

**DRAFT**  
**Contract for Auditing Services Rendering**

Moscow

\_\_\_\_\_, 20\_\_

PJSC Transneft, hereinafter referred to as the "Customer", represented by \_\_\_\_\_ acting on the basis of \_\_\_\_\_, on the one hand, and \_\_\_\_\_, hereinafter referred to as the "Auditor", represented by \_\_\_\_\_ on the other hand, together referred to as the "Parties", have entered into this Contract as follows.

**1. Scope of the Contract**

1.1. The Auditor assumes the obligation to provide the Customer with the following services

1.1.1. Audit of the Accounting (Financial) Statements of the Customer for the reporting year, ending on December 31, 2018 prepared in accordance with Russian Accounting Standards (RAS) with an intermediate stage of audit of the Customer's financial statements as of September 30, 2018. The statements prepared in accordance with RAS shall be understood as statements provided for by Federal Law No. 402-FZ as of December 06, 2011 On Accounting or regulatory legal acts issued in accordance with it, as well as similar in composition statements provided by other federal laws or regulatory legal acts issued in accordance with them (hereinafter, the "Accounting (Financial) Statements");

1.1.2. Audit of the consolidated financial statements of the Customer for the year ending on December 31, 2018 prepared in accordance with International Financial Reporting Standards (hereinafter, the "Consolidated Financial Statements under IFRS");

1.1.3. Review of the Interim Consolidated Financial Statements of the Customer as of and for the reporting periods ending on: June 30, 2018, September 30, 2018, March 31, 2019 prepared in accordance with IFRS 34 "Interim Consolidated Financial Statements".

1.2. The Customer undertakes to pay for the services of the Auditor on the terms and in the order established hereby.

**2. Obligations of the Auditor**

The Auditor agrees:

2.1. To audit the Accounting (Financial) Statements for the reporting period ending on December 31, 2018 in accordance with Federal Law No. 307-FZ as of December 30, 2008 On Audit Activities (hereinafter, "Federal Law No. 307-FZ"), International Standards of Auditing adopted by the International Federation of Accountants and recognized in the order established by the Government of the Russian Federation (hereinafter, the "International Standards of Auditing").

To audit the Consolidated Financial Statements under IFRS for the year ending on December 31, 2018, in accordance with the International Standards of Auditing.

2.2. For the purposes of Consolidated Financial Statements preparing in accordance with

IFRS, Transneft Group (hereinafter referred to as the "Group") will be determined by the Customer in accordance with the requirements of the International Financial Reporting Standard IFRS 10 "Consolidated Financial Statements".

2.3. To plan and conduct the audit in such a way as to obtain reasonable assurance that the Accounting (Financial) Statements, the Consolidated Financial Statements under IFRS do not contain material misstatement, and that errors and inconsistencies that may have a material impact on the Accounting (Financial) Statements and Consolidated Financial Statements under IFRS, are identified by the Auditor.

For the purposes hereof, the term "Audit" means:

- a) audit of Accounting (Financial) Statements, payment and settlement documentation, tax returns and other financial obligations and requirements of the Customer for the purpose of establishing the reliability of Accounting (Financial) Statements and compliance of the financial and business operations performed by the Customer with the legislation of the Russian Federation;
- b) examination of the numerical data confirmation and explanations contained in the Accounting (Financial) Statements, and the order and size of the sampling, as well as the sampling risks, are determined in accordance with the International Standards of Auditing;
- c) examination of the indicators calculation, disclosure of information contained in the Consolidated Financial Statements under IFRS, in accordance with the International Standards of Auditing;
- d) an assessment of the accounting policy adopted by the Customer and the main calculations performed by the Customer (including, but not limited to, the allowance for doubtful debts, future cash flows and useful life of fixed assets);
- e) an assessment of the overall presentation of the Accounting (Financial) Statements of the entity and the Consolidated Financial Statements in accordance with IFRS.

2.4. Express on the basis of the audit:

2.4.1. The opinion on the reliability of Accounting (Financial) Statements, i.e. whether it provides in all material aspects a true and objective reflection of the assets, liabilities and results of the financial and economic activities of the Customer in accordance with Federal Law No. 402-FZ as of December 06, 2011

On Accounting, Russian Accounting Standard, approved by Order of the Ministry of Finance of the Russian Federation No. 34n as of July 29, 1998, and other applicable legislative acts of the Russian Federation. The Auditor's opinion on the reliability of the Customer's Accounting (Financial) Statements should be expressed in the audit report, which the Auditor undertakes to provide the Customer with not later than on February 28, 2019.

2.4.2. Opinion on the reliability of the presentation of the financial position of the Group in the Consolidated Financial Statements as of December 31, 2018, profit or loss and other comprehensive income, changes in equity and cash flows for the 2018 in accordance with IFRS in all material aspects. The Auditor's opinion on the reliability of the Consolidated Accounting (Financial) Statements under IFRS should be expressed in the audit report, which the Auditor undertakes to provide the Customer with not later than on March 30, 2019.

2.5. Prepare on the basis of conducted quarterly reviews:

2.5.1. Report on the review of the Consolidated Interim Condensed Financial Statements under IFRS as of June 30, 2018, which the Auditor undertakes to submit not later than on August 28, 2018.

2.5.2. Report on the review of the Consolidated Interim Condensed Financial Statements under IFRS as of September 30, 2018, which the Auditor undertakes to submit not later than on

November 30, 2018.

2.5.3. Report on the review of the Consolidated Interim Condensed Financial Statements under IFRS as of March 31, 2019, which the Auditor undertakes to submit not later than on May 30, 2019.

