

Appendix No.1 to Minutes No. 1  
of the meeting of the Board of Directors  
of PJSC “LUKOIL”, 13 January 2016

**REGULATIONS**  
**ON THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS OF PJSC “LUKOIL”**

## **I. GENERAL PROVISIONS**

1.1. These *Regulations on the Audit Committee of the Board of Directors of PJSC "LUKOIL"* (hereinafter the "Regulations") have been prepared in accordance with the laws of the Russian Federation, the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014, the Charter of Public Joint Stock Company "Oil company "LUKOIL" (hereinafter the "Company"), the *Regulations on the Board of Directors of PJSC "LUKOIL"*, requirements of stock exchanges and regulatory legal acts in the area of financial markets.

1.2. The Audit Committee of the Board of Directors of PJSC "LUKOIL" (hereinafter the "Audit Committee" or the "Committee") was formed for the purpose of preliminary consideration of matters of control over the financial and business activity of the Company and the LUKOIL Group, to facilitate efficient functioning of the Board of Directors of the Company in exercising control over the Company's financial and business activity by preparing relevant recommendations for the Board of Directors.

1.3. The Audit Committee is fully accountable for its activities to the Company's Board of Directors.

1.4. The Audit Committee operates within the authorities granted to it by the Company's Board of Directors in accordance with these Regulations.

1.5. The Audit Committee's activities are governed by the laws of the Russian Federation, the Company Charter, the *Regulations on the Board of Directors of PJSC "LUKOIL"*, the decisions taken by the Company's Board of Directors, these Regulations and other internal documents of the Company that are approved by the Company's General Shareholders Meeting and Board of Directors, as well as by the decisions of the Audit Committee.

1.6. The terms that are used but are not defined in these Regulations shall have the meaning that they have in the Company Charter and the *Regulations on the Board of Directors of PJSC "LUKOIL"*, unless provided otherwise by these Regulations.

## **2. FUNCTIONS OF THE AUDIT COMMITTEE**

2.1. The key functions of the Audit Committee are:

2.1.1. To control how completeness, accuracy and reliability of the accounting (financial) statements of the Company are ensured;

2.1.2. To control the reliability and effectiveness of the risk management and internal control system;

2.1.3. To ensure the independence and objectivity of the internal and external audit functions;

2.1.4. To control efficiency of the alerting system for potential *mala fide* actions by the Company's employees (including the misuse of insider or confidential information) and third parties, and other violations in the Company's operations, and also to control implementation of measures taken by the Company's executive bodies as part of this system;

2.1.5. To prepare recommendations on the possible tentative approval of the Company's Annual Report by the Board of Directors of the Company.

## **3. OBJECTIVES OF THE AUDIT COMMITTEE**

3.1. The main objectives of the Audit Committee are:

3.1.1. *Regarding accounting (financial) statements:*

- 3.1.1.1. To control how completeness, accuracy and reliability of the accounting (financial) statements of the Company are insured;
- 3.1.1.2. To analyse material aspects of the Company's accounting policy;
- 3.1.1.3. To participate in consideration of material issues and judgments related to the Company's accounting (financial) statements;
- 3.1.1.4. To study the consolidated financial statements of the LUKOIL Group prepared in accordance with IFRS;

*3.1.2. Regarding risk management, internal control and corporate governance:*

- 3.1.2.1. To control reliability and efficiency of the risk management and internal control system and the corporate governance system, including assessment of efficiency of the Company's risk management and internal control procedures, and corporate governance practices; and to draft proposals for their improvement;
- 3.1.2.2. To analyse and assess implementation of risk management and internal control policies;
- 3.1.2.3. To control procedures ensuring the Company's compliance with legal requirements, its ethical norms, rules, and procedures, and stock exchange requirements;
- 3.1.2.4. To analyse and assess implementation of conflicts of interest policies;

