

**APPROVED BY**  
the General Meeting of Shareholders  
of Segezha Group  
Public Joint Stock Company  
April 9, 2021  
Minutes No. 3/21 dated April 13, 2021

**REGULATIONS  
ON THE INTERNAL AUDIT COMMISSION  
of Segezha Group  
Public Joint Stock Company**

**MOSCOW  
2021**

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## **1. General provisions**

- 1.1. These Regulations on the Internal Audit Commission of Segezha Group Public Joint Stock Company (hereinafter referred to as the "Regulations" and the "Company," respectively) have been developed in accordance with the laws of the Russian Federation and the Company's Articles of Association.
- 1.2. The Regulations are an internal document of the Company that defines the procedure for the formation and operation of the Internal Audit Commission, its main objectives and functions, the rights and obligations of members of the Internal Audit Commission, the rules for its work and the conduct of audits and the procedure for interaction with the Company's management bodies.
- 1.3. The Internal Audit Commission of the Company, which shall be a permanent elected body, shall exercise control over the financial and economic activities of the Company and the activities of its management bodies and officers (including its standalone units and services, as well as branches and representative offices (if any)) through documentary and factual audits of:
  - the legality, economic feasibility and efficiency (expediency) of the economic and financial operations made by the Company in the audited period;
  - the complete and correct reflection of economic and financial transactions in the Company's management documents;
  - the legality, economic feasibility, and effectiveness of the actions performed by persons holding positions in the Company's management bodies and heads of its structural units (services, branches, representative offices) with regard to compliance with the laws of the Russian Federation, the Company's Articles of Association, approved plans, programs, and other internal documents of the Company.
- 1.4. In its activities, the Internal Audit Commission shall be guided by the laws of the Russian Federation, the Company's Articles of Association, these Regulations, and other internal documents of the Company.
- 1.5. The Internal Audit Commission shall be independent of the officers of the Company's management bodies and shall be accountable only to the Company's General Meeting of Shareholders. The Internal Audit Commission shall be responsible to the General Meeting of Shareholders for the reliability and fairness of audit results.
- 1.6. Officers of the Company's executive management bodies and heads of structural and standalone units (services, branches and representative offices) shall assist the Internal Audit Commission in conducting audits.

## **2. Procedure for forming the Internal Audit Commission**

- 2.1. In accordance with the Company's Articles of Association, the number of members of the Internal Audit Commission shall be determined by the resolution of the Company's General Meeting of Shareholders and may not be less than three (3) persons.
- 2.2. Members of the Internal Audit Commission shall be elected by the General Meeting of Shareholders in accordance with the procedure provided for in the Company's Articles of Association for the period until the next annual General Meeting of Shareholders by a simple majority of votes from among the candidates proposed in accordance with the established procedure by shareholders holding two (2) or more percent of the Company's voting shares. If the shareholders have not proposed candidates for the election to the Internal Audit Commission or the number of proposed candidates is less than the number of members determined by the Company's Articles of Association, the Company's Board of Directors shall be entitled to include candidates in the list of candidates for election to the Internal Audit Commission at its discretion.

Candidates to the Internal Audit Commission shall confirm their consent to be elected to the Internal Audit Commission in writing.
- 2.3. Candidates who have received the majority of votes of the shareholders holding voting shares participating in the Company's General Meeting of Shareholders shall be considered elected to the Internal Audit Commission of the Company. The persons elected to the Internal Audit Commission of the Company may be re-elected an unlimited number of times.
- 2.4. Members of the Internal Audit Commission of the Company may not concurrently be members of the Board of Directors of the Company, hold positions in the executive bodies of the Company, or exercise the functions of the Chief Accountant of the Company.
- 2.5. Information about candidates for the Internal Audit Commission of the Company and information about the presence or absence of their written consent to be elected to the Internal Audit Commission shall be submitted to shareholders in the course of preparation for the General Meeting of Shareholders.
- 2.6. Shares owned by members of the Company's Board of Directors or persons holding positions in the Company's management bodies may not participate in voting for the election of members of the Internal Audit Commission of the Company.

A General Meeting of Shareholders whose agenda includes an item on the election of members of the Internal Audit Commission may not be held by absentee voting (by poll).
- 2.7. By the resolution of the General Meeting of Shareholders of the Company, the powers of any member or all members of the Internal Audit Commission may be terminated early.

The General Meeting of Shareholders may decide on the early termination of the powers of a specific member or all members of the Internal Audit Commission only simultaneously with the election of a new member or all members of the Internal Audit Commission, respectively.