For the purposes hereof, the term "Review" means examination of the Interim Consolidated Financial Statements prepared in accordance with IFRS, in such a way as to obtain a limited level of confidence that the financial statements are free from material misstatement. The term "Limited Level of Confidence" implies that the Auditor cannot confidently guarantee the reliability of the financial statements in all material aspects, but can confirm that he has not found any evidence suggesting that the financial statements fail to reflect the financial position of the audited entity (in all material respects) in accordance with the requirements of applicable law and/or standards.

2.6. Submit to the Customer:

2.6.1. written information stipulated by the International Standards of Auditing:

on the results of an intermediate stage of the audit of the Accounting (Financial) Statements of the Customer as of September 30, 2018 - not later than on December 18, 2018,

on the results of the audit of the Accounting (Financial) Statements of the Customer as of December 31, 2018 - not later than on February 28, 2019;

2.6.2. auditor's reports, executed in compliance with the International Standards of Auditing, on reliability:

2.6.2.1. the summarized balance sheet and the summarized report on the financial results of the Customer (hereinafter, the "Summarized Accounting (Financial) Statements") prepared in accordance with RAS for the reporting year ending on December 31, 2018 - not later than on February 28, 2019;

2.6.2.2. the summarized consolidated statement of financial position and the summarized consolidated statements of profit and loss and other total revenue of the Customer, based on the Consolidated Financial Statements prepared in accordance with IFRS (hereinafter, the "Summarized Consolidated Financial Statements") for the year ending on December 31, 2018 - not later than on March 20, 2019.

2.7. The results of the audit should be formalized in accordance with the requirements of the current legislation of the Russian Federation, including:

2.7.1. The results of the audit of the legal entity financial statements are submitted to the Customer by the Auditor in the form of an audit report issued in accordance with International Standards on Auditing, as well as written information (on paper and electronic media).

2.7.2. The results of the review of the Interim Consolidated Financial Statements prepared in accordance with IFRS are presented by the Auditor to the management of the Customer in the form of a report on the review of the Interim Consolidated Financial Statements under IFRS in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

2.7.3. The results of the audit of the Consolidated Financial Statements prepared in accordance with IFRS are presented by the Auditor to the Customer in the form of an audit report issued in compliance with the International Standards of Auditing.

The audit report on the Consolidated Financial Statements prepared in accordance with IFRS, reports on the review of the Interim Consolidated Financial Statements under IFRS should be in English and in Russian. The audit report on the Accounting (Financial) Statements prepared in accordance with RAS, should be in Russian and at the request of the Customer also provided to

the Customer in English.

2.8. Not later than 30 days prior to the beginning of the services rendering, provide the Customer with written information on the planned start dates of the services rendering, and provide the Customer with a written preliminary list of information and analytical materials required for the services rendering. During the audit, this provisional list may be supplemented and/or amended by the Parties.

2.9. Inform the Customer on the material adjustments of the Accounting (Financial) Statements and the Consolidated Financial Statements in accordance with IFRS offered by the Auditor no later than 5 days before the deadline for submitting the final versions of the documents specified in the first paragraph of item 3.1 hereof.

2.10. When planning and conducting of the Accounting (Financial) Statements audit, the Auditor will consider the state of internal control of the Customer. However, the Auditor's review of the internal control state will be carried out solely in order to express an opinion on the reliability of the Customer's Accounting (Financial) Statements. Such consideration will not allow the Auditor to express confidence in the effectiveness of internal control over the formation of Accounting (Financial) Statements.

At the same time, the Auditor will inform the Customer in writing about any significant shortcomings in the internal control over the formation of the Accounting (Financial) Statements that the Auditor detects during the audit of the Accounting (Financial) Statements. None of such reports or other documents can be transferred by the Customer to a third party, with the exception of the person specified in item 5.3, without the prior written consent of the Auditor. The consent of the Auditor on this request of the Customer can be given solely on the understanding that such a report or other document is not intended for use or benefit of anyone other than the Customer.

2.11. The parties agree that, to the extent that the services rendering provides for the interpretation of legislation in the field of regulation of economic activities, including the interpretation of tax, currency, customs, corporate legislation and/or other legislation, the Auditor will proceed from the interpretation of applicable law, developed with regard to law enforcement practices that existed at the time of the provision of the audit report, including decisions of the highest judicial authorities, instructions and the recommendations of the relevant government agencies.

2.12. When services rendering hereunder, the Auditor undertakes, in accordance with the current legislation of the Russian Federation, to ensure the confidentiality and safety of the personal data of employees and other persons received from the Customer.

The Auditor will reimburse the Customer's losses incurred by him in connection with the Auditor's non-fulfillment of its obligations under this item.

2.13. The Auditor provided the Customer with information on the form of Appendix No. 1 hereto (a sample of the filling is posted on the Internet at <http://www.transneft.ru/customers/237/>) about the chain of the Auditor's owners, including beneficiaries (including ultimate owners, beneficiaries - individuals), as well as the persons who are members of the Auditor's executive bodies, with the attachment of documents confirming this information. Changes in the information on owners, beneficiaries and members of the executive bodies of the Auditor with the attached supporting documents, the Auditor undertakes to submit to the Customer in the form of Appendix No. 1 hereto not later than 3 days from the date when the changes occurred or with the time of concluding this Contract, if the changes occurred before its conclusion.

If any fields of the form of Appendix No. 1 hereto (other than the field: "Number and Date of

Concluded Contract") are not filled in with relevant information, the information is deemed to be submitted inappropriately.

