APPROVED
by the decision of KAMAZ PTC Board of Directors,
dated 12.02.2019, (Minutes No.1)

TERMS OF REFERENCE on the Budget and Audit Committee of the Board of Directors of KAMAZ Publicly Traded Company

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1. General

1.1. The Terms of Reference on the Budget and Audit Committee of the Board of Directors of KAMAZ Publicly Traded Company (hereinafter referred to as the Terms of Reference) shall determine the status, the procedure of creating, aims and tasks of the Budget and Audit Committee of the Board of Directors of KAMAZ Publicly Traded Company (hereinafter referred to as the Company), the rights and obligations of its members, the procedure of convening and holding he meetings of the Budget and Audit Committee of the Board of Directors (hereinafter referred to as the Committee), the procedure of it taking and executing its decisions.

1.2. The Terms of Reference have been developed pursuant to the law of the Russian Federation, the Terms of Reference on the Company's Board of Directors and shall be approved by the Company's Board of Directors.

1.3. In its activities, the Committee shall be guided by the law of the Russian Federation, Charter of the Company, the present Terms of Reference and other internal documents of the Company.

1.4. The Committee shall be a working consulting body of the Company's Board of Directors which is set up for preliminary review of the matters referred by the present Terms of Reference to the Committee's remit of competence, and preparation of the recommendations for the Company's Board of Directors for decisions to be taken with regard to the matters referred to the remit of competence of the Company's Board of Directors.

1.5. The Committee shall be answerable to the Company's Board of Directors, shall not be the Company's body. Through the Committee, the Company shall not assume any civil rights or obligations.

1.6. The Committee shall not take part in the operations of the Company, shall not duplicate the functional obligations of the Company's structural divisions or employees.

2. Aims and Tasks of the Committee

2.1. The Committee shall be established for the purpose of assisting in effective performance by the Company's Board of Directors of its functions by way of preliminary review of the matters bearing on the following:

- Planning the Company's financial and business activities;
- Control over the Company's financial and business activities;
- Financial and economic governance of the Company;
- Company's financial policy;
- Corporate decisions having significant effect on the Company's financial standing.

2.2. Referred to the functions of the Committee shall be:

2.2.1. In the area of financial and economic governance in the Company and corporate decisions:

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- Consideration and preparation of the recommendations respecting the Company's business plan drafts;
- Consideration of reports on performance of the Company's approved business

plans;

- Preparing the recommendations and opinions on the matters relating to development and implementation of social programs by the Company;
- Preparing the recommendations on identification of priority activities and fundamental principles of the financial policy, the policy on management of the Company's financial risks;
- Preparing the recommendations on the Company's dividend policy;
- Review of the proposals regarding uses (distribution) of the Company's profit, establishment and utilization of the Company's dedicated funds;
- Review of the proposals regarding execution of major transactions and interested party transactions, as well as the transactions involving acquisition into ownership, alienation or possibility of alienating buildings, facilities, housing facilities, plots of land and other real estate facilities of the Company, approving (agreeing) which is part of the remit of competence of the Board of Directors;
- Consideration of the matters relating to the Company's participation in the legal entities together with other parties which are automobile industry enterprises and (or) government bodies of foreign countries as well as persons affiliated with them;
- Consideration of the matters relating to performance of any actions which result or may result in reduction in the Company's participation interest in the legal entities in favor of the automobile industry enterprises and (or) government bodies of foreign countries, as well as parties affiliated with them (including the transactions involving alienation of shares (stakes) in the charter capital of legal entities).

2.2.2. In the area of accounts (financial statements):

- Control to assure completeness, accuracy and truthfulness of the Company's accounts (financial statements);
- Analysis of material aspects of the Company's Accounting Policy;
- Participation in consideration of material matters and judgements with respect to the Company's accounts (financial statements) and consolidated financial statements.

2.2.3. In the area of risk management, internal control and corporate governance:

- Control over reliability and effectiveness of the functioning of the Company's risk management system and internal control and the corporate governance system within the Company, including assessment of the efficiency of risk management procedure and internal control procedure of the Company, corporate governance practice and preparation of the proposals regarding their improvement;
- Consideration and assessment of the performance of the Company's Policy in the area of risk management and internal control.
- control of the procedures ensuring compliance by KAMAZ PTC with the requirements of the law as well as ethical standards, regulations and procedures of KAMAZ PTC as well as the requirements of the stock exchanges.