*3.1.3. Regarding internal and external audits:*

- 3.1.3.1. To ensure independence and objectivity of the internal audit function;
- 3.1.3.2. To review internal audit policies (regulations on internal auditing) and other internal by-laws on internal auditing;
- 3.1.3.3. To review work plans and budgets of the internal audit division of the Company, and progress reports on the implementation of internal audit work plans and activity;
- 3.1.3.4. To consider appointment (dismissal) of the head of the internal audit division;
- 3.1.3.5. To review existing authority or budget restrictions on the internal audit function which can have a negative effect on its efficiency;
- 3.1.3.6. To assess efficiency of the Company's internal audit function, control and audit procedures and consider proposals on their improvement;
- 3.1.3.7. To review draft temporary control and audit procedures subject for testing;
- 3.1.3.8. To evaluate independence, objectivity and lack of conflict of interest on the part of the Auditor of the Company, including evaluation of proposed candidates for the position of the Auditor of the Company, drafting of proposals (recommendations) to the Company's Board of Directors on appointment and re-election of the Auditor of the Company, audit fees and terms and conditions of the Auditor's engagement;
- 3.1.3.9. To supervise external audits of the Company and evaluate their quality and the Auditors' Report for subsequent provision to shareholders of the Company as material for the Annual General Shareholders Meeting of the Company;
- 3.1.3.10. To analyse and discuss with the Auditor of the Company material issues arising during the performance of the independent external audit of the Company. The Committee shall communicate its opinion on these issues (including its recommendations) to the Company's Board of Directors;
- 3.1.3.11. To ensure efficient cooperation between the internal audit division and the Auditor of the Company;
- 3.1.3.12. To develop a Company policy stipulating the principles of combination of audit and non-audit services provided by the Auditor of the Company and exercise control over its implementation;
- 3.1.3.13. To prepare recommendations on appointing the auditor of the consolidated financial statements of PJSC "LUKOIL" prepared in accordance with IFRS;

### 3.1.4. Regarding prevention of *mala fide* actions by the Company's employees and third parties:

3.1.4.1. To control efficiency of the alerting system for potential *mala fide* actions by the Company's employees and third parties, and other violations in the Company;

3.1.4.2. To supervise special investigations of potential fraud or misuse of insider or confidential information;

3.1.4.3. To control implementation of measures taken by the Company's executive bodies in response to alerts about employees' potential *mala fide* actions and other violations.

3.2. To ensure the implementation of the set objectives, the Company's Board of Directors grants the Audit Committee the following rights:

3.2.1. To participate in the monitoring and examination of the implementation of the decisions and orders of the Company's Board of Directors on issues related to its activities;

3.2.2. To hear reports of the Company's management personnel and the Head of the Company's internal audit division on the progress being made in implementing the decisions of the Company's Board of Directors on issues related to the Committee's operations;

3.2.3. To request and obtain in accordance with the existing procedure any information that is necessary for its activities from the members of the Company's executive bodies, the Secretary of the Company's Board of Directors, the members of the Company's Audit Commission, the Head of the Company's internal audit division and the Company's Auditor, the heads of the Company's structural divisions and other Company employees. The Audit Committee also has the right to request information from the Company's subsidiaries;

3.2.4. To receive professional services from outside organisations (within the Committee's budget);

3.2.5. To invite, if necessary, the persons indicated in point 8.6 of these Regulations to the meetings of the Audit Committee;

3.2.6. To propose amendments and addenda to these Regulations;

3.2.7. The other rights that are necessary for the Audit Committee to fulfil its objectives.

## **4. MEMBERSHIP AND ELECTION OF THE AUDIT COMMITTEE**

4.1. Where possible, the Audit Committee shall be elected from among the independent members of the Company's Board of Directors and consist of at least three persons. The Committee shall be headed by an independent director. If, due to objective reasons, it is not possible to form the Committee from independent members of the Company's Board of Directors, independent directors shall constitute the majority of members of the Committee and the remaining members of the Committee shall be non-executive directors. The Company's "non-executive directors" shall include the members of the Board of Directors who are neither the President of the Company nor the members of the Company's Management Committee. At least one member of the Committee shall have expertise in preparing, analysing, evaluating, and auditing accounting (financial) statements.

