

Details of the proposed auditor of Rosneft

Rosneft annual accounting (financial) statements must be audited in accordance with Article 5(1) of Federal Law No. 307-FZ “On Auditing”, dated 30 December 2008, to confirm the accuracy and reliability of information disclosed in such annual accounting (financial) statements.

Rosneft Finance, Auditing and Consulting Services Procurement Commission approved, by its resolution No. 3К (ФАиКУ)-42-18-з, dated 25 December 2018, the results of the bid selection and evaluation, the outcome of the procurement procedure and the selection of the winning bidder to be awarded a contract for the “Provision of statutory audit services for RAS accounting (financial) statements and IFRS consolidated financial statements of Rosneft and its subsidiaries relevant for consolidation purposes in 2019–2021”. The winning bidder is Ernst & Young LLC.

On 16 April 2020, pursuant to the recommendations set out in the Bank of Russia’s Corporate Governance Code and Rosneft internal requirements, the Audit Committee of Rosneft Board of Directors evaluated the candidate for the corporate auditor role and, based on Clause 1.3.2 of the Rosneft Regulation on the Rosneft Board of Directors Audit Committee, proposed that the Board of Directors recommend that the Annual General Shareholders Meeting based on the 2019 results approve Ernst & Young LLC as Rosneft auditor and determine the auditor’s fee.

On 21 April 2020, Rosneft Board of Directors recommended that the Annual General Shareholders Meeting based on the 2019 results approve Ernst & Young LLC as Rosneft auditor and determine the auditor’s fee as follows:

- fee for auditing the accounting (financial) statements of Rosneft (legal entity) under Russian Accounting Standards (RAS) – RUB 7,200,000, including VAT;
- fee for auditing Rosneft consolidated financial statements under IFRS – up to RUB 79,906,950.00, including VAT.

Ernst & Young LLC is a Russian company incorporated under the laws of the Russian Federation and composed of Russian members only.

Ernst & Young LLC is one of the Big Four major audit firms worldwide, an independent member of Ernst & Young Global Limited that provides assurance, tax, transaction and advisory services.

Ernst & Young LLC is a member of the Russian Union of Auditors (Association) (RUA).

Rosneft and Ernst & Young LLC have had a successful track record of working together since 2002.

At present, Ernst & Young LLC provides the following services:

- statutory audits of accounting (financial) statements of Rosneft (legal entity) under RAS;

- statutory audits of consolidated financial statements of Rosneft (Group's statements) under IFRS;
- reviews of Rosneft interim consolidated financial statements under IFRS;
- other one-off additional auditor services in respect of new assets acquired by Rosneft Group companies for the purposes of disclosure in IFRS consolidated financial statements.

Ernst & Young LLC also acts as an auditor for a number of Rosneft biggest Russian and foreign subsidiaries.

In accordance with Article 48.1(10) of Federal Law "On Joint-Stock Companies" and Clause 9.2.2(3) of Rosneft Charter, the approval of the Company's auditor is reserved to the General Shareholders Meeting.