2.2.4. In the area of conduct of internal and external audit:

- ensuring that performance of the internal and external audit functions is independent and objective;

– preliminary agreement and approval of the appointment to the position and dismissal from the position occupied by the chief of the structural division which performs internal audit as well as preliminary consideration of his or her remuneration;

- assessing candidates to be auditors of the Company, essential legal entities, under the Company's control, developing proposals regarding their appointment, re-election and removal;
- preparation of the recommendations to the Board of Directors with respect to the amount of the external auditors' fees;
- ensuring that the internal audit division and external auditors interface effectively;
- making analysis of and discussing together with the Company's auditors essential issues arising in the course of the audit of the Company's accounts (financial statements) prepared to the Russian Accounting Standards as well as the International Financial Reporting Standards;
- reviewing disagreements between the Company's external auditors and the executive bodies of the Company on the issues pertaining to the Company's financial statements (accounts) and the consolidated financial statements of the company's organizations, in case adoption of the agreed upon decision on the above issues has not been achieved in the working order and preparing recommendations aimed at settling these disagreements;
- supervision over the conduct of the external audit and assessment of the quality of performing the audit and the auditors' opinion;
- control over development and exercise of control over compliance with the policy of KAMAZ PTC which would lay down the principles on the auditors’ rendering and combining the services of auditing nature and non-auditing nature to KAMAZ PTC;
- review of the Company's Policy in the area of internal audit (terms of reference on internal audit);
- review of reports of the chief of the structural division which performs internal audit, on end results of the work for the year, regarding performance efficiency of the internal control procedures as well as plans on elimination of essential drawbacks of the Company's internal control system;
- examination of the plan for the internal audit activities, the budget for implementing the internal audit function;
- examination of the essential restrictions on the powers or the budget of the Company’s structural division which performs internal audit or other restrictions capable of having a negative impact on performance of internal audit;
- annual assessment of efficiency of the internal audit function within the Company, organization of independent quality assessment of the internal audit activities in the Company no rarer than once every five years.

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2.2.5. In the area of counteracting against dishonest actions by the Company's employees and third parties:

- control over efficiency of the functioning of the warning system to notify of potential cases of dishonest actions by the Company's employees (including dishonest use of insider or confidential information) and third parties, as well as other violations in the Company's activities, as well as control over implementation of the measures adopted by the Company's executive management within the framework such a system;
- assessment of the implementation of the Company's programs aimed at ensuring adherence to the requirements of the law in respect of counteraction against corruption;
- analysis and assessment of the performance of the conflict of interest management policy.
- oversight over conduct of special investigations into the issues relating to potential cases of fraud, dishonest use of insider or confidential information.

2.2.6. Review of the reports of the Company's Auditing Board on the violations found.

2.2.7. Preparing recommendations relating to the amount of remuneration for the Company's Auditing Board.

2.2.8. Preparing the report to the Board of Directors on the Committee's work results for the year.

2.2.9. Preparing relevant information to be included into the annual report and other documents of the Company.

2.2.10. Control over performance of the decisions of the Board of Directors on the matters within the remit of competence of the Committee.

2.2.11. Other tasks by the resolution of the Company's Board of Directors within the Committee's remit of competence.

3. Composition of the Committee and Duration of Its Members' Powers

3.1. The Committee shall be set up by the resolution of the Company's Board of Directors, pursuant to the Terms of Reference on the Company's Board of Directors. The Chairman and the members of the Committee shall be appointed for the period until the next Company Shareholders' Annual General Meeting.

3.2. The Committee shall be composed of no fewer than 3 (three) members.

3.3. The Committee shall be made up of the majority of the Company's independent Directors, and if this is impossible due to objective reasons, the Committee members can be members of the Company's Board of Directors who possess qualifications and experience necessary for the aims of the Committee's activities to be achieved and qualifying for the following requirements:

- who are not, as at the time of election and during one year preceding election, officers or employees of the Company;

- who are not spouses, parents, children, brothers or sisters of the Company's officers;
- who are not affiliated persons of the Company, except for a member of the Company's Board of Directors;
- who are not representatives of the state or members of the Company's executive body.