If the powers of a member of the Internal Audit Commission are terminated early or a member withdraws from the Internal Audit Commission, the powers of the other members of the Internal Audit Commission shall not be terminated.

- 2.8. If the Internal Audit Commission of the Company or specific members thereof are elected at an extraordinary General Meeting of Shareholders of the Company, the Internal Audit Commission (specific members thereof) shall be considered elected for a term up to the annual General Meeting of Shareholders of the Company.
- 2.9. Members of the Internal Audit Commission may be paid remuneration and/or be compensated for expenses related to the performance of their duties during the period of performance of their duties by the resolution of the General Meeting of Shareholders. The amount of such remuneration and compensation shall be determined by the resolution of the General Meeting of Shareholders on the recommendation of the Board of Directors. The President of the Company shall be responsible for technical and material support for the activities of the Internal Audit Commission.
- 2.10. The Chair of the Internal Audit Commission shall organize and manage its activities.  
The Chair of the Internal Audit Commission shall be elected from among the members of the Internal Audit Commission at its first meeting and may be re-elected at any time by a majority vote of the total number of elected members of the Internal Audit Commission of the Company.

### **3. Functions and objectives of the Internal Audit Commission**

- 3.1. The Internal Audit Commission shall, within the limits of its competence determined by the current laws and the Company's Articles of Association:
  - a) conduct a scheduled documentary audit of the Company's financial and economic activities based on the results of its activities for the year, as well as unscheduled documentary audits on its own initiative, by resolution (order) of the General Meeting of Shareholders or the Board of Directors of the Company or at the request of a shareholder(s) of the Company holding in the aggregate at least ten (10) percent of the Company's voting shares;
  - б) based on the results of the audits, draw up a report, which (depending on the subject matter of the audit) shall contain:
    - information on instances of violation by the Company of regulations of the Russian Federation, the accounting and financial reporting procedures established by regulations of the Russian Federation, approved internal documents of the Company, budgets, estimates, plans, programs, etc.;
    - verify the reliability of data contained in the Company's annual report, annual financial statements, financial reports, and other financial documents of the Company;
    - assess the feasibility and effectiveness of the Company's financial and economic operations;
    - make proposals on improving the Company's financial and economic activity management and internal control systems;
    - make proposals on the implementation of measures to improve the Company's financial and economic condition;
  - в) demand the convocation of the Company's Board of Directors;
  - г) demand the convocation of an extraordinary General Meeting of Shareholders of the Company;
  - д) exercise the right to file a petition in court to compel the Company to hold an extraordinary General Meeting of Shareholders if the Board of Directors of the Company has not made a resolution to convene an extraordinary General Meeting of Shareholders within the period established by the Federal Law "On Joint Stock Companies" or has made a resolution to refuse to convene it at the initiative of the Internal Audit Commission;
  - е) elect the Chair and the Secretary of the Internal Audit Commission of the Company;
  - ж) develop and approve its work plan for the period until the annual General Meeting of Shareholders;
  - з) independently determine the procedure for and forms of conducting scheduled and unscheduled audits (inspections) and preparing a report on the results of audits;
  - и) exercise control over the remedy of deficiencies and violations identified as a result of audits, the implementation of the recommendations of the Internal Audit Commission and the action plan for the remedy of deficiencies and violations;
  - к) make decisions to conduct unscheduled audits at the initiative of the Company's executive management bodies.
- 3.2. The Internal Audit Commission shall audit the following matters:
  - a) compliance by the Company with the regulations of the Russian Federation when carrying out its financial and economic activities and maintaining accounting and financial reporting, reliability of data contained in the Company's reports and other financial documents, protection of the Company's economic interests by the Company's officers and other matters, including:

- the complete and reliable reflection of the Company's capital, property, and transaction parameters in the Company's documents;
  - compliance by the Company's officers with provisions of the laws and protection of the Company's economic interests when concluding contracts and making transactions on behalf of the Company, especially transactions requiring their pre-approval by the Board of Directors, the General Meeting of Shareholders (i.e. transactions categorized as "major transactions" or "related-party transactions") and other transactions the closing of which requires the prior consent of the Board of Directors, including transactions not covered by the Company's financial and economic plan (budget);
  - the implementation of approved plans, budgets, estimates, and limits;
  - the safety of funds, property, and property and non-property rights, the efficiency of use of assets and other resources of the Company and identification of unproductive losses and expenses;
  - the correspondence of the prices of property purchased (sold) by the Company to market prices;
  - the reasonableness of the Company's accounts payable and the timeliness of the Company's performance of its obligations (settlements with creditors and budget payments, etc.);
  - the reasonableness of the Company's accounts receivable and the timeliness of their collection;
  - the results of property inventories and the correspondence of the actual availability of property to the primary accounting data;
  - the reasonableness of attribution of costs (expenses) to the cost of products (works, services);
  - the reasonableness of penalties applied to the Company;
  - verification of the correctness of the formation of the Company's financial results and their reflection on the profit and loss account;
  - audits of the organization of document management, record keeping, and document storage;
- б) assessment of the Company's current financial condition, financial condition indicators, and the presence of signs of insolvency (bankruptcy);
- в) implementation of resolutions of the General Meeting of Shareholders and the Board of Directors;
- г) assessment of the competence of the resolutions of the Company's Board of Directors and their compliance with the resolutions of the General Meeting of Shareholders and the Company's Articles of Association;
- д) assessment of the compliance of decisions on financial and economic activities made by the Company's executive management bodies with resolutions of the Board of Directors, the General Meeting of Shareholders and the Company's Articles of Association;
- е) remedy by the Company's executive management bodies of deficiencies identified in the reports on previous audits;
- ж) other matters related to the specific features of the Company's financial and economic activities, the audits of which will contribute to reducing the risks of the Company's financial and economic activities and improving its financial performance.

#### **4. Rights, duties, and responsibilities of the Internal Audit Commission**

4.1. In the performance of their functions, members of the Internal Audit Commission may:

- 1) freely enter all of the Company's office premises, inspect its storage areas and check the actual availability and safety of the Company's property, funds and documents, and gain access to all the Company's documents (accounting and financial documents, plans, reports, certificates, estimates, etc.);
- 2) receive oral and written explanations and information on matters arising during audits from the heads of the Company's management bodies, heads of structural units (services, branches, representative offices), financially responsible persons and employees of the Company;
- 3) reconcile settlements with debtors and creditors of the Company and review the banking documents of the Company at the place of their storage in banks (if necessary and if possible);
- 4) exercise control over the availability, movement, completeness and reliability of reflection of property and cash, formation of costs and income, and the volume of products, work performed and services rendered in the accounting and reporting documents;
- 5) issue instructions to the officers of the Company's executive management bodies, heads of structural units (services, branches, representative offices), and financially responsible persons to take immediate measures to address identified violations if failure to take such measures may lead to the loss of valuables or documents or contribute to further abuse;
- 6) be present during inventory, as well as require the Company's executive management bodies to conduct an unscheduled general or partial inventory of the Company's property and operations (fixed assets, inventory items, settlements with buyers and suppliers, securities, cash, etc.);
- 7) obtain the documents required by the Internal Audit Commission on the subject matter of the audit (created in the course of the Company's activities and its management bodies or connected with the activities (related to the activities) of the Company and its management bodies) for review from the officers of the Company's management bodies, heads of the Company's structural units, and its financially responsible persons, in particular, the following documents:

- constituent, registration, title, planning, reporting, accounting, financial, management, and other documents;
  - minutes of meetings of the Company's management bodies (the General Meeting of Shareholders, the Board of Directors, the Management Board), business correspondence, reports of the Company's auditors and documents of audits of the Company by state and municipal financial and tax control authorities.
- The requested documents shall be provided to the Internal Audit Commission no later than two (2) business days from the date of the request;

**8)** submit the matter of applying disciplinary and material sanctions to the Company's employees (including officers of the Company's executive management bodies) if instances of their violation of the Company's Articles of Association, job descriptions, and other internal documents of the Company are identified for consideration by the officers of the Company's management bodies;

**9)** receive the schedule and agenda of the planned meetings of the Board of Directors and the General Meetings of Shareholders of the Company and participate in meetings of the Board of Directors of the Company with the right of advisory vote;

**10)** make proposals for improving the internal control system, improving the efficiency of the Company's activities, and reducing the risks of financial and economic activities;

**11)** make proposals for the work plans of the Company's management bodies and request the convening of the meeting of the Board of Directors and/or the General Meeting of Shareholders of the Company (in accordance with the procedure established by the laws of the Russian Federation and the Company's Articles of Association) if violations or operations identified during the audit have caused or may cause significant damage to the economic interests of the Company's shareholders and making the necessary decisions is within the competence of the specified management bodies of the Company;

**12)** if necessary, in consultation with the President of the Company, on a contractual basis (if the necessary funds are available in the budget of the Internal Audit Commission and in compliance with the conditions of confidentiality and preservation of trade secrets), engage experts in relevant fields (law, economics, finance, accounting, management, economic security, construction and others) who are not employed by the Company for participation in the audit, including specialized organizations.

