

## AUDIT COMMISSION

The Audit Commission is a standing body that supervises the financial and business operations of Gazprom Neft. The Audit Commission acts on behalf of shareholders and is subordinate to the General Meeting of Shareholders in its activities.

The Audit Commission conducts audits of financial and business operations on the basis of the Charter and the Regulation on the Audit Commission and forms an independent opinion about the state of affairs at the Company. The Audit Commission's conclusions are conveyed to shareholders at the General Meeting of Shareholders in the form of a report by the Company's Audit Commission that is attached to the Gazprom Neft annual report.

The Audit Commission was elected at the Annual General Meeting of Shareholders on 9 June 2017 with the following members:

- V. K. Bikulov;
- G. Y. Delvig;
- A. A. Kotlyar;
- M. I. Mironova;
- I. B. Tolstikova.

Remuneration is paid to members of the Audit Commission based on the decision of the General Meeting of Shareholders. Annual remuneration for members of the Audit Commission paid in 2017 totalled RUB 4,520,000.

## INTERNAL AUDIT DEPARTMENT

The Company conducts internal audits for a systematic and independent evaluation of the reliability and effectiveness of the corporate governance, risk management, and internal control systems.

In October 2017, the Board of Directors approved the Internal Audit Policy of Gazprom Neft PJSC, which specifies the goals, tasks, powers, responsibility, and status of the Internal Audit Department of Gazprom Neft PJSC as well as the scope and content of internal audit activities.

The internal audit function is performed by the Company's Internal Audit Department whose director is appointed in coordination with the Board of Directors.

The Internal Audit Department is functionally subordinate to the Audit Committee of the Board of Directors and directly subordinate to the Company's CEO.

The main objective of the Internal Audit Department is to provide the Board of Directors (via the Audit Committee) and Company management (the CEO and Chairman of the Management Board of Gazprom Neft PJSC) with independent, objective, reasonable, and substantiated guarantees<sup>1</sup> and consultations that aim to improve the Company's activities. The Internal Audit Department helps to achieve the Company's goals using a systematic and sequential approach to assessing and improving the effectiveness of internal control, risk management, and corporate governance processes.

The Internal Audit Department performs the following main functions, among other things, in order to carry out its assigned tasks:

- drafting the work plan for the Internal Audit Department, including annual and future audit plans, and submitting it to the Audit Committee for approval;
- organizing and conducting internal audits and consultations at the Company and the Company's organizations in the prescribed manner based on the best Russian and international internal audit practices;
- an independent and objective assessment of the reliability, effectiveness, accuracy, and integrity of the Company's risk management, internal control, and corporate governance systems;
- drafting proposals to eliminate shortcomings and violations, the reasons for their occurrence as well as recommendations for improving the Company's operations and submitting them to the Company's management;
- hiring independent external consultants and experts in the prescribed manner within the framework of the Internal Audit Department's approved budget, when necessary, to provide internal audit services;
- monitoring the completeness and timeliness of the implementation of measures prepared based on the results of audits to improve the internal control system as well as corporate governance and risk management processes;
- collecting, summarizing, and analysing the information required to fulfil the functions assigned to the Internal Audit Department as well as the individual orders of the Company's management;
- organizing and improving the work of the Internal Audit Department on the basis of standards;
- participating in the development, introduction, and operation of automated internal audit management systems at the Company as well as the coordination of their development at the Company's organizations;

<sup>1</sup> — The guarantees provided in the internal audit consist of conclusions reached based on the results of internal audits.