If such information and documents has not been properly presented to the Customer, the latter is entitled to unilaterally refuse to perform the contract without reimbursement of the Auditor's losses, declaring such refusal ten (10) days after which the Contract is considered terminated. At the same time, everything executed hereunder, and if it is impossible - the value of the executed, shall be refunded if the counterclaim provided by the Contract cannot be implemented due to its termination.

The Auditor agrees to disclose by the Customer information provided by the Auditor on the form of Appendix No. 1 to this Contract, including the personal data contained in it, by providing it to the state authorities (Federal Tax Service of Russia, ROSFINMONITORING, Ministry of Energy of Russia), as well as Transneft Finance LLC, carrying out the accounting of the Customer, and Transneft - Technologies LLC, Svyaztransneft JSC, CROCK INCORPORATED CJSC, providing operation (administration) of the Customer's information systems, and grants the right to the Customer to transmit this information and supporting documents to the authorities and organizations specified. The Auditor, providing the Customer with information on the form of Appendix No. 1 hereto, undertakes to comply with all requirements of the legislation on the personal data protection. The auditor assures that he has received (will receive) the necessary consent of the personal data subjects for their disclosure to the entities indicated in this item as well as for their storage, systematization, accumulation, clarification (updating, modification), extraction, use, depersonalization, transfer (distribution, provision, access), blocking, deletion, destruction and processing in information systems and/or without their use by these entities.

The conditions set forth in this item are significant.

2.14.<sup>1</sup> The performance hereof is secured by the Auditor by providing a bank guarantee issued by the bank and corresponding to the requirements of Art. 45 of Federal Law No. 44-FZ as of April 05, 2013 On the Contract System of the Federal and Municipal Procurement of Goods, Works and Services or by funds depositing to the Customer's account. The way of the Contract execution security is determined by the Auditor independently. The bank guarantee validity period should exceed the term of the Contract for at least one month.

2.15. The Auditor should provide in the auditing organization the mode of non-disclosure in accordance with Federal Law as of July 29, 2004 No. 98-FZ On Commercial Secret, and also ensure the security (including confidentiality) of personal data that would be transferred to the Auditor by the Customer in accordance with the Federal Law On Personal Data as of July 27, 2006 No. 152-FZ.

### **3. Obligations of the Customer**

The Customer undertakes to:

3.1. Inform the Auditor of the deadline for the completion of accounting in all transactions of the reporting year and prepare Accounting (Financial) Statements for audit not later than on January 30, 2019. The final version of the Accounting (Financial) Statements should be submitted to the Auditor not later than on February 20, 2019, the consolidated financial statements under IFRS - not later than on March 13, 2019.

Prepare the final version of the Consolidated Financial Statements under IFRS for the review for the periods indicated in the following terms:

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<sup>1</sup> The item is included in the Contract in the case when the tender's winner offered the price of the Contract that is twenty-five or more percent lower than the initial (maximum) price of the Contract and, in accordance with the terms of the tender documentation, is obliged to provide the Contract execution security in the amount of the sum of all advances, stipulated by the Contract.

| Period, ending on  | Date of submission (not later than) |
|--------------------|-------------------------------------|
| June 30, 2018      | August 22, 2018                     |
| September 30, 2018 | November 23, 2018                   |
| March 31, 2019     | May 22, 2019                        |

3.2. Assist the Auditor in receiving oral or written information from the Group's subsidiaries or affiliates that have a significant impact on the Group's results of operations.

The impact of the Group's subsidiaries or associates on the results of the Group's operations will be considered significant if the indicators of their assets, capital, liabilities, revenues, operating profit or profit for the reporting period exceed 5% of the relevant indicators of the Consolidated Financial Statements of the Customer under IFRS.

3.3. Provide the Auditor or charge Transneft Finance LLC to provide the Auditor with the necessary accounting data and other necessary information regarding the Customer and the Group companies available to the Customer in terms, form and scope agreed upon with the Auditor.

3.4. The Customer has the right to publish and submit an audit report or review report with financial statements to third parties (including but not limited to shareholders, members of the Board of Directors, banks, business partners of the Customer) without authorization and/or notice to the Auditor, provided the integrity of the document, i.e. without making changes or reductions in the text of the audit report or review report and with an attachment to the audit or the review report of the complete set of financial statements of the Customer for which an audit or review was conducted.

The Customer shall not be entitled to include an audit report, a review report and other information provided by the Auditor as a result of services rendering hereunder into a document related to the placement of securities without obtaining the written consent of the Auditor. In order to obtain confirmation of the Auditor for the purposes of securities placement, the Customer shall conclude a separate contract with the Auditor.

3.5. Other results in the form of written information, audit adjustments that the Auditor will or may provide in connection with the services rendering, are intended solely for the use of the Customer and the Board of Directors of the Customer. The Customer undertakes not to disclose to third parties, not named in this item and item 5.3., not to quote or refer to these documents without the prior written consent of the Auditor. This restriction does not apply to cases where other results are provided to public authorities on their motivated requests, as well as to the judiciary.

3.6. The Customer should not take any action with a purpose to limit the range of issues to be clarified during the audit.

3.7. The Customer should provide the Auditor with information on the circumstances that will soon lead or may lead to court proceedings involving the Customer, as well as information on the alleged outcome of these proceedings.

3.8. The Customer should on its behalf send a representation letter signed by the persons responsible for the preparation of the financial statements, confirming the completeness of the accounting records, explanations regarding the various circumstances that took place during the reporting year and immediately after the end of the reporting year, and all other important events that could have influence on the correctness and completeness of accounting records and statements.

