

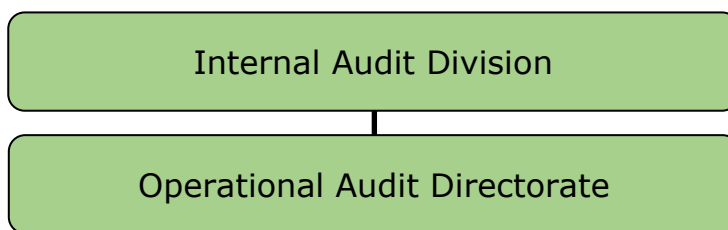
APPROVED  
By the Resolution of the Board  
of Directors of Segezha Group  
PJSC dated April 9, 2021  
(Minutes No. 10/21 dated April  
9, 2021)

**REGULATIONS  
on the Internal Audit Division of  
Segezha Group PJSC**

<b>1. General provisions</b>	
1.1. Name of the business unit	The Internal Audit Division (hereinafter referred to as the <b>Division</b> ) is a business unit of Segezha Group Public Joint Stock Company (hereinafter referred to as the <b>Company</b> ).
1.2. Head of the Division	The Division is headed by the Managing Director and Chief Internal Auditor (hereinafter referred to as the <b>Head of the Division</b> ). The Head of the Division shall be appointed and dismissed by the sole executive body (President) of the Company on the basis of the resolution of the Board of Directors of the Company and shall be functionally accountable to the Board of Directors, and administratively, to the President of the Company. The Head of the Division shall not manage the functions of the Company's activities requiring the adoption of management decisions in relation to audited entities.
1.3. Documents regulating activities of the Division	In their activities, the employees of the Division shall be guided by: <ul style="list-style-type: none"> <li>– the principles of independence, impartiality, competence, and professional approach to work;</li> <li>– generally accepted standards in the field of internal audit, in particular, the standards of internal auditors defined by the International Professional Standards for Internal Auditing of the Institute of Internal Auditors;</li> <li>– the legislation of the Russian Federation;</li> <li>– the Articles of Association and other internal documents of the Company, including the Internal Audit Code of Segezha Group (hereinafter referred to as the <b>Internal Audit Code</b>);</li> <li>– decisions of the management bodies of the Company;</li> <li>– the standards of the quality management system (hereinafter referred to as the <b>QMS</b>) introduced or applied in the Company;</li> <li>– instructions regulating the areas of responsibility of the employees of the Division;</li> <li>– the recommendations of the Bank of Russia on the organization of risk management, internal control, internal audit, and the operation of the Audit Committee of the Board of Directors (Supervisory Board) in public joint stock companies<sup>1</sup>;</li> <li>– these Regulations.</li> </ul>
1.4. Purpose of the Division	The purpose of the Division is to conduct a systematic independent assessment of the reliability and efficiency of the risk management and internal control system and corporate governance practices of the Company. The Division shall provide the Board of Directors with independent and objective assurances and consultations aimed at increasing shareholder value and improving the Company's activities.

<sup>1</sup> Information Letter of the Bank of Russia No. IN-06-28/143 dated October 1, 2020 "Recommendations on Organizing Risk Management, Internal Control, Internal Audit, and the Operation of the Audit Committee of the Board of Directors (Supervisory Board) in Public Joint Stock Companies."