For the purposes of these Regulations, independent directors are members of the Company's Board of Directors who:

4.1.1 are not associated with the Company;

4.1.2. are not associated with a significant shareholder of the Company;

4.1.3. are not associated with a significant counterparty or a competitor of the Company;

4.1.4. are not associated with the state (the Russian Federation, constituent entity of the Russian Federation), or the municipal entity.

4.2. If a member of the Board of Directors who was elected to the Committee as an independent director ceases to meet the requirements of an independent director due to the occurrence of certain events, he/she shall announce his/her loss of such status to the Company's Board of Directors within 5 (five) business days from the moment when he/she loses the status of an independent director.

4.3. The members of the Audit Committee shall be elected at the meeting of the new membership of the Company's Board of Directors from among the members of the Board of Directors for the period lasting until the election of the next Board of Directors of the Company by the Company's General Shareholders' Meeting. The decision on the election of the Audit Committee members is adopted by a simple majority of votes of all members of the Company's Board of Directors.

4.4. The members of the Audit Committee can be re-elected an unlimited number of times.

4.5. The powers of all or any of the members of the Audit Committee can be terminated early by decision of the Company's Board of Directors.

4.6. The powers of a member of the Audit Committee are subject to early termination in the following cases:

4.6.1. If an Audit Committee member divests himself/herself of his/her authorities. An Audit Committee member has the right to divest himself/herself of his/her authorities as a member of the Audit Committee, after notifying the Chairman of the Board of Directors and the Chairman of the Audit Committee of his/her intention by giving them appropriate written notice 1 (one) month prior to the proposed date of divestment of his/her authorities;

4.6.2. If the powers of a Committee member as a member of the Company's Board of Directors expire or are terminated;

4.6.3. If the Company's Board of Directors relieves a Committee member of his/her duties.

4.7. If the powers of an Audit Committee member are terminated due to the circumstances specified by sub-point 4.6.1 of these Regulations, the Company's Board of Directors shall elect a new Committee member at the soonest Board meeting, but not later than 1 (one) month after the indicated member of the Committee submits a written notice on the divestment of his/her authorities. Until that moment, the Audit Committee member shall continue to perform his/her duties in full.

4.8. If the powers of an Audit Committee member are terminated due to the circumstances specified by sub-points 4.6.2 and 4.6.3 of these Regulations, the Company's Board of Directors shall elect a new Committee member within 2 (two) weeks after the termination of the powers.

4.9. Once a new Audit Committee member is elected in accordance with sub-points 4.7 and 4.8 of these Regulations, the Chairman of the Committee shall meet with the newly elected Audit Committee member within 1 (one) week to familiarise him/her with his/her functions, objectives and the Committee's activity.

## **5. THE CHAIRMAN OF THE AUDIT COMMITTEE AND ELECTION OF THE CHAIRMAN**

5.1. The Chairman of the Audit Committee shall be elected from among the Committee members at a meeting of the new membership of the Company's Board of Directors. The decision on the election of the Audit Committee Chairman shall be adopted by a simple majority of votes of all members of the Company's Board of Directors. The Company's Board of Directors has the right to re-elect the Chairman at any time by a majority of votes of all members of the Company's Board of Directors.

5.2. The Chairman of the Audit Committee shall organise the activities of the Committee, in particular:

5.2.1. Convene and preside over the meetings of the Committee;

5.2.2. Organise discussions of various issues during Committee meetings, and consider the opinion of the persons invited to participate in the meetings;

5.2.3. Stay in regular contact with the Company's executive bodies, the Board of Directors and its Secretary, the Company's Auditor, the Company's Audit Commission, internal audit division, structural divisions, and Company employees to receive the most comprehensive and reliable information, that is required for the Committee's decision-making and to ensure its efficient interaction with the Company's Board of Directors;

5.2.4. Distribute duties among the Audit Committee members;

5.2.5. Organise discussions of the Committee's work plan for the current year, taking into consideration the work plan of the Company's Board of Directors;

5.2.6. Perform the other functions required by law, the Company Charter, these Regulations and the other internal documents of the Company.

