

APPROVED BY
the Resolution of the Board of Directors of
PJSC MOSTOTREST
as of December 23, 2016
Minutes as of December 23, 2016 sine numero

**BOARD OF DIRECTORS AUDIT COMMITTEE POLICY
of Public Joint Stock Company
MOSTOTREST**

Moscow
2016

1. GENERAL PROVISIONS

1.1. This Board of Directors Audit Committee Policy of Public Joint Stock Company MOSTOTREST (hereinafter referred to as the Policy) defines key objects, functions, and obligations of the Audit Committee of the Board of Directors (hereinafter referred to as the Committee), formation and proceedings of the Committee.

1.2. The Committee is formed by the Board of Directors and is a standing collective advisory body formed to facilitate efficient execution of functions of the Board of Directors with respect to control over financial and operating activities of PJSC MOSTOTREST (hereinafter referred to as the Company). The Committee acts within its competence set forth in this Policy.

1.3. The Committee submits to the Board of Directors its opinions and recommendations on matters under review within its competence. The Committee submits to the Board of Directors an annual performance report and a progress report at any time upon request of the Board of Directors.

1.4. In the line of its duties, the Committee is guided by the legislation of the Russian Federation, the Articles of Association of the Company, the bylaw of the Company, governing operations of the Company's Board of Directors, this Policy, and other bylaws of the Company, and the Corporate Governance Code recommended for application by the letter of the Bank of Russia as of April 10, 2014 #06-52/2463 On the Corporate Governance Code.

1.5. The Committee is not a management body of the Company in accordance with the legislation of the Russian Federation. The Committee neither takes part in the Company's business activities, nor duplicates operations of the Company's subdivisions.

2. FUNCTIONS AND OBLIGATIONS OF THE COMMITTEE

2.1. The functions and obligations of the Committee cover the following key areas: accounting (financial) statements and consolidated financial statements, risk management, internal control and corporate governance (with respect to internal audit problems), internal and external audit, and fighting abusive practices.

2.2. The functions and obligations of the Committee include:

2.2.1. Accounting (financial) statements and consolidated financial statements:

- 1) control over efforts to ensure completeness, accuracy, and reliability of accounting (financial) statements and consolidated financial statements of the Company;
- 2) analysis of material aspects of the Company's accounting policy;
- 3) participation in review of material matters and opinions on accounting (financial) statements and consolidated financial statements of the Company.

2.2.2. Risk management, internal control and corporate governance:

- 1) control over reliability and efficiency of the risk management, internal control, and corporate governance systems, and efficiency of risk management and internal audit procedures of the Company, corporate governance practice, and development of proposals to improve them;

2) assessment of the Company's key risks and risk management efforts, analysis of risk assessment and monitoring rules and procedures, which risks arise from the Company's operations, analysis of actions intended to remedy and/or mitigate risk effects, discussion of the said matters with the Auditor and the Company's management;

3) preliminary review of the Company's risk management and internal control policy;

4) analysis and evaluation of execution of the Company's risk management and internal control policy;

5) control over procedures, ensuring the Company's compliance with statutory requirements of the Russian Federation, ethical standards, rules, and procedures of the Company, stock exchange requirements;

2.2.3. Internal audit:

1) ensuring that the internal audit function is exercised independently and fairly;

2) review of the Company's internal audit policy (Internal Audit Policy of PJSC MOSTOTREST);

3) preliminary review and approval of the Internal Audit Service Policy or amendments thereto, its performance evaluation and compliance control;

4) review and approval of the annual Action plan of the Internal Audit Service and material amendments thereto;

5) review of appointment (dismissal) of the Head of the Internal Audit Service;

6) regular (at least once a year) review of reports made by the Head of the Internal Audit Service on his/her performance results and of information on material violations exposed during the inspection of the Company's financial and operating activities;

7) review (at least once a year) of existing material restrictions that can adversely affect efficient completion by the Internal Audit Service of its tasks;

8) performance analysis and evaluation of the internal audit function.