Determination of the Committee members' independence shall be made in accordance with the Criteria for determination of the board of directors' (supervisory board's) independence, envisaged by the Listing Regulations of Moscow Stock Exchange Publicly Traded Company (hereinafter referred to as Criteria for determination of independence).

3.4. The Company's Board of Directors shall be entitled to independently decide to terminate the powers of one, several or all the members of the Committee, to change the quantitative composition of the Committee and to elect new members of the Committee.

3.5. Any member of the Committee, including the Chairman of the Committee, shall be entitled to withdraw from its composition by sending a written notification to the Company's Board of Directors. In this case, the powers of such a member of the Committee shall be terminated from the day of receipt by the Company's Board of Directors of such a notification.

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4. Chairman of the Committee

4.1. The Chairman of the Committee shall be elected by the Company's Board of Directors by the majority of votes from among the members of the Company's Board of Directors.

4.2. The Chairman of the Committee may be re-elected an infinite number of times.

4.3. The Chairman of the Committee shall carry out the general management of the Committee's activities, including the following:

- he or she shall organize the Committee's proceedings;
- shall call the meetings of the Committee or organize absentee vote;
- shall preside over the meetings of the Committee;
- shall organize the keeping of the minutes of the Committee meeting;
- shall report to the Company's Board of Directors on the Committee's activities no less than once a year;
- shall discharge other responsibilities foreseen by the present Terms of Reference.

4.4. In his absence the Chairman of the Committee shall be obliged to entrust the performance of the Chairman's duties to one of the members of the Committee.

4.5. In the case of equality of the votes cast by the members of the Committee «in favor» and «against» on the draft resolution under consideration by the Committee meeting, the version of the decision for which the Chairman of the Committee has voted, shall be considered as having been approved.

5. Supporting the Operation of the Committee, Remunerations and Compensations Payable To the Committee Members

5.1. In order to execute the documents and to attend to the Committee's affairs, at the recommendation of the Corporate Secretary of the Company the Committee shall appoint the Secretary of the Committee.

5.2. The Secretary of the Committee shall provide technical support of the Committee's activities. The Secretary of the Committee shall arrange for the conditions and environment necessary for the members of the Committee to perform their functions, shall organize provision of the premises for Committee meetings, transportation, accommodations for non-resident members of the Committee, passes for admission.

5.3. The Secretary of the Committee shall make sure that the minutes of the Committee meetings are kept on file and are registered.

5.4. The Secretary of the Committee shall provide informational support of the Committee's operation, including:

- dissemination of the materials in advance of the meeting (absentee vote) of the Committee;
- briefing the Chairman of the Committee as to existence of the quorum for the Committee meeting to be held;

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- formulation of the Committee's work plan;

- bringing the decisions adopted by the Committee to the knowledge of the Company's officers;
- making sure that the minutes of the Committee and the materials for the meetings (absentee votes) of the Committee are kept on file;
- sending the members of the Committee voting ballots in case the Committee decisions are passed by way of absentee voting;
- summing up the voting results on the matters the decisions on which are passed by absentee vote;
- count of votes cast by the Committee members;
- keeping and executing the minutes of the meetings (absentee votes) and Committee paperwork management.

5.5. The members of the Committee during the period in which they perform their responsibilities can be paid remunerations and their expenses connected with their participation in the Committee's activities can be compensated for. The amount of such remunerations and compensations shall be determined pursuant to the terms of reference approved by the Company Shareholders' General Meeting.

6. The Meetings of the Committee

6.1. The meetings of the Committee shall be held on planned basis. The work plan shall be drawn up for a corporate year and shall foresee items as per proposals advanced by the Committee members. All the items included into the work plan of the Company's Board of Directors and belonging to the competence of the Committee shall, on mandatory basis, be given preliminary review at the meetings of the Committee. The Committee's work plan shall be approved by the resolution of the Committee.

The corporate year shall be considered to be a period of time from the date of holding the Company Shareholders' Annual General Meeting to the date of the next Company Shareholders Annual General Meeting.

6.2. On the basis of the resolution of the Company's Board of Directors, at his own initiative or at the request of the Committee's members, the Chairman of the Committee shall be entitled to call unscheduled (special) meetings of the Committee for consideration of urgent matters.