## **6. THE SECRETARY OF THE AUDIT COMMITTEE**

6.1. The duties of the Secretary of the Audit Committee are performed by the Secretary of the Company's Board of Directors, and in his/her absence by the Deputy Chief of Staff of PJSC "LUKOIL".

6.2. The Secretary of the Audit Committee shall ensure the preparations for and holding of Committee meetings, collection and systemisation of materials for meetings, the timely forwarding of notices on the Committee meetings, the agenda and the materials related to the agenda to the Committee members and invitees, keeping the minutes of the meetings, preparation of drafts of the Audit Committee's decisions, as well as subsequent storage of all relevant materials. The Secretary shall ensure that the Committee members receive the necessary information.

## **7. TIMELINE AND PROCEDURE FOR MEETINGS OF THE AUDIT COMMITTEE**

7.1. Each first meeting of the new membership of the Audit Committee shall be held not later than 30 (thirty) business days from the date of the first meeting of the new membership of the Company's Board of Directors at which the Audit Committee members were elected.

7.2. The Audit Committee meetings shall be held in accordance with the schedule approved by the Audit Committee, but no fewer than 4 (four) times per year. Extraordinary meetings of the Audit Committee shall be held at the decision of the Chairman of the Committee, at the request of any Committee member, as well as at the request of the Board of Directors, the President and Management Committee of the Company, as well as the Audit Commission and the Auditor of the Company.

7.3. The decision to hold a regular meeting of the Audit Committee, its date, time and location, agenda items and also the decision on the list of persons to be invited to participate in the meeting shall be taken by the Audit Committee Chairman in accordance with the work schedule of the Committee.

The decision to hold an extraordinary meeting of the Audit Committee, on its date, time and location, agenda items and also the decision on the list of persons to be invited to participate in the meeting shall be taken by the Audit Committee Chairman on the basis of proposals made by the persons indicated in point 7.2 of these Regulations.

7.4. The Secretary of the Committee shall prepare the notice about the Audit Committee meetings, as well as the agenda of such meetings, and forward these to the persons who participate in the meeting in accordance with the requirements for such notifications provided for by the *Regulations on the Board of Directors of PJSC "LUKOIL"*, not later than 10 (ten) business days before the date of the Committee meeting.

7.5. The Committee meetings shall be prepared by the Secretary of the Committee under the supervision of the Chairman of the Committee.

7.6. The specifics on holding an extraordinary Audit Committee meeting are as follows:

7.6.1. Those persons who in accordance with point 7.2 of these Regulations have the right to demand that an extraordinary Committee meeting be held shall forward their request to hold a Committee meeting to the Secretary of the Committee not later than 20 (twenty) business days prior to the expected date of the extraordinary Committee meeting. Such request shall be prepared and forwarded to the Secretary of the Committee in accordance with the procedure established by the *Regulations on the Board of Directors of PJSC "LUKOIL"* regarding the procedure for demanding that a meeting of the Board of Directors be held. The Secretary of the Committee shall notify the Chairman of the Committee of such requests not later than the day following the day when such a request was received;

7.6.2. In the course of 5 (five) business days from the date of the demand to hold an extraordinary meeting of the Committee, the Chairman of the Committee shall take a decision to hold an extraordinary meeting, set the date, time and location of the meeting or the date of the absentee vote, or take a decision to refuse to hold an extraordinary Committee meeting. A substantiated decision on the refusal to hold an extraordinary Committee meeting shall be forwarded to the person or the body of the Company who demanded that such meeting be held, within 2 (two) business days from the moment when the Chairman took the decision to refuse holding such meeting;

7.6.3. The Chairman of the Audit Committee may take a decision to refuse to hold an extraordinary Committee meeting in the following cases:

7.6.3.1. If these Regulations do not provide for adding the item (items) suggested for the agenda of the Committee meeting to the Committee's authority;

7.6.3.2. If an agenda item that is suggested by the demand to hold an extraordinary Committee meeting is already included into the agenda of the next regular meeting to be held in accordance with the decision of the Chairman of the Audit Committee that had been taken before the above demand was received, or in accordance with the approved work schedule of the Committee;

7.6.3.3. If the procedure established by these Regulations for presenting demands to hold a meeting is not observed.

7.7. If the Company's Board of Directors demands to hold an extraordinary meeting of the Audit Committee, the Chairman of the Committee shall hold an extraordinary meeting within 5 (five) business days.

