

**APPROVED**

as amended by the annual general meeting  
of JSC Acron  
(Minutes No. 49 dated 26 May 2016)

**REGULATION ON**

**PJSC Acron**

**Internal Audit Team**

**2016**

## **1. GENERAL PROVISIONS**

1.1. This Regulation on the PJSC Acron Internal Audit Team (hereinafter the “Regulation”) was prepared in compliance with current Russian law, the Charter and bylaws of Public Joint Stock Company Acron (hereinafter the “Company”), and with due consideration for the recommendations of the Corporate Governance Code recommended by the Bank of Russia for application by joint stock companies (hereinafter the “Corporate Governance Code”).

1.2. This Regulation determines the legal status of the Internal Audit Team, the procedure for electing and terminating its members, the scope of its authority, the powers and duties of its members, and the procedures to be followed by the Company’s Internal Audit Team.

1.3. The Internal Audit Team is a permanent collegial body of the Company that supervises the Company’s financial and economic activities for the purpose of ensuring that the Company complies with current Russian law, the Charter and bylaws of the Company, and that it respects the lawful interests of shareholders.

1.4. The activity of the Internal Audit Team shall comply with the Company’s Charter, this Regulation and other bylaws of the Company.

The activity of the Internal Audit Team shall be governed by current Russian law, the Charter and bylaws of the Company, which establish measures to counteract corruption, risk management procedures and internal control, by resolutions of the Company’s general meetings and recommendations of the Corporate Governance Code.

The Internal Audit Team shall be independent from the Company’s management bodies and accountable to the general meeting.

1.5. Information regarding the composition and proceedings of the Internal Audit Team based on performed audits shall be disclosed in the Company’s annual report.

This Regulation shall be disclosed by the Company on the corporate website.

## **2. COMPOSITION AND ELECTION OF THE INTERNAL AUDIT TEAM**

2.1. The Internal Audit Team consists of five (5) members elected by the general meeting subject to the procedure stipulated by the Federal Law *On Joint Stock Companies*, for the period until the next annual general meeting.

No shares held by the Company’s Board of Directors or other persons holding office in the Company’s management bodies may vote in the Internal Audit Team election.

2.2. All members of the Internal Audit Team must be natural persons.

No member of the Internal Audit Team may simultaneously be on the Company’s Board of Directors or hold any other office in the Company’s management bodies.

No less than one member of the Internal Audit Team shall have knowledge of and be versed in bookkeeping and preparation of accounting (financial) statements. Any other eligibility criteria for nominees to the Company's Internal Audit Team shall be determined by the Board of Directors.

Persons elected to the Internal Audit Team may be re-elected any number of times without limitation.

Shareholder(s) holding in the aggregate no less than two per cent of voting shares in the Company may nominate candidates to the Internal Audit Team, whose number may not exceed the number of the Internal Audit Team members. The procedure for nominating candidates to the Internal Audit Team shall be stipulated by the Federal Law *On Joint Stock Companies*, the Charter and other bylaws of the Company.

2.3. The general meeting may resolve at any time to terminate members of the Internal Audit Team ahead of schedule and to elect new members to the Internal Audit Team.

### **3. SCOPE OF AUTHORITY AND DECISION-MAKING PROCEDURE FOR THE INTERNAL AUDIT TEAM**

3.1. 3. The scope of authority of the Internal Audit Team shall be stipulated by the Federal Law *On Joint Stock Companies* and the Company's Charter.

3.2. The scope of authority of the Internal Audit Team shall include:

1) Audit (inspection) of the Company's financial and economic activity, including the compliance of such activity with the requirements of current Russian law

2) Verification of data included in the Company's annual report, annual accounting (financial) statements and other reports (statements) and financial documents of the Company

3) Control over compliance with the rules for bookkeeping and the preparation and submission of accounting (financial) statements

4) Control over accrual and payment of remuneration and compensation in the amount set by the general meeting, and review of accrual and payment of remuneration and compensation to the Company's auditors

5) Control over distribution of the Company's profits as approved by the general meeting, including compliance with the procedure for calculating and paying declared dividends

6) Control over compliance with the procedure for passing resolutions on the placement (issue) of equity securities of the Company and over compliance with the terms of their placement with the requirements of current Russian laws, the Charter and bylaws of the Company

7) Examination of certain facts of financial and economic activity of the Company, including certain transactions, events and operations that have or may have a material impact on the Company's financial standing and its financial results