2.2.4. External audit:

1) evaluation of independence, fairness, and no conflict of the Company's external auditors, including evaluation of the Company's potential auditors, development of proposals on appointment and dismissal of the Company's external auditors, payment of their services, and terms of their engagement;

2) external audit oversight, audit and auditors' report quality evaluation;

3) ensuring effective cooperation between the Internal Audit Service and external auditors of the Company;

4) development and control of the Company's policy, defining the way audit services and audit related services are provided to the Company.

2.2.5. Fighting abusive and/or unethical practices of the Company's employees and third persons:

1) evaluation of and performance control over the way the system, notifying of potential unethical practices of the Company's employees and third persons and other violations at the Company, functions;

2) supervision of special investigations into potential fraud, dishonest use of insider or confidential information;

3) control over actions taken by executive bodies and other key executives of the Company on potential unethical practices of employees and other violations notified as above.

2.3. The functions and obligations of the Committee also include the Company's information policy compliance control.

2.4. The Committee shall:

1) promptly inform the Board of Directors of its reasonable concerns and any circumstances non-typical for the Company's operations, which the Committee has become aware of in its line of duties;

2) submit the report on the Committee's operations and evaluation of the Company's internal and external audit for incorporation into the annual report of the Company.

2.5. In its line of duties, the Committee is accountable to the Company's Board of Directors and reports each meeting held by the Committee to the Board of Directors.

3. COMMITTEE MEMBERS AND FORMATION

3.1. The Committee consists of three members, who are elected by the Board of Directors from among its members at the suggestion of each member of the Board of Directors.

3.2. The Committee is formed for the period until election of the new Board of Directors by a simple majority vote of the elected members of the Board of Directors.

3.3. The powers of all or some Committee members may be terminated before expiry by the resolution of the Board of Directors by a simple majority vote of the elected members of the Board of Directors. The Committee members may at any time be reshuffled by the Board of Directors at the suggestion of each member of the Board of Directors.

3.4. The Committee members may be elected an unlimited number of times.

3.5. The Committee members must meet the following requirements:

3.5.1. The Committee is formed from independent members of the Board of Directors. Independence of members of the Board of Directors, serving on the Committee, is defined in accordance with the listing rules of the stock exchange, on which securities of the Company are traded.

3.5.2. At least one of independent members of the Board of Directors, serving on the Committee, must have experience and knowledge in preparation, analysis, evaluation, and audit of accounting (financial) statements and/or consolidated financial statements.

3.6. The Chairman of the Committee is elected by the Board of Directors at the suggestion of each member of the Board of Directors.

3.7. The Chairman of the Board of Directors may not serve as the Chairman of the Committee.

3.8. The Chairman of the Committee must have knowledge and experience required to control audit, risk management, and exercise of other functions, falling within competence of the Committee.

3.9. The Chairman of the Committee:

- 1) defines proceedings of the Committee;
- 2) defines priorities in the Committee's operations and prepares its action plan;
- 3) decides to convene the Committee's meetings and chairs them;
- 4) approves the agenda of the Committee's meetings;
- 5) contributes to open and constructive discussion of the agenda items and development of approved opinions and recommendations;
- 6) reports the Committee's performance at the meetings of the Board of Directors.

3.10. Where the Committee is formed, the Board of Directors shall rely on inadmissibility of vested interest and/or conflict of interest between a member of the Committee and the Company. The Committee members shall forthwith inform the Board of Directors of all such cases.

The Committee members shall hold no office at businesses, competing with the Company.

3.11. Once elected Committee members, they must be thoroughly advised of their functions and powers.

The Committee members have full access to any documents and information of the Company, subsidiaries and affiliates (SAA) through the body or entity authorized to act in the name and on behalf of the Company and SAA as a member (shareholder), unless otherwise provided by the legislation of the Russian Federation and/or other statutory regulations or rulings binding upon the Company.