## **8. THE PROCEDURE FOR MEETINGS OF THE AUDIT COMMITTEE**

8.1. The Chairman of the Committee shall act as the chairman of the Audit Committee meetings. In case of his/her absence from the meeting, the Committee members shall elect the chairman of the meeting from among the Committee members who are present at the meeting.

8.2. The Audit Committee meeting shall be considered legally authorised (have a quorum) if it is attended by at least 2 (two) Committee members. The presence of the quorum shall be determined by the Chairman of the Committee at the opening of the meeting. If there is no quorum for holding the Committee meeting, a repeated Committee meeting with the same agenda shall be held within 5 (five) business days.

8.3. Committee meetings may be held in the form of joint attendance of the Committee members or in the form of absentee voting in accordance with the procedure provided for by *the Regulations on the Board of Directors of PJSC "LUKOIL"*.

8.4. When determining a quorum for a meeting of the Committee in the form of joint attendance and determining voting results, the written opinions on the agenda items of Committee members absent from the Committee meeting shall be taken into account. Written opinions of Committee members shall be prepared in the form contained in the appendix to these Regulations, and shall be sent pursuant to the procedure stipulated by the *Regulations on the Board of Directors of PJSC "LUKOIL"*.

8.5. Committee members may participate in Committee meetings held in the form of joint attendance by telephone or using videoconferencing facilities. Participation in the meeting by these means shall be deemed equivalent to attendance in person at the meeting.

8.6. By invitation of the Chairman of the Committee, Committee meetings may be attended both by Company employees and by third parties. Invitees shall not have the right to vote on items of the agenda of the Committee meeting.

8.7. The following matters shall be considered only at the meetings held in the form of physical attendance:

8.7.1. Recommendations to the Board of Directors on the candidate for the position of Auditor of the Company for subsequent approval by the General Shareholders Meeting of the Company;

8.7.2. Recommendations to the Board of Directors of the Company on its preliminary approval of the Company's annual report;

8.7.3. Assessment of the Auditors' Report for subsequent provision to shareholders of the Company as material for the Annual General Shareholders Meeting of the Company;

8.7.4. Study of the financial results of the LUKOIL Group.

Other matters that are not indicated in this paragraph can be considered by the Committee in the form of absentee voting.

## **9. DECISION-MAKING PROCEDURE OF THE AUDIT COMMITTEE**

9.1. Each Committee member has one vote per issue.

9.2. A Committee member may not transfer his/her voting right to other persons, including other Committee members.

9.3. In the event of a tied vote of members of the Audit Committee, the Chairman/person acting as the chairman of the meeting shall have the deciding vote.

9.4. Decisions of the Committee shall be passed by a simple majority of votes of the total number of the Committee members.

## **10. PROCEDURE FOR CHOOSING THE COMPANY'S AUDITOR**

10.1. Not later than 2 (two) months prior to the date of the meeting of the Company's Board of Directors where the decision with regard to submitting the candidacy of the Company's Auditor for approval to the General Shareholders Meeting of the Company is to be taken, the Audit Committee shall submit for the consideration of the Board of Directors of the Company its recommendations on the candidacy of the Company's Auditor, which is selected from among internationally recognized independent auditors of high professional standing.



10.2. The recommendations indicated in point 10.1 of these Regulations shall be forwarded by the Audit Committee to the Company's Board of Directors in writing. In the event of a tender, the number of recommended candidates for Auditor of the Company may not be less than 2 (two) or more than 4 (four).