3.9. The Customer confirms that he has taken all necessary actions to ensure observance of the rights of persons whose personal data the Auditor can access in the process of rendering

services, including:

(a) notified the indicated persons of the purposes and grounds for processing their data and the supposed data users, the processing of their personal data by the Auditor and obtained their consent to such processing;

(b) provided the specified persons with information about the Auditor as the operator processing their personal data. The Customer guarantees that he has the right to transfer personal data to the Auditor, and that the Auditor can process the personal data received from the Customer. The Customer shall reimburse all Auditor's losses and expenses incurred in connection with the Customer's failure to fulfill its obligations under this item.

3.10.<sup>2</sup> The Customer should ensure the return of funds deposited as the Contract execution security, if this form of Contract execution security was used by the Auditor, within Twenty (20) business days from the date of signing by the Parties of the Act for services rendered for the last stage, provided for in item 6.2 hereof.

#### **4. Rights of the Auditor**

The Auditor has the right:

4.1. To determine independently the forms and methods of the services rendering, select specialists for the services rendering in its discretion. At the same time, the forms and methods of services rendering cannot contradict to the forms and methods of auditing established by the International Standards of Auditing, this Contract and the current legislation of the Russian Federation.

4.2. To examine the complete documentation selected by the Auditor on the financial and economic activities of the Customer, the availability of cash, securities, non-monetary physical things, property and non-property rights, to receive full and detailed answers to all questions posed during the work, including written explanations of the Customer's management on the arising questions and additional information required for carrying out the work.

4.3. To send requests to Transneft Finance LLC for information, documents and explanations necessary for the audit.

4.4. To receive, upon a written request through the Customer, information from third parties required for the performance of the contractual work.

4.5. The Auditor can contact the Customer and the Customer can contact the Auditor by e-mail if the person authorized by the Customer wishes so, proceeding from the fact that, by agreeing to this mode of communication, the Parties understand and aware the fact that such way of information transmission is related to the relevant risk beyond control of the parties (including the risk of information capturing or unauthorized access to such communication, the risk of such communication failure, the risk of penetration of viruses or the use of other damaging means). In case of choosing the method of communication by e-mail, the Parties will carry out the necessary procedures to minimize these risks.

4.6. To involve third parties to assist the Auditor in providing services under the Contract (if they are not Representatives of the Auditor), having previously received written consent from the Customer. In the case of third parties involving under this article, their work will be considered a part of the services in all matters relating to the Contract, without increasing of its price. The Auditor is responsible for non-performance or improper performance of the obligation by third parties, involved by the Auditor within the framework hereof.

4.7. To copy and store the Customer's documentation in the amount necessary to render

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<sup>2</sup> The item is included in the Contract in the case the tender's winner offered the price of the Contract twenty-five or more percent lower than the initial (maximum) price of the Contract and, in accordance with the terms of the tender documentation, is obliged to provide Contract execution security in the amount of the sum of all advances, stipulated hereby.

services hereunder, taking into account the requirements of items 3.5, 3.6 of the Agreement on Information Exchange and the Confidentiality of Information (Appendix No. 3).

4.8. The Auditor reserves the copyright and all other intellectual rights to the product obtained as a result of the services provision, both verbally and in material form, as well as the ownership of the Auditor's working materials. The Customer acquires the ownership of any product of services in material form upon payment of the cost of services with respect to such product. In order to render services to the Customer or other clients, the Auditor and other Auditor Representatives are entitled to use and examine any knowledge, experience and professional skills of a general nature acquired in the process of services providing and exchange them among themselves. For the purposes hereof, the Auditor's Representative is a contracting party represented by the Auditor, its participants, directors, employees and agents and, as appropriate, both collectively and individually, as well as any other authority or person that controls The Auditor or who is associated with the Auditor, as well as all and each of its members, directors, employees and agents, that is, the Auditor's Representative means any of the persons specified.

## **5. Rights of the Customer**

The customer has the right:

5.1. To receive from the Auditor information about the requirements of legislation and relevant rules (standards) relating to the work, the rights and obligations of the Parties, as well as on regulations and rules (standards) on which the Auditor's requests, observations and conclusions are based.

5.2. To control the provision by the Auditor of the safety of the documents received and compiled by him during the services rendering and the non-disclosure of their contents without the consent of the Customer, except for cases provided for by the legislation of the Russian Federation, if the control exercised by the Customer does not violate and/or create threats of breach of the Auditor's duties requirements of the legislation of the Russian Federation and audit standards with respect to confidentiality of information obtained from the audit of other organizations (item A15 of ISA 200, Code of ethics for professional Accountants).

5.3. The Customer has the right to transfer to Transneft Finance LLC any of the reports (conclusions) and other results provided by the Auditor in connection with the services rendering, without obtaining the consent of the Auditor.

## **6. The Cost of Services under the Contract and the Procedure for their Payment**

6.1. The cost of services hereunder shall be RUB. The cost of services does not include VAT, which will be paid additionally in accordance with the requirements of the current Russian legislation. Payment for the services shall be made in rubles. The Customer shall pay to the Auditor an advance payment of fifty (50) percent of the value of each stage.