If necessary, the Internal Audit Commission may engage experts and independent audit firms on a contractual basis. Additional expenses in this case shall be approved by the Board of Directors. The cost estimates of the Internal Audit Commission shall be approved by the Board of Directors. The Internal Audit Commission (the Internal Auditor) shall be entitled to involve the Company's employees in its work without disrupting the normal production process of the Company.

4.2. The Internal Audit Commission of the Company shall:

**1)** conduct an audit of the Company's financial and economic activities based on the results of the Company's activities for the year, as well as at any time on the initiative of the persons named in the Federal Law "On Joint Stock Companies," the Company's Articles of Association, and these Regulations;

**2)** draw up a report based on the results of the audit of the Company's financial and economic activities;

**3)** objectively reflect identified instances of deficiencies, violations, and abuses in inspection materials, indicating their causes, persons responsible, and the amount of material damage caused;

**4)** ensure in its activities compliance with the Company's established procedures for working with documents, trade secrets and confidentiality of information received which has become known to the members of the Internal Audit Commission in the course of conducting internal audits;

**5)** when instances of abuse by officers and heads of structural units of the Company of the powers granted to them, embezzlement, thefts, shortfalls, and illegal spending of funds and material assets are identified, draw up an interim report and inform the President of the Company about these instances;

**6)** if the audit reveals instances of financial or official violations that pose a significant threat to the Company's economic interests, submit the matter to a meeting of the Internal Audit Commission with a request to convene a meeting of the Board of Directors and/or an extraordinary General Meeting of Shareholders of the Company if decisions on these matters are within the competence of the said management bodies of the Company;

**7)** promptly inform the Board of Directors and report to the General Meeting of Shareholders of the Company on the results of scheduled and unscheduled audits of the Company's financial and economic activities, on established instances of the inefficiency and/or unreasonableness of financial and economic operations, and on violations of the laws of the Russian Federation, the Articles of Association, or internal documents of the Company and other financial and official violations committed by the Company's officers or heads of structural units (services, branches, representative offices);

**8)** for audits conducted at the request of the Company's shareholder(s) holding in the aggregate at least 10% of the Company's voting shares, notify such shareholder(s) of the results of the audit;

**9)** exercise control over the remedy of deficiencies and violations identified as a result of previous inspections and the implementation of measures to remedy them.

4.3. Members of the Internal Audit Commission shall bear liability for the unethical performance of their duties.

A member of the Internal Audit Commission, at the request of a shareholder(s) holding in the aggregate at least 10% of the Company's voting shares and voting for his or her election, shall provide such shareholders with a report on his or her work.

## 5. Rules and procedures of the Internal Audit Commission

- 5.1. The Chair of the Internal Audit Commission of the Company shall:
- 1) plan the work of the Internal Audit Commission of the Company;
  - 2) convene and hold meetings, resolve matters related to the preparation and conduct of the meeting of the Internal Audit Commission of the Company, and approve the agenda of the meetings of the Internal Audit Commission of the Company;
  - 3) organize the current work of the Internal Audit Commission of the Company, including the procedure for conducting audits, audit matters and their distribution among members of the Internal Audit Commission;
  - 4) represent the Internal Audit Commission at the General Meeting of Shareholders of the Company and meetings of the Board of Directors of the Company;
  - 5) sign the minutes of a meeting of the Internal Audit Commission and other documents issued on behalf of the Internal Audit Commission of the Company;
  - 6) perform other functions necessary for the organization of the Internal Audit Commission's control over the Company's financial and economic activities, the management activities of its management bodies, and the Internal Audit Commission's reporting to shareholders.
- 5.2. The Secretary of the Internal Audit Commission of the Company shall:
- 1) organize the maintenance of minutes of meetings of the Internal Audit Commission;
  - 2) ensure timely notification of the Company's management bodies of the results of audits and provide copies of the reports of the Internal Audit Commission of the Company;
  - 3) prepare and sign, together with the Chair of the Internal Audit Commission, the minutes of meetings of the Internal Audit Commission of the Company and extracts from them;
  - 4) organize record keeping, document management, and storage of documents of the Internal Audit Commission of the Company;
  - 5) organize prior (no later than five (5) days in advance) notification of members of the Internal Audit Commission of the Company on the conduct of meetings of the Internal Audit Commission and scheduled and unscheduled audits;
  - 6) perform other functions necessary for the organizational support of the activities and record management of the Internal Audit Commission.
- 5.3. Planning of the work of the Internal Audit Commission of the Company:
- 5.3.1. Scheduled audits of the Company's activities and meetings of the Internal Audit Commission shall be conducted in accordance with the approved annual Work Plan of the Internal Audit Commission.
- 5.3.2. The Work Plan of the Internal Audit Commission of the Company shall be approved at the first organizational meeting of the Internal Audit Commission.
- 5.3.3. The Work Plan of the Internal Audit Commission of the Company shall include:
- 1) the subjects of the audit (types of financial and economic activities of the Company, specific areas of the Company's activities);
  - 2) determination of the audit form for each of the subjects;
  - 3) time schedule of audits of the Company's activities, approximate dates of audits (annual, quarterly);
  - 4) time schedule of meetings of the Internal Audit Commission to resolve matters related to the preparation and conduct of audits of the Company's activities and approval of the audit report;
  - 5) approximate list of financial and/or business documentation required for the audit of the audit subjects included in the plan;
  - 6) distribution of responsibilities (issues) between members of the Internal Audit Commission during audits;
  - 7) other matters related to the organization of meetings and audits by the Internal Audit Commission of the Company.
- 5.4. Meetings and decision-making:
- 5.4.1. Meetings of the Internal Audit Commission shall be attended by members of the Internal Audit Commission, as well as invitees.
- 5.4.2. The President of the Company, members of the Board of Directors of the Company, members of the Management Board of the Company, the independent external auditor of the Company, the head of the structural unit performing internal audit functions, and other officers and employees of the Company may be invited to meetings of the Internal Audit Commission.
- 5.4.3. The Internal Audit Commission shall carry out its activities on the basis of collegiality, i.e. all decisions shall be made by the Internal Audit Commission at its meetings by a majority vote of the members present at the meeting.
- 5.4.4. At the meetings of the Internal Audit Commission, a quorum shall be determined, items on the agenda shall be announced, reports of members of the Internal Audit Commission shall be heard, a draft resolution (opinion) shall be formulated, and voting and summing up shall be held.
- 5.4.5. A meeting of the Internal Audit Commission of the Company shall be duly constituted (have a quorum) if more than half of the elected members of the Internal Audit Commission of the Company participate in it. In the absence