10.3. In selecting candidates for the position of the Company's Auditor, the Audit Committee shall take into consideration the following:

10.3.1. Compliance with the requirements to the independence of audit organisations established by Russian law and the law of the country of location of the stock exchange where the Company's shares are listed;

10.3.2. The amount of the fee for the audit services provided to the Company;

10.3.3. The professional competence and reputation of the audit organisation;

10.3.4. The legal requirements for audit activities established by Russian law and law of the country of location of the stock exchange where the Company's shares are listed;

10.3.5. The possibility of the audit organisation's provision of audit-related services;

10.3.6. Other requirements that are deemed necessary by the Audit Committee.

10.4. The Audit Committee has the right to hold meetings and discussions with audit organisations from among the candidates for the position of the Company's Auditor, including the right to request additional material from them.

## **11. MINUTES OF THE AUDIT COMMITTEE MEETING**

11.1. Not later than 3 (three) business days after a Committee meeting that was held in the form of joint attendance by Committee members or in the form of absentee voting, the Secretary of the Committee shall prepare minutes of the meeting.

11.2. The minutes of an Audit Committee meeting shall be signed by the Chairman/person acting as the chairman of the meeting, who is responsible for the accuracy of the minutes. The minutes shall be stamped with the Company's seal which is intended for certifying documents by the Committee. Copies of the minutes shall be sent to all members of the Board of Directors of the Company.

11.3. The minutes of Audit Committee meetings shall contain:

11.3.1. The date, location and time of the meeting (or the date of the absentee vote);

11.3.2. The list of the Committee members who participated in the discussion of the agenda items (and shall indicate the form of the meeting), as well as the list of other persons who attended the Committee meeting;

11.3.3. The agenda;

11.3.4. Proposals on the agenda made by the Committee members;

11.3.5. Matters that were put to vote and the voting results;

11.3.6. The decisions taken.

## **12. SUBORDINATION OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS OF THE COMPANY**

12.1. The Audit Committee shall provide to the Company's Board of Directors its annual performance report not later than 45 (forty-five) days prior to the date of the Annual General

Shareholders Meeting of the Company. The meeting of the Board of Directors of the Company shall consider the report of the Audit Committee, which shall be presented by the Chairman of the Committee.

12.2. The Committee's report shall contain information on the Committee's activities during the year, in particular, on the following:

12.2.1. Recommendations that were prepared with regard to the candidacy of the Company's Auditor;

12.2.2. Opinions and recommendations on various matters that were provided to the Company's Board of Directors in accordance with Section 3 of these Regulations;

12.2.3. Proposals for improving the Company's risk management system;

12.2.4. Observance of the meeting schedule approved by the Committee;

12.2.5. Consolidated results of the annual evaluation of the Committee's activity, conducted by the members of the Committee in accordance with the internal by-laws of the Company.

The Committee's report may contain other material information at the discretion of the Audit Committee.

12.3. The Audit Committee shall present to the Board of Directors of the Company its recommendations on the content of the report prepared by the Company's Auditor. These recommendations of the Audit Committee shall be presented to the Board of Directors within 15 (fifteen) business days from the date when the report was provided to the Committee.

12.4. The Board of Directors of the Company has the right to order the Audit Committee to present its opinion on individual matters. In such a case, the Board of Directors shall set reasonable deadlines for fulfilment of such an order by the Audit Committee.

12.5. The Audit Committee has the right at its own discretion to submit to the Company's Board of Directors its recommendations on any matter related to the subject of its activities, and, in the cases provided for by these Regulations, shall prepare an opinion for the Board of Directors.

12.6. The reasonableness of consideration of the recommendations submitted by the Audit Committee to the Company's Board of Directors in accordance with point 12.5 of these Regulations shall be determined at the meeting of the Company's Board of Directors.

12.7. The Company's Board of Directors has the right at any time during the year to request that the Audit Committee provide a report on the current activities of the Committee. The deadlines for the preparation and presentation of such a report shall be established by the decision of the Board of Directors of the Company.