4. COMMITTEE PROCEEDINGS

4.1. Committee Meetings

4.1.1. The Committee holds meetings on a regular basis, as and when necessary, but at least once a quarter. The Committee holds extraordinary meetings as may be necessary.

4.1.2. The Committee meetings are convened by the Secretary of the Committee by the decision of the Chairman of the Committee.

4.1.3. The Chairman of the Committee approves the agenda, defines duration of the Committee meetings, and ensures efficient performance by the Committee of its obligations.

4.1.4. A member of the Committee may ask the Chairman of the Committee to hold an extraordinary meeting.

4.1.5. A notice of the Committee meeting, indicating the agenda of the meeting, venue, time, and date of the meeting, shall be sent to each member of the Committee and other persons, whose attendance at the Committee meeting is required. A notice shall be sent at least five business days before the meeting. Any and all documents needed to prepare and take part in the meeting shall be sent to members of the Committee and other persons invited

to take part in the Committee meeting alongside the notice. A notice of the Committee meeting and documents needed to prepare and take part in the meeting may be sent by telecommunications or other channels, providing identifiable information on the sender, including via email.

4.1.6. If required, the Chairman of the Committee invites members of the Company's executive bodies to take part in the Committee meetings. The Committee shall on a regular basis hear reports made by members of the Company's executive bodies on development and operation of the risk management and internal control system of the Company, ensuring its efficient operation.

4.1.7. If required, the Chairman of the Committee invites any officials of the Company, the Head of the Internal Audit Service, and representatives of the Company's external auditors to attend the Committee meetings, and engages independent consultants (experts) on a continuing or temporary basis to prepare materials and issue recommendations on the agenda items.

4.1.8. The meetings of the Committee or the Chairman of the Committee and the Head of the Company's Internal Audit Service dedicated to matters, falling within competence of the Internal Audit Service, are held as and when necessary, but at least once every six months.

4.2. Secretary of the Committee

4.2.1. The Corporate Secretary of the Company shall serve as the Secretary of the Committee.

4.2.2. The Secretary of the Committee ensures that minutes of the Committee meetings are maintained and available to all members of the Company's Board of Directors for inspection.

4.3. Quorum and Resolutions

4.3.1. The Committee meeting is duly constituted (has the quorum), when most members of the Committee are present (written opinions have been received by the opening of the meeting).

4.3.2. The resolutions may be passed by absentee vote (by filling in a voting ballot) at the Committee meeting if the Chairman of the Committee so decides.

4.3.3. The resolutions of the Committee are passed by a majority of votes cast by members of the Committee present at the meeting (taking part in the voting). Each member of the Audit Committee has one vote. In the event of a tie, the Chairman of the Committee shall have a casting vote.

4.3.4. The Secretary of the Committee shall, within three business days of the Committee meeting, take minutes of the meeting and have the same signed by the Chairman of the Committee. Should the Committee meeting be held by absentee vote, voting ballots filled in by members of the Committee shall be appended to the minutes of the meeting.

4.3.5. The minutes of the Committee meeting shall contain:

- information on the venue, date, and time of the meeting (or date of the absentee vote), members of the Committee, who were present at the meeting, persons invited to attend the meeting;
- agenda of the meeting;
- matters put to vote and voting results;
- resolutions passed on the agenda items.

Materials, opinions, proposals, recommendations made by the Committee, and minority reports of its members on matters under review shall also be appended to the minutes.

5. FINAL PROVISIONS

5.1. This Policy and all amendments and supplements hereto are approved by the Company's Board of Directors.

5.2. Should changes in the existing legislation of the Russian Federation lead to conflict with any clauses hereof, these clauses cease to be in force and the respective statutory regulations of the Russian Federation shall apply. The invalidity of any clauses of this Policy shall not affect the validity of any other clause herein and/or the Policy in general.