6.3. Any member of the Committee shall be entitled to initiate incorporation into the agenda of an additional matter within the framework of the Committee's competence.

6.4. The date, place and time of holding the Committee meeting shall be determined in the decision of the Chairman of the Committee to hold a meeting.

The list of the issues to be incorporated into the agenda of the Committee meeting shall be drafted by the Secretary of the Committee based on the work plan of the Committee and the proposals submitted.

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The agenda of the meeting shall be approved by the Committee directly at the meeting. The agenda of the Committee meeting must contain a complete list of specific items being placed before the Committee for discussion.

6.5. A notice of the calling of the Committee meeting shall be sent to each member of the Committee in written form (via fax, e-mail, registered mail or by courier, but in

any case with acknowledgement of receipt by each member of the Committee), no later than 10 calendar days before setting up the date of the meeting.

The notice shall contain particulars about the date, place and time of the meeting and the list of the items proposed for consideration at the meeting. Attached to the notice shall be an explanatory note on the items proposed for consideration at the meeting of the Committee, as well as the materials necessary for preliminary review by the Committee members and drafts of the corresponding decisions of the Committee.

English translations of the notice, explanatory note and all the materials as well as draft resolutions of the Committee shall be sent to all the members of the Committee who do not speak Russian, by e-mail with acknowledgement of receipt by each such a member of the Committee no later than 7 calendar days before the date of holding the Committee meeting.

6.6. Participating in the meetings of the Committee shall be the members of the Committee and other persons invited to the meeting of the Committee on each of the items under consideration based on the decision of the Chairman of the Committee.

7. Quorum and the Procedure of Decision Making

7.1. The quorum of the Committee meeting shall be determined by the Chairman of the Committee when opening the meeting.

The meeting of the Committee (absentee vote by the members of the Committee) shall be considered to be valid and competent, if participating in it are no less than half of the total number of the Committee members.

7.2. When passing decisions on the matters at hand at the meetings of the Committee, each member of the Committee shall have one vote.

It shall not be allowed for a member of the Committee to pass the right of vote to another person including another member of the Committee.

Members of the Committee shall be allowed to take part in the proceedings of the Committee meetings by using conferencing facilities (audio or video conferencing).

The votes of the Committee members participating in the proceedings of the Committee meeting in such a fashion, shall be taken into consideration in determination of the quorum at the meeting and in voting on the agenda items of the meeting.

Written opinions of the Committee members, absent from the Committee meeting, on the agenda items, shall be taken into consideration in determination of whether the quorum is in existence and in summing up voting results on the agenda items of the meeting.

7.3. The Committee's decisions shall be made by the majority of votes cast by the members of the Committee attending the meeting or taking part in the absentee vote.

8. Absentee Vote by the Members of the Committee

8.1. The decision of the Meeting can be passed by absentee vote.

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8.2. The decision to conduct absentee vote shall be taken by the Chairman of the Committee.

The above mentioned decision shall specify:

- the wording of the agenda items and resolutions put before the Committee for consideration;
- the list of the information (materials), submitted to the members of the Committee;
- date of providing to the members of the Committee ballots for voting and (or) other information (materials);
- final date for acceptance of absentee voting ballots;
- the person who has filed a request in case the absentee vote is being conducted by request.

8.3. Considered as having taken part in the absentee vote shall be those members of the Committee whose ballots were delivered to the Company no later than the appointed date for ballot acceptance.

Recognized as having taken part in the vote shall be also the ballots signed by the members of the Committee and sent before the appointed final date for acceptance of the ballots via facsimile provided that such facsimile copy allows identification of the voting option chosen by the member of the Committee and his or her signature.

The facsimile message containing the absentee vote ballot must be sent to fax No. specified in the ballot and shall have been received by the Company no later than the quitting time officially established in the Company as at the final date for acceptance of the ballots.

The original ballot, in this case, shall be simultaneously sent by the voting member of the Committee by post or by other method.

8.4. Absentee vote can be completed before the final date for acceptance of absentee vote in case all the members of the Committee have voted before the appointed date. The completion date of the absentee vote in this case shall be determined by the date of the Company's receipt of the last ballot or its facsimile copy.

8.5. A copy of the minutes of the absentee vote by the members of the Committee shall be sent to the members of the Committee no later than 7 days from the time of signing the minutes of the absentee vote by the members of the Committee.

