

Information about the Auditor

As part of the procedure used to choose the auditor to carry out the audit of the financial (accounting) statements prepared under the RAS and IFRS, Gazprom Neft PJSC organized a two-tier candidate selection process.

The candidates and bids received during the 1st and 2nd stage of the process were selected according to the following criteria:

1. Qualifications and experience of the candidate in the subject matter.

- a) Experience in auditing companies in the oil and gas industry sector (RAS and IFRS);
- b) Positive experience in providing audit services to Gazprom Neft group companies in the last three years.

2. Procuring data protection and compliance with facility agreements (including rating agencies).

- a) Protection of the client's data (license issued by the Federal Security Service);
- b) Written approval by facility agents under the current facility agreements made by Gazprom Neft PJSC confirming that the audit firm is an internationally recognized auditor;
- c) The company fully used its audited financial statements prepared under the IFRS as part of the prospectus for debt securities when obtaining the rating from international rating agencies (Moody's, Fitch, S&P).

3. Financial parameters.

- a) Fee payable for the services, including all out-of-pocket expenses (exclusive of VAT);
- b) Terms of payment.

4. Independence.

The auditor remains independent if its revenue per client is equal to or less than 15% of the total auditor's revenue (pursuant to the requirement of the Russian Ministry of Finance – section 2.112 of the Rules of Independence of Auditors and Audit Entities and international requirements – section 290.219 of IESBA Code of Ethics).

Based on the results of the selection, PricewaterhouseCoopers Audit JSC was nominated as a candidate to be selected as the auditor of Gazprom Neft PJSC for 2016 to carry out the audit according to the Russian accounting standards (RAS) and to the international financial reporting standards (IFRS).

PricewaterhouseCoopers Audit JSC is the largest company globally providing auditor and consultancy services, Gazprom Neft PJSC has hired with this firm as its external auditor for a few years.

General and professional characteristics of the PwC network

International PwC network

PwC brand unites the firms which are part of the global network of PricewaterhouseCoopers International Limited (PwCIL) firms. The global network employs over **208,000** people in **157** countries. Each firm in the network is a legal entity and does not act as an agent of PwCIL or any other network firm.

PwC network was created in 1998 by the merger of two networks of firms — Price Waterhouse and Coopers & Lybrand — each with historical roots going back some **160** years.

Leadership on the global market

PwC network is one of the largest in the world network providing professional services: the total gross revenue for 2015 financial year was USD 35.4 billion.

Our clients globally include **418** companies from Fortune Global 500 (2015) and **443** companies from Financial Times Global 500 (2015).

Although the company size and market share are not the only marks of a leader, these parameters explain how successful we are in working with our clients and confirm that we have the required experience based on which we are going to build our work with you.

What do our clients value us for?

- Our auditors' and consultants' deep technical and professional knowledge.
- Strategic and tactical recommendations applicable in practice.
- Being able to rely on the expertise of the whole international network.
- Professional independence and work ethics.



PwC network in Russia

PwC Russia (www.pwc.ru) provides industry-focused assurance, advisory, tax and legal services. Over **2,000** people work in our offices in Moscow, St Petersburg, Ekaterinburg, Kazan, Novosibirsk, Rostov-on-Don, Krasnodar, Voronezh, Yuzhno-Sakhalinsk and Vladikavkaz. We share our thinking, vast experience and solutions to develop fresh perspectives and practical advice to open up new vistas for business.

PwC network first appeared in Russia in 1913, it entered the Russian market for the second time in 1989.

In the last two decades, PwC became one of the largest in Russia networks providing professional services.

According to the independent research carried out among large companies and organizations in Russia, during the last seven years PwC remains the leading brand among the “Big Four”. This research was conducted anonymously by an independent research organization according to ESOMAR standards.

As at the beginning of February 2015, PwC Russia employed **2,706** people, **2,601** of them are Russian citizens.

They include:

- over **1,300** accountants and auditors;
- over **470** tax and legal advisors;
- over **370** investment, corporate finance and financial and business advisors.