8) Participation, subject to the Company's bylaws, in implementation of provisions (policy) related to risk management and internal control, including elaboration and implementation of separate procedures of risk management and internal control, and participation in assessing the efficiency of the Company's risk management and internal control system

9) Subject to the Company's bylaws, participation in implementation of provisions (policy) related to counteracting corruption in the course of the Company's business, including elaboration and implementation of separate procedures for counteracting corruption, and in assessing the efficiency of the Company's anti-corruption policy

10) Election of the Internal Audit Team's Chairperson and his/her deputy, approval of a work plan for the Internal Audit Team, consideration of requests that the Internal Audit Team conduct unscheduled inspections, approval of the Internal Audit Team's opinions based on findings from completed inspections, requesting an extraordinary general meeting of the Company

11) Other matters stipulated by the Federal Law *On Joint Stock Companies*.

3.3. Resolutions on the matters specified in sub-clause 10, Clause 3.2 hereof and on other matters within the scope of authority of the Internal Audit Team that require collegial resolution of the Internal Audit Team shall be made at meetings of the Internal Audit Team by open vote (show of hands).

The Internal Audit Team shall hold its meetings as often as necessary.

Meetings of the Internal Audit Team shall be convened by the Chairperson of the Internal Audit Team on his/her own initiative, as proposed by any member of the Internal Audit Team, or on demand of the Company's Board of Directors.

3.4. The Internal Audit Team may pass resolutions by means of an absentee vote. For the purpose of passing resolutions by an absentee vote the Chairperson of the Internal Audit Team shall circulate to members of the Internal Audit Team a questionnaire with indication of the questionnaire acceptance end date, the issue put on vote and voting options on such issue, and other materials necessary to make a decision.

3.5. Meetings and absentee votes of the Internal Audit Team's shall be authorised (have quorum) if attended/participated in by no less than half of the elected members of the Internal Audit Team.

Resolutions at meetings of the Internal Audit Team, including absentee votes, shall be passed by a majority of votes of the Internal Audit Team' members attending the meeting (the absentee vote).

A written opinion of any member of the Internal Audit Team absent from a meeting of the Internal Audit Team shall be taken into account for the purpose of quorum and counting results of vote on the agenda items at such meeting.

When considering issues at a meeting of the Internal Audit Team every member of the Internal Audit Team has one vote. No member of the Internal Audit Team may transfer his/her vote to any other person, including another member of the Internal Audit Team.

When passing resolutions by the Internal Audit Team, in the event of a tie the Chairperson of the Internal Audit Team shall cast the deciding vote.

The Chairperson of the Internal Audit Team and his/her deputy shall be elected from among members of the Internal Audit Team by a majority of votes of members of the Internal Audit Team.

3.6. Minutes of meetings of the Internal Audit Team shall be kept. Minutes of meetings (absentee votes) of the Internal Audit Team shall be executed no later than three (3) days after the meeting and shall specify:

- 1) Full name of the Company, its domicile and address
- 2) Form in which the meeting was held
- 3) Date, time and venue of the meeting (for an absentee vote – the end date of acceptance of questionnaires containing vote details)
- 4) Details of persons attending the meeting and quorum constitution
- 5) Agenda
- 6) Issues put to vote
- 7) Vote results for each agenda item, including details of persons who voted AYE, NAY or abstained from a vote
- 8) Passed resolutions
- 9) Details of persons who counted votes
- 10) Details of persons who executed minutes

Minutes shall be signed by the Chairperson of the Internal Audit Team.

3.7. The Chairperson of the Internal Audit Team shall organise its work, including convening meetings of the Internal Audit Team and chairing them, issue resolutions regarding the activity of the Internal Audit Team when such resolutions do not require collegial decision-making, arrange for meeting minutes to be kept and sign them (excerpts from minutes), retain documents executed in the course of the Internal Audit Team's activity, interact with other bodies of the Company, make every requisite measure for timely provision to the Internal Audit Team of information (materials) required for making decisions on agenda items and conducting inspections, sign opinions of the Internal Audit Team based on findings of completed inspections and requests to hold an extraordinary general meeting of the Company subject to preliminary approval of the Internal Audit Team.

In the absence of the Internal Audit Team's Chairperson, his/her functions shall be performed by the Chairperson's deputy.