## 2. Structure



- 2.1. The employees of the Division shall carry out their activities on the basis of the documents specified in Clause 1.3 of these Regulations and job descriptions; the Division may not include subdivisions and employees whose activities are not related to the implementation of internal audit in the Company.
- 2.2. The Division is functionally subordinate to the Board of Directors of the Company, which means:
- 2.2.1. Approval by the Board of Directors (preliminary consideration by the Audit Committee<sup>2</sup>) of the internal audit policy (regulations on internal audit) which defines the goals, objectives, and functions of internal audit;
- 2.2.2. Approval by the Board of Directors (preliminary consideration by the Audit Committee) of the business plan and budget of the Division;
- 2.2.3. Receipt by the Board of Directors and the Audit Committee of information on the progress of implementation of the activity plan and on the implementation of internal audit during the reporting period, but at least once a year;
- 2.2.4. The ability of the Head of the Division to communicate with the Chair of the Board of Directors and the Chair of the Audit Committee on an internal audit issues without hindrance;
- 2.2.5. Approval by the Board of Directors (preliminary consideration by the Audit Committee) of decisions on the appointment and dismissal of the Head of the Division, as well as the terms of the employment contract with the Head of the Division, including the amount of his/her remuneration;
- 2.2.6. Consideration by the Board of Directors (preliminary consideration by the Audit Committee) of significant restrictions on the powers of the Division or other restrictions that could adversely affect the internal audit activities;
- 2.2.7. Consideration by the Board of Directors of the opinion on the reliability and efficiency of risk management, internal control, and corporate governance in the Company.
- 2.3. The division is administratively subordinate to the sole executive body (President) of the Company, which means:
- 2.3.1. Allocation of the necessary funds within the approved budget of the Division;
- 2.3.2. Receiving reports on the activities of the Division;
- 2.3.3. Providing support in interaction with the divisions of the Company;
- 2.3.4. Administration of the policies and procedures of the Division's activities.

## 3. Objectives

- 3.1. The primary objectives of the Division are:
- 3.1.1. Assistance to the executive bodies of the Company and employees of the Company in the development and monitoring of the implementation of procedures and measures for improvement of the risk management and internal control system and of the corporate governance of the Company;
- 3.1.2. Coordination of activities with the external auditor of the Company, as well as persons providing consulting services in the field of risk management, internal control and corporate governance;
- 3.1.3. Organization of audits of the activities of business units of the Company, as well as conducting, within the framework of the established procedure, an internal audit of controlled organizations of the Company in other subsidiaries or affiliated organizations of Segezha Group (hereinafter referred as to the **Organizations of Segezha Group**)<sup>3</sup>, carried out in order to assess the effectiveness of management and control the integrity

<sup>2</sup> The Audit Committee is the Audit Committee of the Board of Directors of the Company.

<sup>3</sup> Legal entities whose financial statements are consolidated with the Company's financial statements prepared in accordance with the International Financial Reporting Standards and legal entities in which the Company owns, directly or indirectly, more than 50% of the share capital.

of employees, the completeness of the receipt and accounting of income and the safety and efficiency of use of assets/property, as well as to prevent possible cases of fraud. The Head of the Division shall inform the Board of Directors, including through the Audit Committee, about the organization of internal audit in the Organizations of Segezha Group and shall also prepare the Company's position on the organization and functioning of internal audit in the Segezha Group Entities, taking into account the applicable requirements of legislation and regulatory bodies;

- 3.1.4. Preparation and provision of reports to the Board of Directors and executive bodies of the Company on the results of the Division's activities, including information on significant risks and deficiencies, the results and effectiveness of measures to eliminate identified deficiencies, the results of the implementation of the internal audit activity plan and the results of assessing the actual state, reliability and effectiveness of the risk management, internal control and corporate governance system;
- 3.1.5. Verification of compliance by members of the executive bodies of the Company and its employees with the provisions of legislation and the internal policies of the Company related to insider information and countering corruption and compliance with the requirements of the Code of Ethics<sup>4</sup> of the Company;
- 3.1.6. Informing the President and the Board of Directors of the Company in a timely manner about revealed cases of violations of the requirements of legislation, regulations and internal orders; newly identified risks; revealed violations of the procedures established in the Company related to the functioning of the internal control system; and on the measures taken by the heads of the audited divisions to eliminate the violations and their results;
- 3.1.7. Preparation of recommendations for the management of the Company to improve the reliability and efficiency of internal control systems, corporate governance, resource use, and safety of assets based on the audit findings.

