.

4.2. Internal Auditors have the right to, inter alia, perform the following actions during Audits:

4.2.1. Request and obtain the following from the audited unit:

- any required documents, certificates, calculations, and other information;
- access to employees, property, information databases, and software.

4.2.2. Make copies of information and documents.

4.2.3. Carry out employee surveys and polls, including those among the managers of the audited unit.

4.2.4. Take photographs and make video and audio recordings with the consent of the managers of the audited unit according to the established procedure.

4.2.5. Monitor the production process and obtain clarifications from personnel.

4.2.6. Initiate and take part in off-schedule inventories of assets and liabilities.

4.2.7. Participate as observers in off-schedule inventories undertaken by the audited unit.

5. Duties and responsibilities of Internal Auditors

5.1. Internal Auditors shall inform the Head of the Department of any limitations to their powers and conflicts of interest arising during internal audits.

5.2. Internal Auditors bear the responsibility for the quality, completeness, reliability, and objectivity of the information they present.

5.3. Internal Auditors must not use the information obtained during audits for their own interests or in any other way contrary to the provisions of the regulatory legal instruments of the Russian Federation, the Company, and the Entities.

5.4. Internal Auditors bear disciplinary responsibility for deliberate concealment of identified violations and shortcomings, as well as for improper performance of their professional duties.

5.5. Internal Auditors must observe the Core Principles for the Professional Practice of Internal Auditing.

6. Stakeholder engagement during internal audit activities

6.1. The Department is engaged in interactions with the Audit Committee, the Chairman of the Management Committee, the Entities, other Structural Units, the Company's Audit Commission, as well as the audit commissions of the Entities, other organizations and entities of the Company (hereinafter referred to as the "Commissions").

6.2. The Department's engagement with the Audit Committee is governed by Section 3 hereof, the Regulation on the Audit Committee, and the regulation on the Department.

6.3. The Department's engagement with the Chairman of the Management Committee and the Entities is governed by the local regulatory acts of the Company in the field of internal audit.

6.4. The Department coordinates its activities with external auditors so as to:

6.4.1. Ensure that all risks are covered in the areas inspected by an external auditor (primarily the audits of the financial statements of the Company and the Entities), and obtain information on the risks and shortcomings identified by the external auditor to be taken into account during the drafting of the plan of the Audits.

6.4.2. Minimize overlapping in auditing procedures and optimize costs.

6.5. The Department engages with the Company's risk management unit so as to exchange information on risks, namely for the Department to:

- communicate information on risks identified during the Audits;
- obtain information required for the development of a risk-based plan of the Audits.

6.6. The Department engages with Commissions in preparing proposals on the make-up of the Commissions and drafting their work plans.

7. Quality control and assessment of internal audit activities

7.1. The Head of the Department provides for the development and implementation of the internal audit quality assurance and improvement program (hereinafter referred to as the "Program"), which covers all aspects of internal audit.

7.2. Continuous professional development is a substantial component of the Program. The Internal Auditors must improve their knowledge, skills, and other competencies by means of continuous professional development.

7.3. The Program must include both internal and external assessments.

7.4. Internal assessments of the activities of the Department and the IAUs must include ongoing monitoring and periodic checks conducted by the Internal Auditors via self-assessment. Internal assessment reports must be submitted to the Audit Committee at least once per year.

7.5. External assessments must be conducted at least once every five years by a qualified independent assessor who is not employed by the Company.

7.6. The Head of the Department must discuss the following with the Audit Committee:

- the format and frequency of external assessments;
- the qualifications and independence of the external assessor, including possible conflicts of interest.

7.7. External assessment reports and action plans for the Department's performance improvements are submitted to the Board of Directors, the Audit Committee, and the Chairman of the Management Committee.

8. Regulatory support of internal audit activities

8.1. The Department develops and updates the local regulatory acts and guidance documents of the Company in the field of internal audit in order to manage and streamline the activities of the Department and the IAUs.

8.2. The core regulatory documents of the Company in the field of internal audit include, inter alia:

- the Code of Ethics;
- the concept of internal audit system development;
- the Risk Management and Internal Control Policy;
- the Regulation on the Audit Committee;
- the regulation on the Department;
- the instruction on internal audits;
- the procedure for planning internal audits;

- the procedure for coordinating the activities of the IAUs;
- the procedure for interaction between the Department and the audit commissions of investment objects.

9. Preparation, approval and implementation of amendments to Regulation

9.1. The Regulation shall be approved by the Board of Directors upon preliminary review by the Audit Committee.

9.2. The Head of the Department shall be responsible for the development and preparation of proposals on amendments to the Regulation. The amendments shall be approved according to the procedure described in Clause 9.1 hereof.

9.3. The Regulation shall be amended in case of emerging circumstances and/or events that have a substantial impact on internal audit activities.

9.4. Amendments to the Regulation shall be initiated by the Board of Directors, the Audit Committee, the Chairman of the Management Committee, and the Head of the Department.