#### **4. RIGHTS, OBLIGATIONS AND LIABILITY OF THE INTERNAL AUDIT TEAM'S MEMBERS**

4.1. For the purposes specified in Clause 1.3 hereof, members of the Internal Audit Team may:

- Carry out inspections within the scope of the Internal Audit Team’s authority pursuant to the procedure provided for by this Regulation
- Request and receive from the bodies and officers (employees) of the Company information and documents related to activity of the Company and legal entities under the Company’s control as needed to conduct a specific inspection and perform the functions of the Internal Audit Team
- Request and receive from the bodies and officers (employees) of the Company oral and written clarifications regarding detected violations of shareholders’ rights and lawful interests, current law, the Charter and the Company’s bylaws, as related to a relevant inspection and performing functions of the Internal Audit Team
- Propose resolutions and other measures for passage by the Company’s bodies and officers (employees) to remedy violations detected by the Internal Audit Team
- Monitor the remedy of violations detected by the Internal Audit Team
- Directly interact with the Chairperson of the Board of Directors and the Company’s secretary.

4.2. The general meeting may resolve that members of the Internal Audit Team be paid remuneration and (or) reimbursed for expenses related to discharging their obligations as long as they hold their office. The amount of such remuneration and reimbursement shall be set by resolution of the general meeting resolution. Recommendations on the amount of remuneration and reimbursement paid to members of the Internal Audit Team shall be provided by the Company’s Board of Directors.

4.3. Members of the Internal Audit Team shall participate in the work of the Internal Audit Team during inspections and meetings of the Internal Audit Team, and shall be obliged to:

- Comply with the Company’s Charter, this Regulation and other bylaws of the Company, and timely submit opinions based on findings from completed inspections, and an overview report based on findings of completed conducted and meetings held in the reporting year; this report shall be included in the Company’s annual report
- Immediately inform the Chairperson of the Board of Directors and the Company’s Chief Executive Officer about all detected and potential violations of current laws, provisions of the Charter and bylaws of the Company, compliance with which and control over such compliance are among the functions of the Internal Audit Team
- Observe the Company’s classification of commercial secrets, not divulge any other confidential information, including inside information of the Company, and, subject to the Company’s consent, not use such information for personal and other purposes not related to performance of functions vested in the Internal Audit Team
- Satisfy other requirements of the Company’s Charter, this Regulation and other bylaws of the Company.

4.4. If a member of the Internal Audit Team concurrently holds other positions in the Company (excluding positions in the Company's management bodies, which may not be held concurrently) and for that or another reason such member faces a conflict of interests, such member of the Internal Audit Team shall immediately notify the Chairperson of the Internal Audit Team of such conflict of interests and the reasons for its occurrence and refrain from participating in inspections and (or) voting on issues associated with such member's conflict of interests. If such conflict of interests occurs with the Chairperson of the Internal Audit Team, it shall be reported to the Chairperson of the Board of Directors of the Company and other persons subject to the provisions of the Company's bylaws.

4.5. The Internal Audit Team may address the Board of Directors of the Company and request an extraordinary general meeting of the Company if, in the course of its operations, it concludes that it is necessary to pass a resolution on any matter within the scope of authority of the Company's general meeting.

The Internal Audit Team shall be obliged to address the Board of Directors of the Company and request an extraordinary general meeting of the Company when:

- The number of members of the Internal Audit Team becomes less than the number required to constitute a quorum for holding meetings and passing resolutions by the Internal Audit Team, and in other cases where it becomes impossible for the Internal Audit Team to proceed with its current membership
- An inspection reveals that the Company is in violation of current Russian law, the Charter and the Company's bylaws, and that the violation materially affects or may affect the Company's financial position and financial results.

4.6. Members of the Internal Audit Team shall act reasonably and in good faith in the interests of the Company.

Members of the Internal Audit Team shall bear liability as stipulated by Russian law if it is proved that, in course of exercising their powers and discharging obligations, they acted in bad faith or unreasonably, including if their actions (omissions) did not comply with the terms and conditions of civil transactions or common business risks.

Members of the Internal Audit Team shall only use information classified as commercial secrets of the Company and other confidential information regarding the activity of the Company and legal entities controlled by the Company in the interests of the Company and shall not allow its disclosure.

Members of the Internal Audit Team shall observe restrictions related to inside information as stipulated by current Russian law and the Company's regulation on the use of inside information.

Members of the Internal Audit Team shall, using the procedure and by the deadline provided for by regulation of the Bank of Russia, notify the Company and the Bank of Russia of their transactions with the Company's securities and of any contracts that are derivative financial instruments whose price depends on such securities.