6.2. The cost of the services specified in item 6.1 hereof shall be paid by the Customer for each stage of the Calendar Schedule given in Appendix No. 2, which is an integral part of this Contract, on the basis of the invoices of the Auditor, which should be issued in the following terms:

| <b>No.</b> | <b>Billing schedules</b>          | <b>The price for services, Russian rubles (VAT excluded)</b> | <b>Stages of payment for the services</b>                |
|------------|-----------------------------------|--|--|
| 1.         |                                   |  | Advance for the 1st stage of services rendering          |
| 2.         | Date of Act for services rendered |  | Final settlement for the 1st stage of services rendering |
| 3.         |                                   |  | Advance for the 2nd and 3rd stages of services rendering |



|               |                                   |  |   |
|---------------|-----------------------------------|--|---|
| 4.            | Date of Act for services rendered |  | Final settlement for the 2nd and 3rd stages of services rendering |
| 5.            |                                   |  | Advance for the 4th stage of services rendering                   |
| 6.            | Date of Act for services rendered |  | Final settlement for the 4th stages of services rendering         |
| 7.            |                                   |  | Advance for the 5th stage of services rendering                   |
| 8.            | Date of Act for services rendered |  | Final settlement for the 5th stages of services rendering         |
| 9.            |                                   |  | Advance for the 6th stage of services rendering                   |
| 10.           | Date of Act for services rendered |  | Final settlement for the 6th stages of services rendering         |
| <b>Total:</b> |                                   |  |   |

Advance payment is effectuated by the Customer according to the invoiced bills within ten (10) banking days from the date of invoice receipt by the Customer.

Payment of invoices for final settlement is carried out by the Customer, according to the invoiced bills within ten (10) banking days from the date of invoice receipt by the Customer. The invoice for payment on final settlement for the stage is issued upon the fact of signing the Act for services rendered by both Parties and invoicing for the relevant stage of the services rendering.

6.3. The Customer's obligation to pay the invoices is deemed to be executed from the time of writing off the funds from the Customer's current account, which is confirmed by the Customer's account settlement, which is provided within 3 banking days to the Auditor upon written request.

6.4. In the order established by the current legislation of the Russian Federation, upon receipt of the advance payment in accordance with this Contract, the Auditor will issue an invoice. The invoice should be delivered to the Customer within the same period as provided for by the tax legislation of the Russian Federation for the issue of invoices.

The Auditor should provide the Customer with the appropriate invoice no later than Five (5) days from the date of services rendering for each stage of this Contract.

6.5. The Auditor shall prior to expiration of a Contract execute and forward to the Customer the reconciliation acts as of October 31, 2018, December 31, 2018, March 31, 2019, not later than on the 15th day of the month following the month when the respective reconciliation act was drawn up.

The reconciliation act upon the expiry of the term of the Contract is sent by the Auditor to the Customer within 10 calendar days from the date of fulfillment of all obligations hereunder.

Within 10 calendar days from the date of the reconciliation act receipt, the Customer shall sign reconciliation acts, seal them, and send them to the Auditor.

## **7. Liability**

7.1. For failure to perform or improper performance of obligations hereunder, the Parties shall bear property responsibility in accordance with the current legislation of the Russian Federation and the terms hereof. Any civil liability of the Parties hereunder (including all amendments and supplements thereto), under no circumstances can exceed twice the cost of services hereunder, or the amount of actual damage caused, whichever is less. This limitation of civil liability is applicable in the part that does not contradict the legislation of the Russian Federation.

7.2. The Auditor is not responsible for the completeness and reliability of the information provided to him by the Customer for the purpose of the services rendering. Responsibility for the completeness and reliability of the information provided to the Auditor for the purposes of the work shall be borne by the Customer.

7.3. The Customer is responsible for the preparation of the financial statements and for all

information presented therein. The Customer is also responsible for ensuring the safety of the Customer's assets, adopting a relevant accounting policy, as well as accounting management and internal control system that allow to maintain the reliability of financial statements while ensuring the reasonable confidence in the absence of possible errors and violations that are material for these financial statements.

7.4. The Customer is responsible for reformation of financial statements in order to eliminate material misstatements, as well as for the confirmation in the representation letter sent to the Auditor of the fact that failure to correct any distortions revealed by the Auditor in the course of rendering services hereunder and relating to the last reporting period, does not have, both individually and in aggregate, a material effect on the financial statements treated as a whole in respect of which the audit opinion or review reports are issued.

7.5. The parties should not be held liable in the event their failure to fulfill their obligations hereunder was caused by force majeure circumstances, including natural disasters (such as hurricanes, tornadoes, landslides, storms, fires, floods, earthquakes and other natural disasters), revolutions, insurrections, military actions, blockades, strikes and lockouts.

7.6. The party affected by the force majeure circumstances shall immediately notify the other Party in writing about the occurrence, type, and possible duration of the said circumstances. Such notice should be confirmed by the Chamber of Commerce and Industry of the Russian Federation.

7.7. If such notice is not made within 14 business days from the time of occurrence of the force majeure circumstances stipulated in item 7.5 hereof, the Party affected by force majeure circumstances shall be deprived of the right to refer to them in its justification, unless the fact itself made it impossible to send the notice.

7.8. The occurrence of force majeure circumstances provided for in item 7.5 hereof, subject to the requirements of items 7.6 and 7.7 hereof, extends the term of performance of obligations hereunder for a period that generally corresponds to the term of the present circumstances.

7.9. If the circumstances of force majeure exist for more than four months, each of the Parties will be entitled to terminate this Contract in whole or in part, in that case none of the Parties will have the right to demand compensation from the other Party for possible losses.

7.10. Provided that the Auditor fulfills the obligations stipulated by the Contract, the Auditor for the delay in payment of the account has the right to present to the Customer a demand for payment of a fine in the amount of 0.1% of the invoice amount for each day of delay from the date of invoicing, but not more than 10% of the corresponding account amount.