Clients in Russia

Currently, we have over **2,000** corporate clients in Russia, including **202** from the Expert 400 largest companies rating. They receive **78%** of the revenue realized by all the companies in the rating list.

The data prepared on the basis of the rating of the largest Russian companies in terms of revenue at the end of 2013, Expert 400, October 2014:



- **51%** – clients of PwC Russia;
- **78%** of revenue of all the companies included in Expert 400 list is generated by the clients of PwC Russia;
- **23%** – the share of the audit market held by PwC Russia network in terms of the number of clients;
- **26%** – the share of the audit market held by PwC Russia network occupied by the companies from Expert 400 list whose revenue is over USD 1 billion.

Our audit and consultancy clients:

- **10** out of the **10** largest financial companies and banks;
- **9** out of the **10** largest oil and gas companies;
- **6** out of the **10** largest electric power companies;
- **8** out of the **10** largest retail companies;
- **8** out of the **10** largest iron and steel companies;
- **4** out of the **6** largest telecom companies;
- **6** out of the **8** largest mining companies.

We are proud that we have the trust of the shareholders and top management of the largest Russian state-owned and private companies.

Membership in professional organizations

During the **25** years of our presence in Russia, we have always played an active role in professional organizations. Due to our membership in Russian non-governmental organizations, we are able to make a contribution to further development in the auditor and accounting professions in Russia and find solutions for complex challenges faced both by our profession as a whole and by our clients.

PwC Russia firms are members of many professional organizations, business clubs and business associations:

- Russian Audit Chamber (RAC);
- Russian Union of Industrialists and Entrepreneurs (RSPP);
- Association of Independent Directors (AID);
- Association of Managers of Russia (AMR);
- American Chamber of Commerce (AmCham);
- Association of European Businesses (AEB);
- Russo-British Chamber of Commerce (RBCC);
- German-Russian Foreign Trade Chamber (AHK);
- Canada Eurasia Russia Business Association (CERBA);
- U.S.-Russia Business Council (USRBC);
- Japanese Business Club (JBC);
- Russian Venture Capital Association (RVCA);
- Finnish-Russian Chamber of Commerce (FRCC);
- Association of Russian Banks (ARB) etc.

General and Professional Characteristics of PwC Audit JSC

The audit firm of PwC network was registered in Russia on 28 February 1992.

PwC Audit JSC is a part of the global network of firms PricewaterhouseCoopers International Limited, each of them is a separate legal entity.

From February 2015, PwC Audit JSC also has shareholders who are not Russian citizens.

The professional qualifications of the PwC Audit JSC staff (February 2016):

- over **167** employees have the Russian auditor's qualification certificate;
- over **284** employees have the British Chartered Accountant qualification (ACCA);
- over **21** employees have the American certified accountant qualification (CPA).

Membership in the self-regulatory organization of auditors

We confirm that PwC Audit JSC is a member of the Non-commercial Partnership Russian Audit Chamber (NP RAC) pursuant to the resolution of the Board of NP RAC dated 22 April 2004. In December 2009, PwC Audit JSC was re-registered with NP RAC in connection with NP RAC receiving the status of a self-regulatory organization of auditors. As a result of such re-registration, PwC Audit JSC was included in the register of auditors and auditor organization of the self-regulatory organization of auditors NP RAC on 21 December 2009 under the primary registration entry number 10201003683 (Certificate No. 870).

We confirm that after the date of joining NP RAC, no regulatory or disciplinary measures have been taken against and no warnings were given to PwC Audit JSC.

Professional liability insurance

PwC Audit JSC has a valid auditor professional liability insurance certificate No. 49/2007 15156-02 (P1071-11-084454-001) issued on 16 February 2016. This certificate is extended annually and is currently valid until 30 June 2016. The total insured amount is at least RUB 2,500,000,000.



