APPROVED
by Resolution of the annual general shareholders’ meeting of
Open Joint Stock Company
“Surgutneftegas”
Minutes No.29 dated 29 June 2018

Regulations on the Auditing Committee of “Surgutneftegas” Public Joint Stock Company (revised)

Surgut
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Article 1
GENERAL PROVISIONS

1.1. The Auditing Committee is an elective supervisory body of “Surgutneftegas” Public Joint Stock Company (hereinafter – the Company) which shall control the Company’s financial and business activities.

1.2. The Company’s Auditing Committee shall act under principles of collective leadership, competence, independence and responsibility.

In its activity the Company’s Auditing Committee (hereinafter – the Auditing Committee) shall follow the current legislation of the Russian Federation, the Company’s Charter and these Regulations.

These Regulations and any amendments and addenda thereto shall be approved by the General shareholders’ meeting of the Company.

Article 2
ELECTION PROCEDURE AND COMPOSITION OF THE AUDITING COMMITTEE

2.1. The Auditing Committee shall be elected at the annual General shareholders’ meeting from the candidates nominated by the Company’s shareholders in number of three persons for a one-year term.

The term of powers of the members of the Auditing Committee shall expire when a new Auditing Committee has been elected by the annual General shareholders’ meeting of the Company.

The members of the Auditing Committee may be reelected for a new term an unlimited number of times. The shareholders can nominate the members of the Auditing Committee with an expiring term of powers to be included in a new Auditing Committee as candidates for election.

2.2. The Company’s shareholders (shareholder) owning in the aggregate at least two percent of the voting shares of the Company shall have the right to nominate candidates to the Company’s Auditing Committee. The proposal to nominate candidates to the Company’s Auditing Committee shall be submitted to the Company within 30 days after the end of the reporting year. The number of candidates stated in the proposal about their nomination shall not exceed the number of the members in the Auditing Committee.

The proposal to nominate candidates to the Auditing Committee shall be made in writing and shall include the full name (names) of the shareholders (shareholder) who have nominated candidates as well as the number and category (type) of shares owned by them, and shall be signed by the shareholders (shareholder) or by their proxies.

The proposal to nominate candidates to the Auditing Committee shall include the name and details of the identification document (series and (or) number, date and place of its issue, the authority that issued the document) of every nominated candidate as well as information on the birth date and educational background of the candidate.

The Company’s Board of Directors (hereinafter – the Board of Directors) shall consider the nominated candidates and adopt a resolution to include them (or a motivated resolution to reject their inclusion) in the candidate list for voting to be elected to the Auditing Committee within five days after the deadline for proposals.

A member of the Company's Auditing Committee may not concurrently be a member of the Board of Directors and Director General of the Company.

The shares owned by the members of the Board of Directors or Director General of the Company may not participate in voting when electing the members to the Auditing Committee.

2.3. A member of the Auditing Committee shall be considered elected if he/she received over 50 percent of the votes given by the owners of the voting shares who participated in voting.

2.4. Under the resolution of the General shareholders' meeting of the Company adopted by a simple majority of the shareholders who own the voting shares, the powers of individual members or the whole Auditing Committee may be terminated before the expiration of their powers (early termination) in case of:

repeated failure of a member of the Auditing Committee to fulfill or improper fulfillment of his/her obligations specified by the Company's Charter and these Regulations;

election of a member of the Auditing Committee to the Board of Directors or his/her appointment as Director General of the Company;

voluntary withdrawal of a member of the Auditing Committee from the Committee's membership.

In case the number of the members of the Auditing Committee is less than two, the Board of Directors shall convene an extraordinary General shareholders' meeting to elect the Auditing Committee. The remaining member of the Auditing Committee shall exercise his/her powers until a new Auditing Committee is elected.