#### **4. Functions**

##### **4.1. The division, in accordance with the objectives assigned to it, shall perform the following functions:**

- 4.1.1. Assessment of the effectiveness of the internal control system, which includes:
  - (a) analysis of the alignment of the goals of business processes, projects, and business units with the goals of the Company and verification of assurance of the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering illegal actions, abuse, and corruption;
  - (b) verification of assurance of the reliability of accounting (financial), statistical, management and other reporting and determination of how well the results of the activities of business processes and business units of the Company correspond to the set goals;
  - (c) determination of the adequacy of the criteria established by executive bodies for analysis of the degree of fulfillment (achievement) of the set goals;
  - (d) identification of deficiencies in the internal control system that prevented (prevent) the Company from achieving its goals;
  - (e) assessment of the results of the implementation (realization) of measures for eliminating violations and deficiencies and improving the internal control system taken by the Company at all management levels;
  - (f) verification of the effectiveness and appropriateness of resource use;
  - (g) verification of assurance of the safety of assets;
  - (h) verification of compliance with the requirements of legislation, the Articles of Association, and internal documents of the Company.
- 4.1.2. Assessment of the effectiveness of the risk management system, which includes:
  - (a) verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of business units within the risk management system, reporting);
  - (b) verification of the completeness of identification and correctness of risk assessment by the management of the Company at all management levels;
  - (c) verification of the effectiveness of control procedures and other measures for risk

<sup>4</sup> Code of Ethics is the Code of Ethics approved by Order of the President of the Company No. 1 dated February 15, 2021 (based on the Resolution of the Board of Directors of the Company dated February 12, 2021 (Minutes No. 4/21 dated February 12, 2021)).

- management, including the effectiveness of the use of resources allocated for these purposes;
- (d) analysis of information on materialized risks (violations revealed by the results of internal audits, instances of failure to achieve the set goals, instances of court proceedings).
- 4.1.3. Corporate governance assessment, which includes:
- (a) verification of compliance with the ethical principles and corporate values of the Company;
- (b) verification of the procedure for setting goals of the Company and monitoring and controlling their achievement;
- (c) verification of the level of regulatory support and procedures for information exchange (including on matters of internal control and risk management) at all levels of the Company's management, including interaction with stakeholders;
- (d) verification of assurance of the rights of shareholders, including those of controlled companies, and the effectiveness of relationships with stakeholders;
- (e) verification of the procedures for disclosing information on the activities of the Company and the companies under its control.
- 4.1.4. Conducting audits:
- (a) operational audits: audits aimed at assessing the design and operational efficiency of control procedures carried out in order to increase the economic efficiency of the business processes of the Company and the Organizations of Segezha Group, as well as to prevent potential cases of fraud;
- (b) financial audits: audits carried out in order to provide shareholders and the management of the Company and the Organizations of Segezha Group with reasonable assurances of the effectiveness of internal control in terms of the preparation of reliable financial statements and the prevention of potential cases of fraud with financial statements.
- 4.1.5. Formation of an annual audit plan based on a risk-based approach, analysis of historical data and instructions from authorized representatives of the Company's shareholders.

## **5. Organization of internal audit**

- 5.1. In order to effectively conduct internal audit activities, the Division shall:
- 5.1.1. Prepare a plan of internal audit activities for the reporting period, including a risk-based audit plan that determines the priorities of internal audit in accordance with the objectives of the Company;
- 5.1.2. Conduct internal audits based on the approved audit plan, as well as unscheduled audits (if necessary);
- 5.1.3. Conduct other audits at the request of the Board of Directors, the Audit Committee, and the executive bodies of the Company within its competence;
- 5.1.4. Monitor the action plans in the Company to eliminate deficiencies and improve risk management, internal control, and corporate governance based on the results of internal audits;
- 5.1.5. Provide advice to the Board of Directors and executive bodies of the Company on risk management, internal control, and corporate governance;
- 5.1.6. Interact with the external auditor of the Company, as well as other parties who carry out audits and provide consulting services in the field of risk management, internal control, and corporate governance;
- 5.1.7. Prepare a report and inform the Board of Directors (including through the Audit Committee) and executive bodies of the Company in accordance with the established frequency, but at least once a year, on the implementation of the internal audit activity plan, on the results of assessment of risk management, internal control, and corporate governance;
- 5.1.8. Inform the Board of Directors (including through the Audit Committee) about the organization of internal audit in the Organizations of Segezha Group;
- 5.1.9. Develop the Company's regulatory documents governing activities in the field of the organization and implementation of internal audit.
- 5.2. The planning process for internal audit activities may include the following stages:
- 5.2.1. Formation (updating) of the Company's audit strategy and the audit model—a structured list of all potential audited entities. Audited entities may include business processes, business functions, projects (initiatives), activities of business units, information systems, etc.;