7.11. The Auditor shall not be liable for the violation of the deadlines for submission of audit reports, written information and other reports provided for in this Contract within the time limits specified in items 2.4, 2.5 and 2.6 hereof arising as a result of the Customer's failure to fulfill its obligations under this Contract as specified in the section 3.

7.12. Provided that the Customer fulfills the obligations specified in the Section 3 of this Contract the Customer for each violation by the Auditor of the terms of the services rendering stages under the Contract has the right to present to the Auditor the demand for payment of a penalty in the amount of 0.1% of the cost of services that are overdue for each day of their performance delay, but not more than 10% of the cost of services.

## **8. Termination of Contract**

8.1. The Customer in a unilateral extrajudicial procedure has the right to refuse to execute this Contract by notifying the Auditor in writing not later than 15 calendar days before the date of termination.

8.2. The Customer, in unilateral extrajudicial procedure, has the right to refuse to execute this Contract provided that the Auditor received refundment for the expenses incurred.

8.3. In case of changes in applicable laws, regulations, or legal acts in accordance with which

the Auditor shall terminate the services rendering under the Contract, the Auditor has the right to unilaterally refuse to execute this Contract by notifying the Customer in writing not later than 30 calendar days before the date of termination of the Contract, if another term is not provided for by legislation, normative, legal acts.

8.4. This Contract will be deemed to have been executed and terminated upon fulfillment of mutual obligations by the Parties, approval and implementation of final settlements between the Parties hereunder.

8.5. Based on the results of the Auditor's performance of its obligations hereunder, an Act for services rendered signed by the authorized representatives of the Parties, which contains information on services rendered, opinions and reports provided, on the final cost of services hereunder, as well as other information as agreed upon by the Parties.

At the same time, each stage set forth in the Schedule is an independent complex of services, the actual rendering of which is confirmed by an Act for services rendered at the relevant stage, signed by the authorized persons of the Customer and the Auditor.

8.6. All original documents of the Customer, including materials, both in hard copy and in electronic form, submitted to the Auditor in accordance with this Contract, are the property of the Customer and shall be returned by the Auditor upon termination of work hereunder.

8.7. If performance is impossible through the fault of the Customer, the services of the Auditor should be paid in full. If the services rendering under the Contract is impossible through the fault of neither of the Parties, except for the force majeure circumstances provided for in item 7.5 hereof, the Customer shall reimburse the Auditor's actually incurred expenses.

## **9. Dispute Resolution**

9.1. In the event that any dispute arises between the Parties regarding the interpretation, operation or performance of the Contract, the Parties shall take all reasonable efforts to resolve such dispute by sending written requirements (claims), the response time of which is two (2) months from the receipt.

9.2. All disputes that may arise under the Contract between its Parties, if they are not resolved in a pre-trial order, are subject to consideration by the Moscow City Arbitration Court in accordance with the legislation of the Russian Federation.

## **10. Confidentiality**

10.1. The Parties undertake to ensure proper protection of all Confidential Information provided to each other hereunder and undertake not to disclose it to any other persons, except for cases when the duty of such disclosure is established by the requirements of the law, by a valid judgment.

10.2. Confidential information is not subject to disclosure or distribution by the Auditor without the written consent of the Customer, both during the whole term of this Contract and within five (5) years after the expiration of its validity.

10.3. The parties are responsible for the actions of all their representatives (including employees), resulted in the disclosure of Confidential Information.

10.4. In the event that the Auditor discloses Confidential Information to third parties without obtaining written consent from the Customer for such disclosure, except as provided for by the legislation of the Russian Federation, the Auditor shall compensate the Customer's losses incurred.

10.5. The auditor, involving third parties for the performance of obligations hereunder, undertakes to ensure the third party compliance with the confidentiality of information specified in this section and in Appendix No. 3, and also undertakes to include similar requirements to a contract with third parties.

10.6. Obligations of the parties to protect Confidential Information and the procedure for its transfer are determined by the Agreement on Information Exchange and on the Confidentiality of Information, which is an integral part hereof (Appendix No. 3).

10.7. The Customer has the right to transfer and receive information and documents through Transneft Finance LLC (Taxpayer's Identification Number 7736536770, Primary State Registration Number 1067746400622), for which it authorizes Transneft Finance LLC, acting in this case under the Agreement on Information Exchange and on the Confidentiality of Information (Appendix No. 3) as the Discloser on behalf of the Customer, to perform all necessary actions for the transfer and receipt of information and documents containing, among others Confidential Information, for the purpose of executing the Contract between the Parties. The Auditor agrees within the framework hereof to receive and transfer information and documents through Transneft Finance LLC.

## 11. Final Clauses

11.1. This Contract implies full understanding of its subject by both Parties. Any changes, additions and appendices hereto are valid if they are executed in writing and signed by the representatives of each Party.

11.2. None of the Parties has the right to transfer their rights and obligations or their part under this Contract to a third party without the prior written consent of the other Party, unless the Auditor engages third parties to assist the Auditor in providing services under the Contract in the manner provided for in item 4.6 hereof.

11.3. All notices, requests, approvals and other documents having legal effect for the relations of the Parties hereof should be executed in writing in Russian and delivered or sent to the Party concerned to the address indicated below (or to another address which can be subsequently indicated to the other Party in writing). All notices and correspondence are delivered personally, by courier or by fax and come into force from the time of their receipt by the Party.