9. Minutes of the Committee Meeting

9.1. At the meeting of the Committee, minutes shall be kept as well as an audio recording shall be made.

9.2. Minutes of the Committee meeting shall be prepared no later than 3 days after it has been held. The minutes shall specify:

- place and time of holding the meeting;
- persons attending the meeting;
- agenda of the meeting;
- issues put to vote and voting results on them;
- decisions taken.

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The minutes of the Committee shall be signed by the Person Presiding Over the Meeting and the Secretary of the Committee.

9.3. The opinions of the members of the Committee expressed in written form and

signed in their personal hand as well as the ballots for voting, in the case of absentee vote by the members of the Committee, shall be attached to the minutes.

10. Rights, Obligations and Liability of the Members of the Committee

10.1.The Committee shall be entitled:

10.1.1. By way of initiative or at the instructions of the Company's Board of Directors, to consider any matters relating to the competence of the Committee pursuant to its work plan.

10.1.2. To propose including the matter within the remit of the Committee's competence into the agenda of the Company's Board of Directors, to initiate the holding of the unscheduled (special) meeting of the Company's Board of Directors.

10.1.3. To involve in its activities the persons who are not members of the Committee.

10.2.The Committee shall be obliged:

10.2.1. To carry out its activities in the interests of the Company and its shareholders.

10.2.2. To inform the Company's Board of Directors about its activities.

10.2.3. No less than once a year, to submit for approval to the Company's Board of Directors a report on the results of its activities.

10.3.A member of the Committee shall have the right:

10.3.1. on behalf of the Committee and within the framework of its competence, to request the executive bodies, employees of the Company and other persons for information and documents necessary for the aims of the Committee's activities to be attained.

10.3.2. to initiate inclusion of the agenda item into the agenda of the Committee meeting, to demand holding a special meeting of the Committee.

10.3.3. to participate in the meeting to vote on all the issues under consideration.

10.3.4. in case it is not possible to take part personally in the proceedings of the Committee, to send written opinion with respect to the issues under consideration.

10.3.5. to demand that his or her special written opinion be included into the minutes of the Committee meeting.

10.3.6. to receive remuneration for participation in the activities of the Committee as well as compensations for the expenses connected with the activities pursuant to the terms of reference approved by the Company Shareholders' General Meeting.

10.4.A member of the Committee shall be obliged:

10.4.1. to participate in the proceedings of the Committee and to attend all its meetings, to facilitate effective and constructive discussion of the agenda items of the meeting.

10.4.2. to act in the interests of the Committee and its shareholders, to exercise his or her rights and carry out the obligations with respect to the Company diligently and reasonably.

10.4.3. to avoid passing unjustifiable decisions or recommendations, to abstain from voting on the matters with respect to which a member of the Committee has not

formed a justified position.

10.4.4. to inform the Chairman of the Committee of his or her interestedness in a certain decision regarding an issue being put before the Committee for consideration, to abstain from participation in the voting on such an issue.

10.4.5. to ensure that the information which has become available to him or her in connection with his or her performance of the obligations as a member of the Committee is kept confidential.

10.4.6. to inform the Company's Board of Directors of any change in his or her independent status, i. e. failure to conform to the Criteria for Determination of Independence.

10.5. Members of the Committee, including the Chairman of the Committee, shall bear personal liability for divulging details which constitute commercial secrets as well as divulgence of other information of confidential nature which has become known to them due to their performance of their responsibilities as members of the Committee.

10.6. The requirements laid down by Clause 10.5 of the present Terms of Reference shall be extended to the persons invited to the Committee meeting or involved in the Committee's activities.

11. Operation of the Terms of Reference. Procedure of Introducing Amendments and Addenda into the Terms of Reference

11.1. Amendments and addenda to the present Terms of Reference can be introduced by the resolution of the Company's Board of Directors.

The Company's Board of Directors may terminate the operation of the present Terms of Reference on the Budget and Audit Committee of the Company's Board of Directors and adopt the new Terms of Reference on the Budget and Audit Committee of the Company's Board of Directors.

11.2. In the case of contradictions between the norms of the law of the Russian Federation and the present Terms of Reference the norms of the existing law of the Russian Federation shall prevail.