- 5.2.2. Using the results of risk assessment: conducting an analysis through internal audit of the possibility of relying on the register of risks of the Company based on the results of assessing the effectiveness of risk management for the previous reporting period or through additional analysis (including the completeness of identified risks, the quality of description and assessment of risks, the effectiveness of processes used by the executive bodies of the Company for monitoring and reporting on risks, etc.);
- 5.2.3. Ranking of audited entities by the level of risks, taking into account the results of risk analysis and additional factors, such as the audit cycle (frequency), the materiality of the impact of the audited entities on the results of the Company's activities, the number of employees, staff turnover, changes in the activities of the audited entity, the results of the previous audit of this audited entity, etc.;
- 5.2.4. Analysis of proposals and requests received from the executive bodies and the Board of Directors of the Company, including the analysis of the agenda of meetings of the Board of Directors of the Company and its committees;
- 5.2.5. Synchronization of the nature, composition, and timing of audits with other divisions of the Company performing audits aimed at assessing the effectiveness of risk management and internal control within their competencies, as well as review of the Company's plans to engage external organizations that provide these services;
- 5.2.6. Drafting of a risk-oriented plan of internal audits with the inclusion of audited entities on a sample basis from different risk level groups;
- 5.2.7. Formation of a list of consulting engagements;
- 5.2.8. Determination of resources (human, informational, material) required for conducting audits and performing consulting engagements;
- 5.2.9. The internal audit activity plan based on a risk-based internal audit plan, consulting engagements and other internal audit activities, including consulting, monitoring the implementation of action plans in the Company to eliminate deficiencies and violations and improve the risk management and internal control system and the corporate governance system developed based on the results of audits, training, and professional development of the employees of the Division, interaction with the external auditor of the Company, etc. Conducting scheduled internal audits is the main activity of internal audit.
- 5.3. The Head of the Division shall submit a plan of internal audit activities for consideration and approval by the Board of Directors in the manner prescribed by the Internal Audit Code.
- 5.4. In order to organize and conduct internal audits, the Division shall carry out the activities provided for in Section 8 of the Internal Audit Code.
- 5.5. The specific nature and scope of audit procedures to be performed during the audit, including the analysis of the effectiveness of management of risks inherent to the audited entity, shall be determined depending on the objectives of the audit. A combination of several types of audit procedures, including data analysis methods, can be used to obtain a higher degree of assurance in the audit results.
- 5.6. Based on the results of the internal audit, a report shall be drawn up, during the preparation of which the Head of the Division, where possible, shall determine the level of formalization and documentation that is acceptable to the Company. For this purpose, it is recommended to reflect at least the following information in the report:
  - 5.6.1. Audit objectives;
  - 5.6.2. Scope and content of the audit: business processes, information systems, projects, operations and control procedures that were included in the scope of the audit, the nature and scope of audit procedures performed, as well as additional information defining the scope of the audit (audit period, areas not included in the audit perimeter);
  - 5.6.3. Positive characteristics (assessments) of risk management and internal control of the audited entity (if any);
  - 5.6.4. Audit findings: observations (including identified deficiencies and opportunities for improvement), conclusions on the reliability and efficiency of risk management and internal control, as well as corporate governance of the audited entity, recommendations;
  - 5.6.5. Restrictions on the distribution and/or use of the audit findings;
  - 5.6.6. The opinion of representatives of the audited entity or executive management regarding the findings and results of the audit, including if there are disagreements with the internal audit regarding the audit findings.
- 5.7. In the course of an internal audit, interim reports can be prepared in order to inform stakeholders about facts requiring immediate action (consideration), changes in the scope and content of the audit and the progress of the audit if it is carried out for a

long duration. The use of interim reports does not diminish or replace the need to prepare and submit an audit report.