The Customer's address:

The Auditor's address:

11.4. The invalidity of one or more conditions (parts) of this Contract, except for essential ones, does not entail the invalidity of its other conditions (parts).

11.5. The applicable law for this Contract is the law of the Russian Federation.

11.6. The Agreement is made in two copies in Russian, one for each Party. In case of translation of the Contract text to any other language, the Russian text and this Contract shall have overriding priority.

11.7 This Contract is subject to execution by the Parties in the event that the Transneft general shareholders meeting approves the Auditor as an auditor of the Customer.

Customer \_\_\_\_\_

Auditor

L. S.

L. S.

Appendix No. 1 to Service Contract No. \_\_\_\_\_ as of \_\_\_\_\_, 2018.

The form of providing information about the chain of owners of the counterparty, including beneficiaries (including end-owners, beneficiaries - individuals), as well as persons being the members of the executive bodies of the Auditor<sup>3</sup>

| Auditor's name (INN, business activity) |  |                |   |                          | The Contract (reference details, subject, price, validity period, and other significant terms of the Contract) |              |                       |                               |                 | No. | Information on the chain of owners of the Auditor, including beneficiaries (including end-owners, beneficiaries - individuals) |  |  |                  |                    | Information on the executive board composition |  |   |
|---|--|----------------|---|--------------------------|--|--------------|-----------------------|-------------------------------|-----------------|-----|--|--|--|------------------|--------------------|--|--|---|
| INN (Taxpayer's Identification Number)  | OGRN (Primary State Registration Number) | Company's name | OKVED (Russian national classifier of types of economic activity) | Full name of the Manager | Series, No. of ID document of the Manager  | No. and date | Scope of the Contract | Price (mln RUB) excluding VAT | Validity period |     | Other significant terms  | INN (Taxpayer's Identification Number) | OGRN (Primary State Registration Number) | Name / Full name | Registered address |  | Series, No. of ID document (for individuals) | Manager / participant / shareholder / owner / beneficiary |
|   |  |                |   |                          |  |              |                       |                               |                 |     |  |  |  |                  |                    |  |  |   |

This confirms the consent of the personal data subjects contained in this document to their disclosure by providing them to the state authorities and organizations specified in item 2.13 of \_\_\_\_\_ (position of the Auditor's Manager) the Contract.

\_\_\_\_\_ 2018  
 \_\_\_\_\_ (Full name) (L. S.) (signature)

\_\_\_\_\_ 2018  
 \_\_\_\_\_ (Full name) (L. S.) (signature)

<sup>3</sup> Changes in previously submitted information are to be highlighted: added text in bold, deleted - by strikethrough. If any fields of the table are not filled in with relevant information, the information is considered to be submitted inappropriately.

Appendix No. 2 to Service Contract No. \_\_\_\_\_ of \_\_\_\_\_, 2018.

**CALENDAR PLAN FOR SERVICES RENDERING**

| <b>Stage No.</b> | <b>Name</b>   | <b>Finishing date of services rendering</b> | <b>Price of services, excluding VAT, RUB.</b> |
|------------------|---|---|---|
| 1.               | Review of the Interim Consolidated Financial Statements under IFRS as of June 30, 2018                            | August 26, 2018                             |   |
| 2.               | Intermediate stage of the audit of the Accounting (Financial) Statements of the Customer as of September 30, 2018 | December 19, 2018                           |   |
| 3.               | Review of the Interim Consolidated Financial Statements under IFRS as of September 30, 2018                       | November 30, 2018                           |   |
| 4.               | The audit of the Accounting (Financial) Statements of the Customer as of December 31, 2018                        | February 28, 2019                           |   |
| 5.               | The audit of the Consolidated Financial Statements under IFRS of the Customer as of December 31, 2018             | March 20, 2019                              |   |
| 6.               | Review of the Interim Consolidated Financial Statements under IFRS as of March 31, 2019                           | May 30, 2019                                |   |

Customer \_\_\_\_\_  
L. S.

Auditor \_\_\_\_\_  
L. S.

**AGREEMENT**  
ABOUT INFORMATION EXCHANGE AND ON THE CONFIDENTIALITY OF  
INFORMATION

\_\_\_\_\_ , 20\_\_

PJSC Transneft, hereinafter referred to as the "**Discloser**", represented by \_\_\_\_\_ acting on the basis of \_\_\_\_\_, on the one hand, and \_\_\_\_\_ represented by \_\_\_\_\_, acting on the basis of \_\_\_\_\_, hereinafter referred to as the "**Confidant**", on the other hand, jointly the "Parties", and individually "Party", have entered into this agreement (hereinafter, the "Agreement") as follows:

1. DEFINITIONS

1.1 The Discloser is the Party transmitting the information.

1.2 The Confidant is the Party receiving the information.

1.3 Representative is any person being the management body of one of the Parties or who performs audit or advisory activities on the basis of a contract providing for the non-disclosure of information received, or an employee of one of the Parties who, by virtue of his official duties, on the basis of a power of attorney or is otherwise duly authorized to access to Confidential Information.

1.4 Third parties are any individual or legal entity, or a foreign organization that is not a legal entity under foreign law, with the exception of the Discloser, the Confidant and the Representatives.

1.5 In this Agreement, "Confidential Information" means information provided by the Discloser to the Confidant in written, electronic or any other form, including those relating to the business or technical capabilities of the Parties, products, services, factual and analytical data, conclusions and other information, as well as personal data (except for public ones), elements of the latest technical solutions (know-how), including, but not limited to notes, documents and correspondence with the provision that the Discloser in accompanying letter or by putting on a tangible medium corresponding visa of limitation of access ("Commercial secret" or "Confidential") would directly indicate that in a particular case, the transmitted information is Confidential, excluding the information that, in accordance with the current legislation and other legal acts of the Russian Federation, cannot be classified as confidential.