Accreditation with international supervisory bodies

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PwC Audit JSC is registered with the US Public Company Accounting Oversight Board – PCAOB. The PCAOB is a nonprofit corporation established by Congress pursuant to the Sarbanes-Oxley Act of 2002 to oversee the audits of public companies in order to protect investors and the public interest. The Chairman and members of the PCAOB Board are appointed by the US Securities and Exchange Commission (SEC).

PwC Audit JSC is registered with the relevant professional oversight bodies in the UK and Luxembourg as a third country auditor organization pursuant to the resolution of the Commission of the European Union dated 29 July 2008 on the provisions on transition period for compliance with article 46(2) of Directive 2006/43/EC dated 17 May 2006.

Quality management system ISO 9001:2008

Despite the fact that auditor’s activities are not required to be mandatorily certified pursuant to the applicable laws of the Russian Federation, nevertheless, PwC Audit JSC has a certificate of conformance of the quality management system to GOST ISO 9001-2011 (ISO 9001:2008) No. CJC.PTC.PΦ.02830 dated 25 December 2014 issued by LLC RosTechStandard. The certificate of conformance is valid from 25 December 2014 through 25 December 2017.

Ratings and awards

To support our business reputation, we have occupied the first positions in Russian and international ratings and won awards and prizes for PwC network for many years.

Awards related to audit

- Best Consultant of the Year in Treasury Transactions, TMI magazine (2015);
- In 2015, PwC took the second place in the Rating of the best Employers of Russia Universum Top 100 in the Best in Class: Audit (2015);
- The best international consultancy firm on the Russian market of Private Equity, Preqveca (2014);
- According to Expert RA rating agency, at the end of 2014 PwC Russia was on the second place among the largest auditor consultancy groups in Russia (2014);
- Auditor of the Year, 2 place, Russia IPO awards (2013);
- The Best Auditor of the Year, Russia IPO awards (2012);
- 1st place in the Auditor IPO rating in terms of the amount and quantity of deals in 2009, analytical group ReDeal as part of offerings.ru project (2010);
- Recipient of Femida prize in the Audit category for being an example of legal practice in Russia, professional independence and contribution to the development of business and law (2010);
- Insurance Auditor and Consultant, Russian prize in the insurance sector Gold Salamander (2010).

Awards related to constancy

- 1st place among the auditor organizations in Forensic Financial Investigation, Vault (2016);
- PwC was named the leader in the consultancy services market in the crisis management and rehabilitation sector according to Kennedy Consulting Research & Advisory (2014);
- 1st place among auditor organizations in Forensic Financial Investigation, Vault* (2014);

*Please note that this Report was previously published under the title Market of Business Consultancy Services in 2009-2011. Kennedy points out that the title of the report was changed, but the contents are almost the same with minor changes to the section titles and definitions reflecting the changes taking place on the market. © Kennedy Information, Inc.; permission to use the information obtained.

** Source: Kennedy, Crisis and Recovery Consulting Marketplace 2009-2012; © Kennedy Information, Inc.; permission to use the information obtained.

- Global Leader in Business Consultancy, IDC (2011);
- Global Leader in Business Consultancy, Kennedy Consulting Research & Advisory* (2011);
- Number 1 in Developing Strategies for Overcoming the Effects of the Economic Crisis and Financial Restructuring, Kennedy Information** (2009);

- Leading Financial Consultant of the Year in Russia, Acquisitions Monthly (2009);
- Leader in Information Security and IT Risk Management, Forrester Research (2009);
- Best Consultant in the World in Outsourcing, International Association of Outsourcing Professionals (2009);
- Best Consultant of the Year in Treasury Transactions, TMI (2009);
- Leading Financial Consultant, Acquisitions Monthly (2009);
- Best Consultant of the Year in Financial Service in Eastern Europe and Best Consultant of the Year in Financial and Economic Analysis in Russia, ACQ Finance (2009);
- Consultant of the Year in Equity Investment in Central and Eastern Europe, unquote research agency (2009).