5.8. The Division is also entitled to provide consulting services:

5.8.1. Consulting services of internal audit in the Company include the provision of advice and recommendations whose nature and content shall be agreed upon with the party receiving consultations, aimed at providing assistance and improving corporate governance, risk management and internal control, and excluding the admission of responsibility for management decisions by internal auditors;

5.8.2. Consulting engagements are a special type of audit engagements. The objectives of the consulting engagement and its content, scope, and responsibilities shall be stated in writing.

## **6. Powers and responsibilities of the Head of the Division and employees of the Division**

6.1. As part of the performance of their objectives and functions in accordance with applicable law and local regulations of the Company, the employees of the Division have the right to:

6.1.1. Prepare draft orders and other local acts in accordance with the objectives and functions of the Division;

6.1.2. Initial and sign documents within the competence of the Division;

6.1.3. Provide business units and individual specialists with instructions on matters within the competence of the Division;

6.1.4. Conduct and participate in meetings on matters within the competence of the Division;

6.1.5. Request and receive the information necessary for the performance of the assigned objectives and functions from the business units of the Company and the Organizations of Segezha Group, including confidential information (in accordance with the applicable regulatory documents);

6.1.6. Engage, on a contractual basis, consulting and other organizations and specialists to perform assigned objectives and functions (in accordance with applicable regulatory documents);

6.1.7. Initiate the establishment of working groups to accomplish the objectives facing the Division;

6.1.8. Obtain full access (subject to the requirements of the legislation of the Russian Federation) to documents, accounting records, information resources, materials of meetings of collegial bodies and other information about the activities of the Company as part of the performance of their official duties, including in electronic form. Familiarize with draft resolutions and resolutions of the Board of Directors and executive bodies of the Company;

6.1.9. During audits, make photographs and video recordings of the Company's business operations and request and obtain access to assets<sup>5</sup>, as well as conduct interviews and ask employees questions necessary to achieve the objectives of the audit;

6.1.10. Use the Company's information resources and software for internal audit purposes;

6.1.11. Engage third-party experts to perform specific tasks within the framework of the internal audit activities;

6.1.12. Exercise other powers stipulated by these Regulations and other internal documents of the Company.

6.2. Professional requirements for the employees of the Division shall be established, taking into account the requirements of the Internal Auditor Occupational Standard<sup>6</sup>, as well as the types of activities carried out by the Company.

6.3. The rights and obligations of the head and employees of the Division, in addition to these Regulations and other internal documents of the Company, shall be regulated by their employment contracts and job descriptions.

6.4. The Head of the Division is authorized to carry out functional management of the Organizations of Segezha Group' employees performing the functions specified in Section 4 of these Regulations.

6.5. The Head of the Division cannot be assigned duties that are not related to the

<sup>5</sup> For inventory, inspection, verification of availability and operability, assessment of their cost and other activities related to the implementation of internal audit.

<sup>6</sup> Approved by Order of the Ministry of Labor and Social Protection of the Russian Federation No. 398n dated June 24, 2015.

implementation of internal audit in the Company.