Article 3
POWERS OF THE AUDITING COMMITTEE, RIGHTS AND RESPONSIBILITIES OF THE MEMBERS OF THE AUDITING COMMITTEE

3.1. As part of supervision over the Company's financial and business activities, the Auditing Committee shall perform inspection (audit) of the Company's financial and business activities in order to confirm that information included in the annual report and annual accounting (financial) statements of the Company is reliable and to monitor rectification of deficiencies and fulfillment of recommendations recorded in the statements of the previous inspection (audit).

The Auditing Committee shall perform other functions provided for by the current legislation of the Russian Federation.

3.2. Inspection (audit) of the Company's financial and economic activities shall be performed based on the results of the Company's annual activity, and at any other time on the initiative of the Company's Auditing Committee, under the resolution of the General shareholders' meeting, the Company's Board of Directors or upon request of the Company's shareholder (shareholders) owning in the aggregate at least 10 percent of the voting shares of the Company.

3.3. The Auditing Committee shall prepare an opinion and a statement based on the results of inspection (audit) of the financial and business activities of the Company.

The Auditing Committee's opinion shall contain:

confirmation of reliability of the data included in reports and other financial documents of the Company;

information on a breach of the accounting procedures and requirements for the financial accounting statements as prescribed by Russian legal regulations, as well as violations of Russian legal regulations when carrying out financial and business activities.

The Auditing Committee’s statement shall contain:

conditions, procedures, terms and inspection (audit) findings;

a complete report on the work performed, including facts of violation (if any) of the current legislation of the Russian Federation or the Company’s Charter committed by the Company in the course of its activities;

recommendations on how to rectify deficiencies and prevent violations in the course of the Company’s activities.

3.4. In the course of inspection (audit) the Auditing Committee shall have the right to require the submission of all the necessary materials, accounting and other documents and personal reasonings by the Board of Directors, Director General of the Company, deputies of Director General, chief accountant and the heads of the Company’s business units.

On demand (request), the specified Company’s officials shall submit information (documents) on the financial and business activities of the Company to the Auditing Committee.

The Company shall provide the Auditing Committee with office rooms, technical means and materials which are necessary for carrying out its activities.

In the course of inspection (audit) the Company and the Auditing Committee shall cooperate in such a way as not to interrupt the normal working conditions of the Company.

3.5. The Auditing Committee shall submit to the Company’s Board of Directors the opinion based on the results of inspection (audit) of the Company’s financial and business activities for a year, containing confirmation of reliability of the data included in the annual report of the Company and annual accounting (financial) statements of the Company.

Off-schedule inspection (audit) of the financial and business activities of the Company which are performed under the resolution of the General shareholders’ meeting or the Company’s Board of Directors shall commence within 20 days from the date when the chairperson of the Auditing Committee receives the minutes (a copy of the minutes, an abstract of the minutes) of the relevant management body of the Company.

Off-schedule inspection (audit) of the financial and business activities of the Company, which are performed upon request of the shareholders (shareholder) of the Company owning in the aggregate at least 10 percent of the voting shares of the Company, shall commence within 30 days from the date when the Company received the request of the shareholders to perform it.

3.6. The Auditing Committee shall have the right to request for an extraordinary General shareholders’ meeting or (and) the meeting of the Company’s Board of Directors to be convened.

3.7. The members of the Auditing Committee shall participate (under the relevant resolution of the Board of Directors) in different official inquiries in regard to the actions (resolutions) of the persons enumerated in Clause 3.4 hereof, in case such persons are supposed to be brought to financial responsibility.

3.8. The members of the Auditing Committee shall:

participate in inspections (audits) in accordance with the resolutions of the Auditing Committee;

timely submit to the Board of Directors and Director General of the Company the statements of performed inspections (audits) with all necessary proposals and recommendations included therein;

observe the terms of protection of the Company's commercial secret and shall not disclose any confidential and insider information which became available to them when performing their functions;

keep the results of inspections (audits) confidential until they are approved by the Company's bodies or shareholders upon whose order (request) inspection is held;

apply to the Board of Directors with the request to convene the meeting of the Board of Directors or an extraordinary General shareholders' meeting under threat to the Company's substantial interests or in case the corrupt practices used by the Company's officials are revealed.