of a quorum, the meeting of the Internal Audit Commission may be adjourned to a later date but no more than for ten (10) days.

- 5.4.6. Decisions on the agenda of the meeting of the Internal Audit Commission shall be made by a majority vote of the members of the Internal Audit Commission of the Company participating in the meeting. The transfer of the voting rights of a member of the Internal Audit Commission to another person, including another member of the Internal Audit Commission, shall not be permitted.

When resolving on items at the meeting of the Internal Audit Commission, each member of the Internal Audit Commission shall have one vote. In the event of a tie, the Chair of the Internal Audit Commission shall have a casting vote.

- 5.4.7. Meetings of the Internal Audit Commission shall be held in the form of a physical meeting (joint presence of members of the Internal Audit Commission for discussion and decision-making on items put to the vote) or a non-physical meeting. The form and date of holding meetings shall be determined by the Chair of the Internal Audit Commission. An absent member of the Internal Audit Commission shall be entitled to submit his/her written opinion on the item under consideration, which shall be taken into account when determining the quorum of the meeting and summing up the voting results.

- 5.4.8. The first (organizational) meeting of the Internal Audit Commission shall be held no later than fifteen (15) days after the date of the General Meeting of Shareholders which elected new members of the Internal Audit Commission.

- 5.4.9. Meetings of the Internal Audit Commission of the Company shall be held within the periods established by the Work Plan of the Internal Audit Commission, as well as each time before the start of an audit and following the results of its conduct.

- 5.4.10. The following matters of the preparation and conduct of an upcoming audit shall be considered at the meeting of the Internal Audit Commission of the Company held before the start of the audit:

- 1) identification of the audit subject;
- 2) the procedure, time frames, and scope of the audit;
- 3) determination of the list of information and materials required for the audit and the methods and sources for obtaining them;
- 4) determination of the list of persons who need to be involved in the audit (for giving explanations, clarifying certain issues);
- 5) appointment of the date of the meeting of the Internal Audit Commission to summarize the results of the audit;
- 6) appointment of audit participants and distribution of audit issues among them;
- 7) resolution of other matters.

The meeting of the Internal Audit Commission on the preparation and conduct of an audit may be held without the joint presence of the members of the Internal Audit Commission by absentee voting (by poll).

- 5.4.11. The following matters shall be considered at the meeting of the Internal Audit Commission of the Company which is held on the basis of the results of each audit:

- 1) discussion of the information received during the audit and the sources of its receipt;
- 2) summing up the results of the audit;
- 3) generalization of conclusions and formation of proposals based on the results of the audit;
- 4) approval and signing of the report of the Internal Audit Commission on the results of the audit;
- 5) identification and analysis of the causes of the identified violations and discussion of possible options for their remedy and prevention in the future;
- 6) adoption of a decision to address the Company's management bodies, their officers, and the heads of the Company's structural units on the need to remedy violations identified by the audit and apply sanctions to persons who have committed violations;
- 7) other matters related to summing up the results of the audit.