- 6.6. The Head of the Division is entitled to participate in meetings of the Board of Directors and its committees and meetings (briefings) of the executive bodies of the Company.
- 6.7. The Head of the Division shall formulate the internal audit report based on the results of assessing the reliability and efficiency of risk management and internal control and the corporate governance of the Company for a certain period of time (including the reporting period). When preparing an internal audit report, the results of internal audits, unscheduled audit engagements and audits performed by other divisions of the Company aimed at assessing risk management, internal control, and corporate governance within their competencies may be taken into consideration. The internal audit report differs from the conclusions based on the results of the internal audits in that it is formulated in relation to the risk management and internal control system and the corporate governance of the Company as a whole for a period of time, while the conclusions refer to the results of a separate internal audit.
  - 6.7.1. The structure and content of the internal audit report shall be formed depending on the rules adopted in the Company for submitting materials to management bodies and their wishes and preferences regarding format and design. At the same time, the following information shall be included in the internal audit report, to the extent possible:
    - (a) a statement of the final opinion on the reliability and efficiency of risk management and internal control and corporate governance in the Company;
    - (b) a description of the approach and criteria for assessing risk management and internal control and corporate governance taken as the basis of the internal audit report;
    - (c) a summary of the information supporting the report and its sources;
    - (d) a description of the scope of internal audit inspections carried out by the internal audit, indicating the period of time that the report covers;
    - (e) a description of the scope of related inspections performed by other divisions of the Company. When using the results of such audits, the Head of the Division shall make a preliminary assessment to determine the degree of reliability of the work of other divisions of the Company;
    - (f) information on restrictions if there were any in the internal audit activity.
  - 6.7.2. If the internal audit report is negative, it is advisable for the Head of the Division to give reasons that justify it.
- 6.8. The Head of the Division shall, to the extent possible, coordinate the interaction of the internal audit with the auditor of the Company (external auditor), including but not limited to the following matters:
  - 6.8.1. Discussion of the plans for the activities of the internal audit and the auditor of the Company in order to coordinate them and minimize double work;
  - 6.8.2. Exchange of information on the results of assessing the reliability and efficiency of risk management and internal control of the Company in terms of control over the preparation of accounting (financial) statements;
  - 6.8.3. Analysis of the effectiveness of the implementation of corrective measures aimed at eliminating deficiencies in risk management and internal control of the Company, including control over the preparation of accounting (financial) statements.
- 6.9. The Head of the Division shall, to the extent possible, coordinate interaction with other divisions of the Company which, within their authority, carry out audits of the effectiveness of risk management and internal control in the areas assigned to them or consult the divisions and employees of the Company<sup>7</sup>.
  - 6.9.1. The Head of the Division may decide to place reliance on the work carried out by the other divisions of the Company in the following cases:
    - (a) when assessing the reliability and efficiency of risk management and internal control, as well as assessing the effectiveness of corporate governance in areas that are not within the scope of knowledge and competencies of the Division's employees;
    - (b) to increase the coverage areas when drafting an internal audit report on the reliability and efficiency of risk management and internal control, as well as the efficiency of corporate governance in the Company as a whole;
    - (c) to minimize double work during the reporting period when planning and implementing the activities of both the Division and other divisions of the Company

<sup>7</sup> For example, divisions of risk management, compliance control, labor protection and industrial safety, information security, accounting and reporting, etc.

during audits.

- 6.9.2. For such decisions, the Head of the Division shall develop criteria for assessing the trustworthiness of information and the results of the work carried out by other divisions of the Company, in particular:
- (a) the impartiality of the relevant division of the Company, including the lack of a conflict of interest (or signs of a conflict);
  - (b) the competence of the employees of the Company's division;
  - (c) the agreed understanding of the terminology, procedures, and methods of work used when other divisions of the Company conduct audits and write up their results.
- 6.10. The Head of the Division shall, at least once a year, inform the President and the Board of Directors of the Company about the activities of internal audit, including but not limited to the following matters:
- 6.10.1. The expediency of making changes to the internal audit policy (the Internal Audit Code, these Regulations) of the Company;
  - 6.10.2. Confirmation of the fact of the organizational independence of internal audit and the absence of any facts of negative impact on the independence and impartiality of the Division;
  - 6.10.3. Limitations on the required amount of information, resources, and other circumstances that may affect the ability of internal audit to fulfill its responsibilities;
  - 6.10.4. Results of the program for ensuring and improving the quality of internal audit, including information on compliance with the International Occupational Standards for Internal Auditing and an action plan aimed at meeting quality requirements in all material aspects of internal audit;
  - 6.10.5. Submission for approval of the internal audit activity plan, the resource plan, and the internal audit budget, as well as information on significant changes in the activity plan during the reporting period;
  - 6.10.6. Provision of information on the results of the implementation of the internal audit activity plan, including:
    - (a) the results of separate internal audits with conclusions on the effectiveness of risk management and internal control of the Audit Entity and corporate governance (if applicable) and on the results and effectiveness of measures for eliminating identified deficiencies and information on the position of the executive bodies of the Company regarding assumed risk which, according to the opinion of the Head of the Division, may be unacceptable for the Company;
    - (b) a report on the assessment of the reliability and efficiency of risk management and internal control and the efficiency of corporate governance in the Company;
    - (c) a report on the implementation of other activities included in the internal audit activity plan.
- 6.11. All of the following are prohibited for the Head of the Division:
- 6.11.1. Concurrent performance of functional areas of activity of the Company, companies that control it ,and/or its controlled companies requiring the adoption of management decisions (including membership in collegial executive bodies);
  - 6.11.2. Holding of the position of the Head of the Company's Division concurrently with the position of the head of internal audit or the head of the business division of internal audit in organizations that control it, and/or its controlled companies;
  - 6.11.3. Participation (membership) of the Head of the Division in the management bodies of the Company, companies that control it, and/or its controlled companies (boards of directors and its committees);
  - 6.11.4. Conducting an audit of those areas for which the auditor was responsible during the year preceding the audit.
- 6.12. All of the following are prohibited for the employees of the Division:
- 6.12.1. Participation (membership) of the employees of the Division in the management bodies of the Company, companies that control it, and/or its controlled companies (boards of directors and its committees);
  - 6.12.2. Conducting an audit of those areas for which the auditor was responsible during the year preceding the audit.