Awards related to taxation

- Firm of the Year in Tax Consultancy in Russia, International Tax Review (2015);
- Firm of the Year in Tax Consultancy in Russia, International Tax Review (2014);
- Leading Firm in Tax Consultancy in Russia, Global Tax Monitor (2013);
- Firm of the Year in Transfer Pricing in Russia, International Tax Review (2013);
- Firm of the Year in Tax Consultancy in Russia, International Tax Review (2011);
- Firm of the Year in Transfer Pricing in Europe, International Tax Review (2011);
- Best Tax Practice in Russia, World Finance (2011);
- Firm of the Year in Transfer Pricing in Russia, International Tax Review (2010);
- Firm of the Year in Transfer Pricing in Europe, International Tax Review (2010);
- Firm of the Year in Transfer Pricing in seven European countries and regions: Austria, the Baltic States, UK, Ireland, Portugal, Russia, Switzerland, International Tax Review (2010);
- Firm of the Year in Transfer Pricing in Russia, International Tax Review (2009);
- Best Team of Tax Professionals of the Year in Russia, World Finance (2009).

Awards related to legal services

- PwC Legal was recommended by the rating of the leading legal firms in Russia Legal 500 in the following categories: corporate law and M&A (Moscow), employment law, taxes (2016);
- PwC Legal was recommended by the rating of the leading legal firms in Russia Chambers & Partners Europe in the tax sector (2016);

- PwC Legal was named by the rating of the leading legal firms in Russia Pravo.Ru (2015). In this rating, PwC Legal is No. 8 by the quantity of lawyers and No. 9 by the revenue among the legal firms in Russia. Also, the work of PwC Legal was acknowledged in such categories as tax law, financial law, energy and natural resources, corporate law/M&A and anti-monopoly law (2015);
- PwC Legal is one of the largest firms in Russia – No. 13 in the rating published by the Kommersant (2015);
- Lawyers of the real estate and construction practices (Inga Shakhnazarova), employment law (Aleksey Dingin), and tax law (Yana Proskurina) were recommended as the best lawyers in their fields in Russia according to Best Lawyers International (2015);
- Based on the results of the rating made by Legal 500, the Russian legal practice of PwC Legal was recommended as one of the leading legal practices in Russia in the following categories: corporate law and M&A (Moscow), employment law and taxes (2014);
- Based on the results of the rating made by Chambers & Partners Europe, the Russian legal practice of PwC Legal was named as one of the leading legal firms in Russia in employment law and taxes (2014);
- The Russian legal practice of PwC Legal was included in the rating of the 50 leading legal firms in Russia made by the popular Russian magazine Sekret Firmy (the magazine belongs to the publishing house Kommersant). PwC Legal is on the ninth place in the rating among the best legal firms in Russia (2013).

General awards of PwC

- PwC is named as the strongest brand. PwC has been named the strongest business to business brand by Brand Finance and is included in the world's ten most powerful brands in the annual index prepared by this independent consultancy agency. The Brand Finance index is an annual assessment of the brand value of over 500 of the world's best known businesses. PwC achieved the highest score (AAA+) for the sixth year in a row assessing the brand as 'exceptionally strong and well managed'. Ian Duncan, Managing Director, Global Brand, PwC said: "The PwC brand is a key element in the growth of our network, both in our more well-known and established services and in new markets. The award demonstrates the strength of our brand and the progress we have made in recent years. It also shows how the investments we have made and continue to make in our people, quality and expertise are bearing fruit ." (2016);
- In 2015, PwC took the second place in the Most Attractive Employer category in business in Universum Top 10 rating of the best employers globally (2015);
- In 2013, PwC Russia received the award for achievements in managing international sports events in the Best Use of Sponsorship category for the partnership program during the preparation for the 2013 Summer Universiade in Kazan (2013);
- In 2013, PwC Russia won the Towards the Future! prize in sustainable development awarded by the Organizing Committee of Sochi 2014 Olympics in the Economic Prosperity category (2013);
- In 2012, the Russian Union of Industrialists and Entrepreneurs (RSPP) awarded PwC Russia for the contribution in the development of corporate philanthropy in Russia (2012).