8) A resolution of the Internal Audit Commission of the Company with a request to convene an extraordinary General Meeting of Shareholders shall be adopted by a simple majority of votes of the members of the Internal Audit Commission participating in the meeting.

The request to convene an extraordinary General Meeting of Shareholders shall be sent to the Board of Directors of the Company addressed to the Chair of the Board of Directors or delivered to the Chair (Secretary) of the Board of Directors of the Company against signature.

The request of the Internal Audit Commission to convene an extraordinary General Meeting shall contain:

- the wording of the agenda items and draft decisions on them;
- reasons for putting items on the agenda;
- suggestions on the form of the meeting.

- 5.4.12. The meeting of the Internal Audit Commission on the results of the audit of the Company's financial and economic activities for the year for the preparation of the corresponding report based on the Company's annual report, annual accounting (financial) statements, including the balance sheet and profit and loss accounts, and other financial reporting documents shall be held no later than three (3) business days before the date determined in accordance with the law for the provision of materials to shareholders in connection with the annual General Meeting of Shareholders.



- 5.4.13. When preparing for the meeting of the Internal Audit Commission, the Chair of the Internal Audit Commission of the Company shall:
- 1) determine the date, time and place of the meeting, and the form of its holding;
  - 2) approve the agenda of the meeting;
  - 3) determine the list of materials and documents required for consideration of agenda items of the meeting of the Internal Audit Commission;
  - 4) determine the list of persons invited to participate in the meeting of the Internal Audit Commission (in the event of joint presence);
  - 5) resolve other matters related to the preparation for the meeting of the Internal Audit Commission of the Company.
- 5.4.14. When the Internal Audit Commission of the Company receives information on violations of the laws of the Russian Federation, the Company's Articles of Association, or other internal documents of the Company or instances of financial or official violations that pose a significant threat to the economic interests of the Company's shareholders, the Chair of the Internal Audit Commission shall convene a meeting of the Internal Audit Commission to resolve on the matter of conducting an unscheduled audit.
- 5.4.15. Upon identifying the above violations, a member of the Internal Audit Commission shall send a written statement to the Chair of the Internal Audit Commission describing the nature of the violations and the persons who committed them no later than three (3) business days from the time of their identification.
- 5.4.16. The Secretary of the Internal Audit Commission shall take the minutes of the meeting of the Internal Audit Commission.
- If members of the Internal Audit Commission disagree with a resolution of the Internal Audit Commission, they shall state their dissenting opinions in writing, which shall be attached to the minutes of the meeting and communicated to the Board of Directors and the General Meeting of Shareholders of the Company.
- The minutes of a meeting of the Internal Audit Commission of the Company shall be drawn up in two copies no later than 3 business days after its holding (tallying of the results of absentee voting) and shall be signed by the Chair and the Secretary of the Internal Audit Commission of the Company. The Company shall keep minutes of meetings of the Internal Audit Commission and ensure their provision at the request of the Company's shareholders.
- 5.5. Procedure for conducting audits:
- 5.5.1. A scheduled audit of the Company's financial and economic activities shall be carried out in accordance with the approved annual Work Plan of the Internal Audit Commission.
- 5.5.2. An unscheduled (extraordinary) audit of the Company's financial and economic activities shall be carried out on the grounds specified in Clause 3.1. of these Regulations.
- An unscheduled audit conducted at the request of a shareholder, on the instructions of the Board of Directors or by a decision of the General Meeting of Shareholders shall start no later than thirty (30) days after receipt of a written request or decision of the relevant body of the Company. The period for holding the audit may not exceed ninety (90) business days.
- 5.5.3. The shareholders initiating the audit shall send the Internal Audit Commission their written request, which shall contain:
- the last name, first name, and patronymic (corporate name) of the shareholders;
  - information on their shares (number, category, type);
  - a reasoned justification for this request.
- The request shall be signed by the shareholder or his/her/its representative. If the request is signed by a representative, then a power of attorney issued in accordance with the requirements of Article 185.1 of the Civil Code of the Russian Federation or notarized (a notarized copy of the power of attorney) shall be attached. If the power of attorney was issued by way of substitution, the power of attorney by virtue of which it was issued or a copy thereof shall be submitted in addition to the substitute power of attorney or a copy thereof. If the initiative comes from corporate shareholders, the signature of a representative of the legal entity acting in accordance with its articles of association without a power of attorney shall be certified by the seal of this legal entity.
- Shareholders whose rights to shares are registered in a depository shall attach an extract from the custody account to the request.
- 5.5.4. The request of the initiators of the audit shall be sent to the Company and shall be addressed to the Chair of the Internal Audit Commission.
- The date of submission of the request shall be determined by the date of its receipt by the Company or the date of its delivery to the Company.
- 5.5.5. Within five (5) business days of submission of the request, the Internal Audit Commission shall make a decision to conduct an audit of the Company's financial and economic activities or give a reasoned refusal to conduct an audit.
- When the Internal Audit Commission makes a decision to conduct an audit, the Chair of the Internal Audit Commission shall organize and start conducting the audit.
- 5.5.6. The Internal Audit Commission may refuse to conduct an audit in the following cases:

- the shareholders who submitted the request do not hold the required number of voting shares;
  - the request does not specify the reasons for the audit;
  - the Internal Audit Commission has previously conducted an audit on the facts or reasons specified in the request and there is a corresponding report;
  - the request does not comply with the laws and regulations of the Russian Federation or the provisions of the Company's Articles of Association.
- 5.5.7. The initiators of the audit of the Company's financial and economic activities shall be entitled to withdraw their request at any time before the Internal Audit Commission decides to conduct the audit by notifying the Internal Audit Commission in writing.
- 5.5.8. Prior to the start of the audit, the Chair of the Internal Audit Commission shall notify the President of the Company in writing of the start of the audit.
- 5.5.9. Based on the results of the audit, the Internal Audit Commission shall draw up a statement and approve the report.
- 5.5.10. The report of the Internal Audit Commission of the Company shall be drawn up in three copies. A member of the Internal Audit Commission who has expressed disagreement with the report shall be entitled to prepare a dissenting opinion, which shall be attached to the report of the Internal Audit Commission and shall be an integral part thereof. One copy of the report shall remain in the files of the Internal Audit Commission, one copy shall be sent to the President of the Company, and one copy shall be submitted to the Board of Directors of the Company.
- 5.5.11. The President of the Company shall review the audit materials within ten (10) business days of receipt of the report and, if there are reasonable objections, submit them in writing to the Chair of the Internal Audit Commission and accompany them with supporting documents.
- 5.5.12. The Chair of the Internal Audit Commission shall verify (if necessary, with a second verification of disputed issues) the reasonableness of the stated objections (comments, additions) and, if they are confirmed, make appropriate adjustments to the report. In the event of disagreement, the objections of the President of the Company or the list of disagreements (if any) shall be attached to the report.
- 5.5.13. If the audit was carried out at the request of shareholder(s) of the Company holding in the aggregate at least 10% of the voting shares in the Company, one more copy of the audit report shall be issued and sent to the shareholder(s) within three (3) days of the approval thereof.
- 5.5.14. The Company shall keep the statements and reports of the Internal Audit Commission and provide access to them at the request of the Company's shareholders.
- 5.5.15. The President of the Company shall organize the preparation of an action plan to remedy the identified violations (deficiencies), indicating the time frames for their remedy and the persons responsible for the remedy of violations. The Internal Audit Commission shall provide methodological assistance in the preparation of the action plan and shall exercise control over its implementation.

## **6. Documents of the Internal Audit Commission**

- 6.1. The documents of the Internal Audit Commission shall include the following:
- minutes of meetings of the Internal Audit Commission;
  - statements of the Internal Audit Commission on audit results;
  - reports of the Internal Audit Commission;
  - copies of requests to convene an extraordinary General Meeting of Shareholders.
- 6.2. Minutes of meetings of the Internal Audit Commission shall specify the following:
- 1) the date, time, place, and form of the meeting (tallying of the voting results);
  - 2) a list of members of the Internal Audit Commission and persons present at the meeting (participating in the poll);
  - 3) information on the quorum of the meeting;
  - 4) the agenda items of the meeting;
  - 5) the main points of speeches, presentations, and reports on the agenda items (only for a meeting in the form of physical presence);
  - 6) voting results, indicating the members of the Internal Audit Commission who expressed a dissenting opinion;
  - 7) resolutions passed by the Internal Audit Commission.
- 6.3. Statements of the Internal Audit Commission on audit results shall specify the following:
- the place and time of the audit;
  - the members of the Internal Audit Commission participating in the audit;
  - the basis of the audit;

- information on the requirements put forward by the Internal Audit Commission for the provision of information (documents and materials) submitted during the audit to the Company's bodies, heads of units and services, branches and representative offices and officers;
- information on received refusals to provide information (documents and materials);
- a description of identified violations of the laws, regulations, provisions of the Articles of Association and internal documents of the Company;
- information on written explanations from the President, members of the Board of Directors, members of the Management Board, officers and employees of the Company;
- a list of persons who have violated laws, regulations, provisions of the Articles of Association and internal documents of the Company;
- references to the provisions of laws, regulations, the Articles of Association and internal documents of the Company whose violation was revealed during the audit.