## **7. Relationship of the Division with other divisions of the Company and the Organizations of Segezha Group**

- 7.1. The Division shall interact with all business units of the Company and the Organizations of Segezha Group on all matters related to the functional competence of the Division.



- 7.2. The Division shall receive documents and information necessary for conducting audits and control measures from the business units of the Company and the Organizations of Segezha Group.
- 7.3. Requests and instructions to the Division shall be made in writing for a clearer understanding of the objectives to be accomplished.

## **8. Assessment of internal audit activities**

- 8.1. The Head of the Division shall organize ongoing monitoring and provision of periodic analysis of internal audit in order to comply with high standards of internal audit activities in the Company. The list of ongoing monitoring activities and the procedure for conducting an assessment of internal audit shall be documented in the assurance program, as provided in Section 9 of the Internal Audit Code.
- 8.2. In order for the Head of the Division, executive bodies, the Board of Directors of the Company, and other stakeholders to obtain an independent opinion on the quality of internal audit and the ability to place reliance on the internal audit opinion on the assessment of the reliability and efficiency of risk management and internal control, as well as the effectiveness of corporate governance, the Company may conduct an external assessment of the internal audit activity.
- 8.3. An external assessment of the internal audit activity shall be carried out at least once every 5 years.
  - 8.3.1. External assessment of internal audit activities can be conducted using one of two formats:
    - (a) full assessment by an external expert;
    - (b) confirmation of internal assessment by an external expert.
  - 8.3.2. An external expert shall be selected with due regard for the requirements of the legislation of the Russian Federation, in accordance with the internal procedures of the Company for the selection of service providers, as well as taking into account the recommendations of the International Institute of Internal Auditors in terms of conducting external assessments of internal audit.

## **9. Responsibility**

- 9.1. As a rule, requests and instructions to the Division shall be made in writing for a clearer understanding of the objectives to be accomplished.
- 9.2. The Head of the Division shall be personally responsible for:
  - 9.2.1. The high-quality and efficient performance of the main objectives and functions assigned to the Division;
  - 9.2.2. The reliability and timeliness of the information provided by the Division to the management of the Company and related business units of the Company;
  - 9.2.3. The placement and use of subordinate employees in accordance with their specialty and qualifications;
  - 9.2.4. The organization of effective interaction between the Division and other business units of the Company;
  - 9.2.5. Responsibility for the formation of an opinion on the reliability and efficiency of risk management and internal control, as well as the efficiency of corporate governance in the Company, including for the integrity and reliability of the information on the basis of which it was prepared;
  - 9.2.6. Timely updating and approval of these Regulations in accordance with the procedure established in the Company.
- 9.3. The responsibility of the employees of the Division shall be established by the respective job descriptions.

## **10. Final provisions**

- 10.1. Responsibility for the development, revision and amendment of these Regulations is borne by the Head of the Division.