APPROVED
by Resolution of
the Board of Directors of
“Surgutneftegas” PJSC,
Minutes No. 2 dated 05.10.2018.

Regulations
on the Audit Committee of the Board of Directors
of “Surgutneftegas” PJSC
(revised)

Surgut
2018

Article 1. General Provisions

1.1. These Regulations on the Audit Committee of the Board of Directors of "Surgutneftegas" PJSC (hereinafter – the Regulations) are developed in compliance with the current legislation of the Russian Federation, the Corporate Governance Code recommended by the letter of the Bank of Russia No.06-52/2463 dated 10.04.2014, the Charter of "Surgutneftegas" PJSC (hereinafter – the Company) and the Regulations on the Company's Board of Directors.

1.2. The Regulations determine the status and competence of the Audit Committee of the Company's Board of Directors (hereinafter – the Committee), its rights and responsibilities, composition, formation procedure, activities and cooperation with the management bodies, subdivisions and officials of the Company.

1.3. The Committee shall be comprised of the independent members of the Company's Board of Directors (hereinafter – the Board of Directors) and fully accountable to the Board of Directors. If the Committee cannot be formed only from among the independent members of the Board of Directors due to objective reasons, other members of the Board of Directors who do not act as Director General of the Company and are not employees of the Company may be elected to the Committee.

Article 2. Objective and Functions of the Committee

2.1. The key objective of the Committee is effective supervision by the Board of Directors of the Company's financial and business activities.

2.2. The main functions of the Committee are as follows:

to control completeness, accuracy and authenticity of the financial statements of the Company;

to control reliability and efficiency of the Company's risk management and internal control system;

to ensure independence and objectiveness of functions of internal and external audit of the Company's financial and business activity.

2.3. When performing its duties specified in the Regulations, the Committee may communicate with the Company's Auditor, the Auditing Committee of the Company (hereinafter – the Auditing Committee), the Internal Audit Service of the Company (hereinafter – the Internal Audit Service), other subdivisions and the management of the Company.

Article 3. Terms of Reference of the Committee

3.1. To achieve its objectives specified in the Regulations, the Committee shall perform:

preliminary approval of the activity plans of the Internal Audit Service, consideration of the reports of the Internal Audit Service regarding performed work and proposals of the Internal Audit Service to improve the internal control system in the Company;

assessment of the Internal Audit Service's efficiency in performing its functions;

making recommendations for the Board of Directors regarding its resolutions on appointment of the head of the Internal Audit Service;

evaluation of organizations when selecting the Company's audit organization (hereinafter – the Company's Auditor);

assessment of the quality of audits and opinions of the Company's Auditors following the results of such audits;

making recommendations for the Board of Directors to adopt the resolutions on election of the Company's Auditor;

arrangement of effective cooperation between the Committee, the Auditing Committee, the Internal Audit Service and the Company's Auditor aimed at making joint recommendations regarding improvement of the internal control system, risk management and corporate governance of the Company;

other functions aimed at achieving the objective determined by the Regulations.

Article 4. Rights and Responsibilities of the Committee

4.1. The Committee shall have the right:

to request the information required to fulfill its duties from Director General of the Company, the Board of Directors, the Auditing Committee, the Internal Audit Service and the Auditor of the Company;

to invite the representatives of the management of the Company and its employees for participation in the Committee's meetings subject to approval of Director General of the Company, as well as engage the members of the Auditing Committee in preparation of expert opinions and consultations;

to make recommendations for the Board of Directors within its terms of reference;

to control execution of resolutions and instructions of the Board of Directors based on the Committee's recommendations.

4.2. The members of the Committee shall:

participate in the Committee's activities and attend its meetings;

keep confidential all the information they became aware of when performing their duties as the members of the Committee;

inform the Board of Directors and Director General of the Company on conflict of interests which may arise in the course of performing their duties as the members of the Committee.

Article 5. Procedure for Electing the Committee and its Composition

5.1. The Committee shall consist of 3 (three) members elected from among the members of the Board of Directors subject to the conditions specified in Clause 1.3 of the Regulations. The Chairperson of the Committee shall be elected from among the independent directors.

5.2. The members of the Committee shall be elected at the meeting of the Board of Directors for a period until new members of the Board of Directors are elected by the general shareholders' meeting of the Company. A resolution to elect the members to the Committee shall be adopted by a simple majority of the total number of the members of the Board of Directors.

5.3. A member of the Committee shall have the right to resign voluntarily by submitting the written notification to the Chairperson of the Committee at least 1 (one) month prior to the date of such resignation. The Board of Directors shall elect a new member of the Committee at the earliest possible meeting but not earlier than the date of the member's resignation as set forth in the written notification, and not later than 3 (three) months from the date when the notification is submitted by the member of the Committee.

5.4. The term of office of the members of the Committee shall coincide with the term of their office as members of the Board of Directors.