6.4. The report of the Internal Audit Commission shall generally consist of three parts: introductory, analytical and final.

The introductory part shall include:

- 1) the title of the document as a whole: "Report of the Internal Audit Commission of (legal form and name of the company)";
- 2) the date and place the report was drawn up;
- 3) the date (period) and place of the audit;
- 4) the basis of the audit (decision of the Internal Audit Commission, the General Meeting of Shareholders, the Board of Directors, shareholder(s) of the Company, other);
- 5) the audit objectives;
- 6) the audit subject;
- 7) a list of regulatory, internal and other documents and materials that were used during the audit.

The analytical part shall contain an objective assessment of the state of the audit subjects with regard to the audit matter in accordance with the Audit Plan.

The report of the Internal Audit Commission shall contain a final part which consists of the reasoned conclusions of the Internal Audit Commission on the audit matters, including

- confirmation of the accuracy of the data contained in the Company's reports and other financial documents;
- information on instances of violations of the accounting procedures and procedures for the submission of accounting (financial) statements established by the legal instruments of the Russian Federation or of the legal instruments of the Russian Federation in the course of conducting financial and business activities;
- information on instances of violations of the Articles of Association and internal documents of the Company in the course of conducting financial and economic activities,

as well as recommendations and proposals for the remedy of the causes and consequences of the identified violations and deficiencies in the Company's activities.

The reports of the Internal Audit Commission shall include but not be limited to:

- conclusions on compliance with laws, regulations and the Articles of Association and internal documents of the Company;
- information on requests of the Internal Audit Commission to convene meetings of the Board of Directors and/or an extraordinary General Meeting of Shareholders of the Company;
- a description of violations of laws, regulations or the Articles of Association and internal documents of the Company by officers and employees of the Company;
- information on the involvement of specialists in certain matters regarding financial and economic activities who do not hold positions in the Company in the work of the Internal Audit Commission.

6.5. The results of documentary inspections and audits carried out by the Internal Audit Commission shall be documented in the form of statements signed by the Chair and members of the Internal Audit Commission who have conducted the audit and shall be discussed at meetings of the Internal Audit Commission. Other documents of the Internal Audit Commission shall be signed by its Chair and need not bear the Company's seal.

6.6. Statements of inspections and audits, as well as reports of the Internal Audit Commission on the Company's annual reports and annual financial statements, shall be submitted to the Board of Directors.

6.7. Original documents of the Internal Audit Commission shall be submitted by the Chair of the Internal Audit Commission to the Company's archive for storage, and a corresponding certificate shall be drawn up.

6.8. The Chair of the Internal Audit Commission shall keep the following documents:

- requests for the conduct of audits;
- refusals of the Internal Audit Commission to conduct audits;
- written refusals of the Company's officers to provide information.

- 6.9. The Company represented by the President shall provide shareholders with access to the documents of the Internal Audit Commission.

At a shareholder's request, the Company shall provide the shareholder with copies of the reports of the Internal Audit Commission for a fee. The fee amount shall be set by the Company and may not exceed the costs of making copies of documents and the costs associated with sending documents by mail.

## **7. Final provisions**

- 7.1. These Regulations shall be approved by the General Meeting of Shareholders by a majority vote of the shareholders holding voting shares in the Company and participating in the General Meeting of Shareholders.
- 7.2. The decision to supplement or amend these Regulations or to approve a new version of the Regulations shall be made by the General Meeting of Shareholders by a majority vote of the shareholders holding voting shares in the Company and participating in the General Meeting of Shareholders.
- 7.3. Proposals for amendments and supplements to these Regulations or for approval of a new version of the Regulations shall be made by the Company's shareholders in accordance with the procedure provided for by law and the Articles of Association for making proposals for the agenda of the General Meeting of Shareholders of the Company.
- 7.4. If, as a result of amendments to the laws of the Russian Federation or the Company's Articles of Association, certain articles of these Regulations come into conflict with them, these articles shall become invalid and, until amendments are made to the Regulations, the Regulations shall apply to the extent that they do not contradict the current laws of the Russian Federation and the Company's Articles of Association.
- 7.5. If the Company acquires public status, these Regulations shall remain in effect.