4.7. Failure by the members of the Internal Audit Team to discharge or undue discharge of the functions vested in them, including illegal disclosure of information classified as the

Company's commercial secrets, inside information and other confidential information, shall entail disciplinary, civil law, administrative or criminal liability under Russian law.

## **5. RULES OF PROCEDURE FOR THE INTERNAL AUDIT TEAM**

5.1. The Internal Audit Team shall exercise control over the Company's financial and economic activity by:

- In the manner provided for by this Regulation, conducting inspections related to matters within the scope of authority of the Internal Audit Team
- Pursuant to the Company's bylaws, participating in the implementation of provisions (policy) on risk management and internal control in the course of the Company's activity
- Pursuant to the Company's bylaws, participating in implementation of provisions (policy) to counteract corruption in the course of the Company's activity.

5.2. The activity of the Internal Audit Team with regard to inspections on issues within the Internal Audit Team's scope of authority shall be defined by the annual work plan of the Internal Audit Team, which is approved by the Internal Audit Team's meeting as proposed by the Chairperson of the Internal Audit Team.

The Internal Audit Team's work plan shall list scheduled inspections on issues within the Internal Audit Team's scope of authority, and issues to be considered by meetings of the Internal Audit Team in the current reporting year.

5.3. Inspection (audit) of the Company's financial and economic activity following the Company's annual results shall be conducted by the Internal Audit Team annually by the end of the first quarter following the expired reporting period.

5.4. Other inspections (audits) of the Company's financial and economic activity and inspections related to other issues within the Internal Audit Team's scope of authority shall be conducted by the Internal Audit Team at any time at the initiative of the Internal Audit Team, by resolution of the general meeting or the Company's Board of Directors, or at the request of Company shareholder(s) holding in the aggregate no less than ten (10) per cent of the Company's voting shares.

Requests to conduct an inspection (audit) of the Company's financial and economic activity and inspections related to other issues within the Internal Audit Team's scope of authority (hereinafter in this Clause – the “inspection request”) shall be made in writing and list the name of the requesting shareholder(s), the number and category (type) of shares held by such shareholder(s) and shall be signed by the shareholder(s) or its/their representative. The inspection request shall also specify the issue within the Internal Audit Team's scope of authority that requires an inspection and its relevant period.

Shareholder(s) may submit inspection requests as follows:

- By post or courier service to the Company's address as recorded in the Unified State Register of Legal Entities



- Delivery against signature to the Chairperson of the Internal Audit Team or any other person authorised by the Company to receive written correspondence addressed to the Company.

If the inspection request is signed by a shareholder's representative acting under power of attorney, such inspection request shall be accompanied by a power of attorney executed in accordance with current law. A power of attorney (a duly certified copy thereof) issued by a foreign person or entity and executed in a foreign language shall be accompanied by a duly certified translation into the Russian language and legalised or Apostilled, unless otherwise provided for by an international treaty of Russia.

If the inspection request is signed by a shareholder (its representative) whose shares are held by a nominee holder, such inspection request shall be accompanied by a statement from the shareholder's DEPO account (or similar document of a foreign nominee holder or foreign entity that, pursuant to its own laws, is permitted to maintain records and transfer title to securities) showing the number of the Company's shares held by the shareholder as of a date not earlier than seven (7) business days prior to submission of the request. A document from a foreign nominee holder or a foreign entity referred to in this Clause executed in a foreign language and similar to an abstract from the shareholder's DEPO account shall be accompanied by a duly certified translation into the Russian language legalised or Apostilled, unless otherwise provided for by an international treaty of Russia.

The Internal Audit Team shall consider the inspection request submitted and resolve to include the relevant inspection in the work plan of the Internal Audit Team or refuse to conduct an inspection no later than fifteen (15) business days upon receipt of the relevant request by the Company.

An inspection requested by a shareholder(s) shall be included in the work plan of the Internal Audit Team, unless:

- Shareholder(s) does(do) not hold a sufficient number of the Company voting shares as provided for by this Clause
- The inspection requested and (or) the accompanying documents do not meet the requirements provided for by this Clause
- The issue requiring an inspection is not within the Internal Audit Team's scope of authority and/or does not comply with laws and other regulations of Russia
- The Internal Audit Team already conducted the inspection requested by a shareholder(s) and required by the relevant issue and the Internal Audit Team approved a relevant opinion.