5.5. The members of the Committee shall have higher education and management experience.

5.6. The powers of all or any members of the Committee may be terminated earlier by the resolution of the Board of Directors.

Article 6. Rules for Holding the Meetings of the Committee

6.1. The first meeting of the newly elected Committee shall be held not later than 1 (one) month from the date of the meeting of the Board of Directors which elected this Committee.

6.2. At the first meeting of the Committee, the Chairperson of the Committee shall be elected from among the independent directors. A resolution to elect the Chairperson of the Committee shall be adopted by a simple majority of the total number of the members of the Committee. The Committee shall have the right to reelect its Chairperson at any time.

In case the Chairperson of the Committee has failed to attend the meeting of the Committee but the present members of the Committee constitute a quorum, the person presiding at the meeting of the Committee shall be elected from among the present members.

The corporate secretary of the Company shall act as the secretary of the Committee. The secretary of the Committee shall arrange the Committee's meetings, draw up the minutes of the Committee's meetings, register and keep the minutes of the Committee's meetings, conduct clerical work for the Committee, and perform other functions aimed to facilitate the Committee's stable operation and duly execution of the Committee's resolutions.

6.3. The Chairperson of the Committee shall organize the work of the Committee, including:

convening the Committee's meetings and presiding at them;

allocating duties among the members of the Committee;

scheduling ordinary meetings for the current year based on the schedule of the meetings of the Board of Directors;

performing other functions specified in the current legislation of the Russian Federation, the Company's Charter, the Regulations and other internal documents of the Company.

6.4. The Committee shall hold its meetings according to the ordinary meetings schedule for the current year and also when needed.

6.5. The meetings convened by the Chairperson of the Committee under the approved schedule shall be deemed ordinary. All other meetings held whenever necessary, also if required by a member of the Committee or Director General of the Company, or if decided by the Board of Directors, shall be deemed extraordinary.

The agenda shall include issues proposed by the members of the Board of Directors, Director General of the Company, the Auditing Committee, the Internal Audit Service and the Company's Auditor.

6.6. The request to convene an extraordinary meeting of the Committee shall be submitted to the Chairperson of the Committee. This request shall be made in writing and contain arguments in support of the required meeting as well as propose the issues and shall be signed by the requesting person.

Within 5 (five) working days from the date when the request to convene an extraordinary meeting of the Committee has been submitted, the Chairperson shall make a decision to convene an extraordinary meeting of the Committee, appoint the date, time and venue of the meeting, or reject the request to convene an extraordinary meeting of the Committee.

6.7. The Committee's meetings shall be held as closed sessions. Upon the decision of the Chairperson of the Committee other persons may be invited to attend the Committee's meetings.

Article 7. Procedure for Adopting the Resolutions

7.1. At least 2 (two) members of the Committee shall be present to constitute a quorum of the Committee's meetings. In case there is no quorum required to hold the meeting of the Committee, not later than after 5 (five) working days the meeting of the Committee with the same agenda shall be reconvened.

7.2. The Committee shall adopt resolutions at the Committee's meetings hold in the form of joint presence or by way of absentee voting – by means of ballot papers submitted to the members of the Committee.

7.3. Each member of the Committee shall have one vote for the Committee to adopt resolutions. A member of the Committee shall not be allowed to assign his/her voting right to another person, including any member of the Committee. In case of an equal number of votes the Chairperson of the Committee shall give the casting vote.

7.4. The Committee shall adopt resolutions by the majority of votes of its members who are present at the meeting.

7.5. Following the results of the Committee's meeting, the secretary of the Committee shall draw up the minutes which indicate the date, time and venue of the meeting, information on the persons who attended the meeting, the results of voting on each issue of the agenda, information on the persons who counted votes, information on the persons who voted against the resolution and demanded to make a relevant record in the minutes, and the date of the minutes.

The minutes of the Committee's meeting shall be signed by the Chairperson of the Committee (or the person presiding at the Committee's meeting) who is responsible for the accuracy of the minutes.

Article 8. Accountability of the Committee

8.1. The Committee shall annually report to the Board of Directors on its performance results.

8.2. The Committee’s annual report shall include the following:

evaluation by the Committee of the Company’s Auditor candidates;

evaluation of the opinion of the Company’s Auditor on the financial and business activities of the Company for the year.

Article 9. Remuneration of the Members of the Committee

The members of the Committee may receive extra remuneration for participation in the Committee’s work upon resolution of the general shareholders’ meeting of the Company in addition to their basic remuneration specified in the Regulations on the Company’s Board of Directors.

Article 10. Responsibilities of the Members of the Committee

The members of the Committee shall bear responsibility in compliance with the current legislation of the Russian Federation.

Article 11. Final Provisions

These Regulations as well as amendments and addenda hereto shall be approved by the Board of Directors as prescribed by the Federal Law “On Joint Stock Companies” and the Company’s Charter.