Article 4
ARRANGEMENT OF THE AUDITING COMMITTEE'S ACTIVITY

4.1. Supervision of the Auditing Committee's activity shall be performed by its chairperson elected from the members of the Auditing Committee by a simple majority of votes at the first session of the Auditing Committee after its election by the General shareholders' meeting of the Company.

The chairperson of the Auditing Committee shall draw up the agenda for the meetings of the Auditing Committee, convene and hold the meeting of the Auditing Committee, manage the current operation of the Auditing Committee and sign the documents of the Auditing Committee.

The chairperson of the Auditing Committee may be reelected at any time under the resolution of the Auditing Committee adopted by the majority of votes of its members who are present at the meeting.

In case the chairperson of the Auditing Committee is absent, his/her functions shall be performed by one of the members of the Auditing Committee under the resolution of the Auditing Committee adopted by the majority of votes of its members who are present at the meeting.

4.2. The members of the Auditing Committee shall have the right to be present at the General shareholders' meetings of the Company. The chairperson of the Auditing Committee shall have the right to be present at the meetings of the Company's Board of Directors which are initiated by the Auditing Committee.

4.3. The meetings of the Auditing Committee shall be held pursuant to its approved schedule, as well as prior to inspection (audit) initiated by the Auditing Committee and after the results of such inspection (audit) are obtained.

The extraordinary meeting of the Auditing Committee shall be convened under the resolution of the General shareholders' meeting, the Board of Directors or upon request of the Company's shareholder (shareholders) which obliges the Auditing Committee to perform inspection (audit).

A resolution at the meetings of the Auditing Committee shall be adopted by a simple majority of votes of the members of the Auditing Committee who are present at the meeting. In case of an equal number of votes the chairperson of the Auditing Committee shall give the casting vote. The meeting shall be considered duly constituted if not less than a half of the elected members of the Auditing Committee are present.

For the purpose of thorough consideration of the issues, the persons who are not its members can be invited to the meeting of the Auditing Committee: the members of the Board of Directors, the Company's officials, including the employees of the internal audit service, experts, advisors and other persons invited by the chairperson of the Auditing Committee.

4.4. Resolutions adopted by the Auditing Committee shall be recorded in the minutes of the Auditing Committee. The minutes shall be written up and signed not later than three days after the close of the meeting.

The minutes of the meeting of the Auditing Committee shall include: the corporate name of the Company, the venue and date of the meeting, persons present at the meeting, the agenda of the meeting, the issues put to vote as well as the results of voting thereon, adopted resolutions and dissenting opinions of the members of the Board of Directors (if any). The minutes shall be signed by the chairperson of the Auditing Committee.

4.5. The minutes of a meeting shall be taken by a member of the Auditing Committee at the request of the chairperson.

4.6. The minutes, opinions and reports of the Auditing Committee shall be kept by the Company in the manner prescribed by the current legislation of the Russian Federation.

4.7. Under the resolution of the General shareholders' meeting, each member of the Auditing Committee during the period when he/she performs his/her duties shall be paid remuneration in the amount of RUB 700,000. The Board of Directors shall have the right to recommend to the General shareholders' meeting to reduce the amount of remuneration paid to individual members of the Auditing Committee.

The amounts of remuneration prescribed by these Regulations shall include taxes payable by a member of the Auditing Committee in accordance with the current legislation of the Russian Federation. The payment of remuneration specified by this clause of the Regulations shall be made not later than 30 calendar days from the date of the General shareholders' meeting which adopted the resolution to pay remuneration to the members of the Auditing Committee.

The Company shall reimburse the expenses of the members of the Auditing Committee provided that they are duly documented and incurred in the course of their duties.