A reasoned resolution of the Internal Audit Team to refuse to conduct an inspection shall be delivered to the shareholder(s) that requested the inspection no later than five (5) business days after it is passed.

5.5. Given the scale of the Company's financial and economic activity, routine inspections (audits) of the Company's financial and economic activity are usually selective. Inspected issues include:

- Financial and economic transactions that potentially impose the greatest risk and/or materially influence or may influence the Company’s financial standing and its financial results
- Other financial and economic transactions selected at random.

5.6. Based on the findings of inspections (audits) of the Company’s financial and economic activity and inspections of other issues within the Internal Audit Team’s scope of authority, an opinion shall be executed specifying the following:

- 1) List of Internal Audit Team members who participated in the inspection and the dates they were elected
- 2) Regulatory basis of the Internal Audit Team’s activity
- 3) Issue within the Internal Audit Team’s scope of authority that was inspected and the details of the person or entity that initiated the inspection
- 4) Reporting period
- 5) List of information (materials) reviewed by the Internal Audit Team in the course of the inspection
- 6) Details of refusals to provide information (materials) requested by Internal Audit Team
- 7) Internal Audit Team’s conclusions and proposals based on the findings of the inspection
- 8) Date of execution and details of approval of the Internal Audit Team’s opinion.

The Internal Audit Team’s conclusions based on the findings of an inspection (audit) of the Company’s financial and economic activity following the Company’s annual results shall include the following:

- Confirmation of the reliability of information contained in the Company’s annual report covering the reporting year
- Confirmation of the reliability of information contained in the Company’s annual accounting (financial) statements covering the reporting year
- Details of detected violations of accounting standards and the procedure for submitting accounting (financial) statements stipulated by legal acts of the Russian Federation, and of regulations of the Russian Federation in the course of financial and economic activity.

5.7. The Internal Audit Team’s conclusions based on inspection findings shall be subject to approval by a meeting of the Internal Audit Team and signed by the Chairperson of the Internal Audit Team in three (3) copies.

Conclusions of the Internal Audit Team based on the findings of inspections shall be provided to the Chief Executive Officer and Chairperson of the Board of Directors, and one copy shall be retained by the Chairperson of the Internal Audit Team.

Conclusions of the Internal Audit Team based on the findings of an inspection (audit) of the Company’s financial and economic activity following the Company’s annual results shall be

included in the information (materials) provided in the course of preparing for the Company's annual general meeting.

Details of conclusions of the Internal Audit Team based on the findings of other inspections (audits) of the Company's financial and economic activity and inspections required by other issues within the Internal Audit Team's scope of authority shall be brought to the shareholders' attention in an overview report of the Internal Audit Team based on the findings of inspections and meetings in the reporting year; this report shall be included in the Company's annual report.

If a relevant inspection is conducted upon request of the Company's shareholder(s), a conclusion based on the findings of such inspection shall be delivered to the relevant shareholder(s) by registered mail or otherwise as specified by the shareholder(s).

5.8. If issues considered by the Internal Audit Team require specific expertise, the Chairperson of the Internal Audit Team may, in consultation with the Chairperson of the Board of Directors, retain experts who are not members of the Internal Audit Team, subject to signing a non-disclosure agreement with them covering information classified as the Company's commercial secrets and any other confidential information.

5.9. The Chief Executive Officer shall be responsible for supporting the Internal Audit Team's activity, including allocation of requisite funds pursuant to the approved budget.

The Internal Audit Team shall interact with the Company's bodies, business units and officers (employees) to the extent necessary for appropriate discharge by the Internal Audit Team of its functions.

The Company's bodies, business units and officers (employees) shall assist the Internal Audit Team in discharging its functions, including the obligation to provide upon request of the Internal Audit Team's members any information and documents related to financial and economic activity of the Company that are necessary for the Internal Audit Team to discharge its functions.

## **6. FINAL PROVISIONS**

6.1. A resolution to approve this Regulation, a resolution to amend this Regulation, and a resolution to cancel this Regulation shall be made by the Company's general meeting.

6.2. This Regulation shall come into force upon its approval by the Company's general meeting and continue permanently until cancellation or approval of amendments hereto.

6.3. If any Clauses hereof for any reason come into contradiction with regulations that are mandatory for the Company under Russian law (imperative provisions), such Clauses hereof shall become null and void, and the Company shall be governed by provisions of current Russian law until this Regulation is amended accordingly.