1.6 Confidential information does not apply to information that has become generally known, access to which was provided by the Discloser to third parties without restriction, or which has become public by other lawful means.

2. SUBJECT MATTER OF THE AGREEMENT

2.1 The subject <sup>4</sup> of this Agreement is protection of the Confidential Information provided by the Discloser to the Confidant for the purpose of fulfilling the obligations under the Contract

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*(specify the date, number and subject of the main contract)*

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<sup>4</sup> It is mandatory to fill in the free field of item 2.1

### 3. OBLIGATIONS TO CONFIDENTIAL INFORMATION PROTECTION

3.1 The Confident agreed that the Confidential Information provided to it should be protected and that it will use all legal means and methods to prevent unauthorized disclosure of Confidential Information.

3.2 Information requested from the Confident by authorized state bodies within their competence may be granted to them on the basis of a reasoned request containing, among others the purposes and legal grounds for such information requesting. The Confident is obliged to notify the Discloser about the fact of providing the Confidential Information within three (3) business days from the time of providing the information to the state body.

The notification should be submitted in writing to the Discloser and contain an indication of the specific provision of the normative legal act(s) by which the Confident was obliged to provide information, as well as the characteristics of the information provided.

3.3 To protect Confidential Information, the Confident should take the precautionary measures specified in this Agreement, as well as other necessary and sufficient measures used to ensure the security of such information. In any case, the measures taken should not be lower than those measures that comply with the requirements of the regulations of the Confident for the protection of Confidential Information.

3.4 The Confident is obliged within three (3) business days to inform the Discloser about the accepted by the Confident, or known fact of disclosure or threat of disclosure, illegal receipt or illegal use of Confidential Information by third parties.

3.5 The Confident guarantees that it will, in accordance with the terms of this Agreement, manufacture only such a number of copies using the physical media on which the Confidential Information is presented to it, which is due to the need for proper performance of its contractual obligations to the other Party, the requirements of authorized state bodies and the legislation of the Russian Federation.

3.6 In accordance with this Agreement, all physical media submitted to the Confident by the Discloser and containing Confidential Information are the property of the Discloser. Such media should be returned or destroyed by the Confident in accordance with the Discloser instructions. If the Confidential Information is copied to the physical media belonging to the Confident, the Discloser has the right to instruct the Confident to remove information from these media, or to destroy the media, if the Confidential Information cannot be removed from them.

The exception is cases where the Confident is obliged to keep copies of documents, including those containing Confidential Information, in accordance with the legislation of the Russian Federation.

3.7 The Discloser has the right to control the usage of the transmitted Confidential Information by the Confident in ways that are not inconsistent with the legislation of the Russian Federation.

### 4. PROCEDURE OF CONFIDENTIAL INFORMATION TRANSMISSION

4.1 Transmission of Confidential Information on paper and electronic media is carried out by any of the following ways:

4.1.1. Forwarding by registered mail in the manner established by the Discloser and Confident, respectively.

4.1.2. Through couriers or Representatives.

4.2 Forwarding of correspondence with Confidential Information using e-mail and/or facsimile means is allowed only through cryptographic means protected communication channels or within the protected corporate computer network of Transneft. The Party sending Confidential Information should notify the Receiving Party in the manner specified in item 1.5 of the Agreement.



4.3 The Discloser provides Confidential information, as well as access to information systems processing Confidential Information, to the Representatives indicated in the request letter signed by the Head of the Confident. The request letter should contain the following: the surname, name, patronymic, position and details of the identity document of each Representative who needs access to the Confidential Information / Information System, as well as information about which Confidential Information / Information System and on what time interval access is needed, other information id performed at the discretion of the Confident.

4.4 Each Party agrees to take measures sufficient to prevent the virus infecting of information transmitted on electronic media (USB-drives, CD-ROMs, etc.), in documents and working materials sent electronically, in e-mail messages (including the attached files).

4.5 When transmitting documents containing information classified as a commercial secret of the Discloser, the documents must contain a restrictive stamp "Commercial Secret" indicating the holder of the information and his location (address).

5. OTHER TERMS AND CONDITIONS OF THE AGREEMENT, AGREEMENT TERM

5.1 This Agreement is made in two copies having equal legal force, comes into force from the date of its signing by the Parties and is valid until the expiry of the term of the contract concluded between the Parties, within which the Confident should receive or have access to Confidential Information.

5.2 All previously concluded agreements between the Parties on information exchange and on the confidentiality of information cease to be effective from the time of this Agreement signing.

5.3 This Agreement does not provide for any provision of intellectual property rights, including copyrights, trademarks, as well as the right to sell, or use of transmitted information for purposes other than the performance of obligations under the contract.

5.4 Changes and amendments to this Agreement can be made only on the basis of a written agreement signed by duly authorized representatives of the Parties.

5.5 Relations between the Parties in terms of exchanging and protecting of the provided information, not specified directly in this Agreement, are governed by the laws of the Russian Federation.

On behalf of \_\_\_\_\_:

On behalf of \_\_\_\_\_:

\_\_\_\_\_  
\_\_\_\_\_ (\_\_\_\_\_)

\_\_\_\_\_  
\_\_\_\_\_ (\_\_\_\_\_)

L. S.

L. S.