### **13. INTERACTION WITH THE COMPANY'S BODIES AND OTHER ENTITIES OR PERSONS**

13.1. Since, in order to ensure efficient operation of the Committee, its members need to have access to necessary information, the members of the Company's executive bodies, the Secretary of the Board of Directors of the Company, members of the Audit Commission of the Company, the Auditor of the Company, the heads of the Company's structural divisions, as well as other Company employees, shall, at the request of the Committee, provide comprehensive and reliable information and the documents on the matters related to the subject of the Audit Committee's activities within reasonable deadlines established by the Committee and in accordance with the existing procedure.

Requests for information and documents shall be made in writing and signed by the Chairman of the Audit Committee.

13.2. The information and documents specified by point 13.1 of these Regulations shall be provided to the Audit Committee via the Secretary of the Committee.

13.3. If necessary, experts and specialists having the necessary professional expertise can be involved in the activities of the Committee for the purpose of considering specific matters related to the subject of the Audit Committee's activities. The procedure for and the conditions of involvement of experts and specialists in the activities of the Committee shall be determined by the contract between the Company and such persons.

#### **14. INSIDER INFORMATION**

14.1. Insider information is any accurate and specific Company-related information that was not disclosed or provided by the Company (including information constituting commercial, business and other legally protected secrets) and, if divulged or released, may have a material effect on the price of the Company's financial instruments; and also information included into the List of Insider Information of PJSC "LUKOIL".

14.2. The Audit Committee members as well as the Secretary of the Committee have no right to use insider or other confidential information for their personal goals or to disclose insider and other confidential information.

14.3. Third parties that participate in the Committee's meetings shall sign an agreement on non-disclosure of insider and other confidential information in advance of the meeting.

#### **15. LIABILITY OF THE AUDIT COMMITTEE MEMBERS**

15.1. The Audit Committee members shall bear liability in accordance with the provisions of the Federal Law "On Joint Stock Companies" that regulate the liability of the members of the Board of Directors.

#### **16. FUNDING THE ACTIVITY OF THE AUDIT COMMITTEE**

16.1. In order to ensure that the Audit Committee's activities are funded, the Company's budget provides for financing of the Committee's activities within the limits of the budget of the Company's Board of Directors.

16.2. Proposals on the amount of the Committee's budget shall be established at the Committee's first meeting and forwarded to the Board of Directors.

#### **17. APPROVAL OF AND CHANGES TO THESE REGULATIONS**

17.1. These Regulations, as well as all changes and amendments thereto shall be approved by the Company's Board of Directors by a simple majority of votes of the total number of members of the Company's Board of Directors.

17.2. All issues that are not resolved by these Regulations shall be regulated by the Company Charter, the *Regulations on the Board of Directors of PJSC "LUKOIL"* and other internal by-laws of the Company, and by effective law.

17.3. If any changes in Russian law and statutory regulations result in individual points of these Regulations contradicting these changes, these points shall become ineffective and the Audit Committee members shall be governed by Russian Federation law and statutory regulations until the appropriate changes are introduced into these Regulations.

18.4. The annual report of the Audit Committee that is provided to the Company's Board of Directors in accordance with Section 12 of the Regulations may contain recommendations to the Board of Directors of the Company on the necessity of making changes and amendments into these Regulations.

**WRITTEN OPINION**  
**on agenda items**  
**of a member of the Audit Committee of the**  
**Board of Directors of PJSC "LUKOIL"**

---

(full name)

**Issue put to a vote:**

---

---

**Resolved:**

---

---

---

**Voting results:**

**IN FAVOR:**

--

**AGAINST:**

--

**ABSTAIN:**

--

---

\_\_\_\_\_ 20\_\_\_\_

**Procedure for recording written opinions:** A member of the Audit Committee who is absent from a meeting of the Committee shall sign the line that corresponds to his/her decision in the Written Opinion Form. The written opinion shall be taken into account when determining quorum and the voting results at the Committee meeting if it is delivered to the Secretary in person, sent to the Secretary of the Board of Directors by registered mail with notification of delivery, by fax with confirmation of transmission, by e-mail over an encrypted line, or placed in the Electronic System by the time of the start of the meeting of the Board. If the written opinion is sent by fax, e-mail or placed in the Electronic System, the Committee member must immediately send the original of the written opinion to the Secretary of the Board of Directors by mail.